

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

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**NOTICE OF ANNUAL GENERAL MEETING**  
**EXPLANATORY MEMORANDUM**  
**PROXY FORM**

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**Date of Meeting**

11 December 2020

**Time of Meeting**

11.00 am (Adelaide time)

**SHAREHOLDERS WILL NOT BE ABLE TO ATTEND THE  
MEETING IN PERSON**

Due to the COVID-19 pandemic the Annual General Meeting will be held via an audio webcast. This is to comply with Australian Government regulations on gatherings and to ensure the health and safety of shareholders. Details on attending the Annual General Meeting via audio webcast are contained in this Notice of Annual General Meeting.

## NOTICE OF ANNUAL GENERAL MEETING

### PETRATHERM LIMITED ACN 106 806 884

Notice is hereby given that the Annual General Meeting of shareholders of Petratherm Limited (**Company**) will be held virtually at 11.00 am (Adelaide time) on 11 December 2020.

The Board is closely monitoring the rapidly changing coronavirus (COVID-19) pandemic. The health of the Company's shareholders, employees and other stakeholders is of paramount importance.

While the Board would like to host all shareholders in person, in order to minimise the risk to shareholders and to the Company and its ongoing operations, shareholders will not be able to attend the Meeting in person. The Meeting will therefore be held via an audio webcast. Shareholders, proxyholders, corporate representatives and holders of powers of attorney wishing to attend the Meeting via audio webcast must email the Company Secretary at [kadams@hlbsa.com.au](mailto:kadams@hlbsa.com.au) by 11.00 am (Adelaide time) on 9 December 2020 to register, and will then be provided with log in details for the Meeting.

The Directors strongly encourage all shareholders to lodge proxy forms prior to the Meeting. The Company advises that a poll will be conducted for each of the resolutions.

#### Live Online Voting

Shareholders and proxyholders will be able to vote at the Meeting online by:

- visiting [www.web.lumiagm.com](http://www.web.lumiagm.com) on a smartphone, tablet or computer (using the latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox);
- entering the unique Meeting ID 312-451-749;
- Shareholders will need to provide their Shareholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as applicable as their 'username' and the postcode as their 'password'. Overseas residents will require their country code (contained in the online voting guide) as their password; and
- proxyholders will need to contact Computershare Investor Services on +61 3 9415 4024 to receive their unique 'username' and 'password'.

Online voting registration will commence 30 minutes prior to the start of the Meeting. For full details on how to log on and vote online, please refer to the user guide which can be accessed at [www.computershare.com.au/onlinevotingguide](http://www.computershare.com.au/onlinevotingguide).

The Board will continue to monitor Australian Government restrictions on public gatherings. If it becomes necessary or appropriate to make alternative arrangements to those set out in this Notice, the Company will notify shareholders accordingly via the Company's website at [www.petratherm.com.au](http://www.petratherm.com.au) and the ASX announcements platform.

#### Ordinary Business

To consider the Financial Statements for the financial year ended 30 June 2020 and accompanying reports of the Directors and Auditor.

### **Resolution 1: Adoption of Remuneration Report**

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

*'That the Company adopt the Remuneration Report for the year ended 30 June 2020 as set out in the Company's Annual Report for the year ended 30 June 2020.'*

### **Resolution 2: Re-election of Derek Carter as Director**

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

*'That Mr Derek Carter, having voluntarily retired in accordance with rule 6.1 of the Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the Meeting.'*

### **Resolution 3: Approval for an Equal Reduction of Capital and In-Specie Distribution**

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

*'That, subject to completion being effected under the Asset Purchase Agreement and Skarb Shares being issued to the Company pursuant to the terms and conditions of the Asset Purchase Agreement, for the purposes of sections 256B and 256C(1) of the Corporations Act and for all other purposes, approval is given for the capital of the Company to be reduced by the Company making a pro-rata in specie distribution of up to 70,000,000 Skarb Shares (if the Pre-Emption Right is exercised by the Glenfine Owners) or of up to 100,000,000 Skarb Shares (if the Pre-Emption Right is waived or not exercised by the Glenfine Owners) to all holders of Shares on the Record Date (rounded down to the nearest whole Skarb Share), with the consequence that each Shareholder on the Record Date shall be deemed to have consented to becoming a Skarb Shareholder and being bound by the articles of Skarb, on the terms and conditions set out in the Explanatory Memorandum which is attached to and forms part of this Notice.'*

### **Resolution 4: Approval of 10% Placement Facility**

To consider and, if thought fit, pass, with or without amendment, the following resolution as a **special resolution**:

*'That pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum which is attached to and forms part of this Notice.'*

### **Resolution 5: Amendment to Constitution**

To consider and, if thought fit, pass, with or without amendment, the following resolution as a **special resolution**:

*'That for the purposes of section 136(2) of the Corporations Act and for all other purposes, the Constitution be amended by deleting rule 164.1 and substituting in its place:*

- "164.1      *The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:*
- (1) a holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
  - (2) if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities;*
  - (3) the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
  - (4) a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
  - (5) if a holder of Restricted Securities breaches a restriction deed or a provision of this constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues; and*
  - (6) in this rule 164.1, each of the terms 'class', 'dispose' or 'disposal', 'holding lock', 'issuer sponsored subregister', 'restriction deed' and 'securities' has the meaning given to that term in the Listing Rules."*

**DATED 23 OCTOBER 2020**

**BY ORDER OF THE BOARD  
PETRATHERM LIMITED**



**DONALD STEPHENS  
COMPANY SECRETARY**

## **NOTES:**

### **1. Explanatory Memorandum**

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

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

### **2. Voting Exclusion Statement – Resolution 1**

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

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

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

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the person is the chair of the meeting and the appointment of the chair as proxy:
  - (1) does not specify the way the proxy is to vote on the resolution; and
  - (2) 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.

### **3. How to Vote**

A Shareholder entitled to attend the 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/proxyholder will need to take the following steps:

3.1 Shareholders and proxyholders are able to cast their vote at the Meeting through Lumi, by:

- (a) visiting [www.web.lumiagm.com](http://www.web.lumiagm.com) on a smartphone, tablet or computer (using the latest version of Chrome, Safari, Internet Explorer 11, Edge or Firefox);

- (b) entering the unique Meeting ID 312-451-749;
- (c) Shareholders will need to provide their Shareholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as applicable as their 'username' and the postcode as their 'password'. Overseas residents will require their country code (contained in the online voting guide) as their password; and
- (d) proxyholders will need to contact Computershare Investor Services on +61 3 9415 4024 to receive their unique 'username' and 'password'.

Online voting registration will commence 30 minutes prior to the start of the Meeting. For full details on how to log on and vote online, please refer to the user guide which can be accessed at [www.computershare.com.au/onlinevotingguide](http://www.computershare.com.au/onlinevotingguide); or

- 3.2 Shareholders may cast their vote online prior to the Meeting by visiting [www.investorvote.com.au](http://www.investorvote.com.au) and entering the Shareholder's Control Number, SRN/HIN and postcode, which are shown on the first page of the enclosed proxy form; or
- 3.3 Shareholders may complete and lodge the manual proxy form at the share registry of the Company, Computershare Investor Services Pty Limited, prior to the Meeting:
  - (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
- 3.4 Intermediary Online subscribers only (**custodians**) may cast the Shareholder's vote online prior to the Meeting by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com).

If Shareholders intend on voting prior to the Meeting, ensure that your preferred method of voting is done so that it is received no later than 11.00 am (Adelaide time) on 9 December 2020.

(Please note: if you have multiple holdings you will either need to log into Lumi for each SRN or HIN to vote live at the Meeting, or cast your vote on other holdings ahead of the Meeting via [www.investorvote.com.au](http://www.investorvote.com.au) or by returning your proxy form no later than 11.00 am (Adelaide time) on 9 December 2020.)

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 1 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 1 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 a resolution, in which case an ASX announcement will be made.

**4. Attending the Meeting via Audio Webcast**

Shareholders, proxyholders, corporate representatives and holders of powers of attorney wishing to attend the Meeting via audio webcast must email the Company Secretary at [kadams@hlbsa.com.au](mailto:kadams@hlbsa.com.au) by 11.00 am (Adelaide time) on 9 December 2020 to register, and will then be provided with log in details for the Meeting.

**5. Technical Difficulties**

Technical difficulties may arise during the course of the Meeting. The chair has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising his or her discretion, the chair will have regard to the number of Shareholders impacted and the extent to which participation in the business of the Meeting is affected.

Where the chair considers it appropriate, the chair may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are encouraged to lodge a proxy by 11.00 am (Adelaide time) on 9 December 2020 even if they plan to attend the Meeting online.

**6. Submitting Questions**

Shareholders may submit questions to the Company in advance of the Meeting. Questions must be submitted by emailing the Company Secretary at [kadams@hlbsa.com.au](mailto:kadams@hlbsa.com.au) by 11.00 am (Adelaide time) on 9 December 2020.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the chair.

The chair will attempt to respond to the questions during the Meeting. Prior to a Shareholder asking a question, the chair will ask that they identify themselves (including the entity name of their shareholding and the number of shares they hold).

**7. '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 9 December 2020 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.

**8. 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.

## 9. **Prospectus**

Under applicable ASIC guidelines, the invitation to Shareholders to vote on Resolution 3 of the Notice of Annual General Meeting constitutes an 'offer' to transfer Skarb Shares to Shareholders pursuant to the In-specie Distribution under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies or ASIC provides relief. As no exemptions apply and the Company has decided not to seek relief, the Company has prepared a prospectus that contains information in relation to Skarb (**Prospectus**).

The Prospectus accompanies this Notice of Annual General Meeting and has been lodged with ASIC at the same time as this Notice of Annual General Meeting. The Company recommends that all Shareholders read the Prospectus carefully and in conjunction with this Notice of Annual General Meeting.

There is no information known to the Company that is material to the decision by a Shareholder on how to vote on Resolution 3 other than as disclosed in this Notice of Annual General Meeting and the Explanatory Memorandum, the accompanying Prospectus and information that the Company has previously disclosed to Shareholders.

## 10. **Purpose of this Document**

The purpose of this document is to:

- 10.1 set out all information which the Company considers relevant to a Shareholder's decision on how to vote on Resolutions 1 to 5; and
- 10.2 explain the terms of the proposed In-specie Distribution, and the manner in which the In-specie Distribution will be implemented (if approved).

This document includes a statement of all the information known to the Company that is material to Shareholders in deciding how to vote on Resolution 3, as required by section 256C(4) of the Corporations Act.

## 11. **ASIC and ASX**

A final copy of this Notice of Annual General Meeting and Explanatory Memorandum has been lodged with ASIC and ASX, together with a copy of the Prospectus that accompanies this Notice of Annual General Meeting. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this document.

## 12. **No Financial Product Advice**

This document does not constitute financial product, taxation or investment advice nor a recommendation in respect of the Skarb Shares. It has been prepared without taking into account the objectives, financial situation or needs of Shareholders or other persons. Before deciding how to vote or act, Shareholders should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Neither the Company nor Skarb is licensed to provide financial product advice. No cooling-off regime applies in respect of the acquisition of Skarb Shares under the In-specie Distribution (whether the regime is provided for by law or otherwise).



13. **No Internet Site is Part of this Document**

No internet site is part of this Notice of Annual General Meeting and Explanatory Memorandum. The Company maintains an internet site ([www.petratherm.com.au](http://www.petratherm.com.au)). Any reference in this document to this internet site is a textual reference only and does not form part of this document.

14. **Recommendations**

Your Directors unanimously recommend the approval of the proposed resolutions and encourage Shareholders to vote **IN FAVOUR OF** each of the resolutions.

14.1 In forming their unanimous recommendation in respect of Resolution 3, the Directors have carefully considered the following matters:

- (a) Shareholders will continue to retain their current percentage ownership interest in the capital of the Company.
- (b) All Shareholders will collectively obtain an approximate 65% interest (if the Pre-Emption Right is exercised by the Glenfine Owners) or an approximate 72.6% interest (if the Pre-Emption Right is waived or not exercised by the Glenfine Owners) in the Victorian Projects through their individual pro-rata shareholdings in Skarb.
- (c) All Shareholders will maintain the opportunity to participate in the exploration upside of the Victorian Projects through their interest in Skarb, whilst still participating in the exploration upside of the South Australian Projects.
- (d) Future capital raising and expenditure in respect of the Victorian Projects will be the responsibility of Skarb.
- (e) As Skarb is listed on CSE, there will be a liquid market for Shareholders to facilitate trading of the Skarb Shares.
- (f) Skarb, as a company whose shares are quoted on CSE, is subject to regular reporting and disclosure obligations and Shareholders will be afforded the shareholder protections provided by the CSE Listing Rules and Policies.

14.2 The Directors have also considered the following potential disadvantages:

- (a) Shareholders will become holders of Skarb Shares and the objectives and interests of Skarb may not align with those of Shareholders.
- (b) There is no guarantee that the Skarb Shares will rise in value.
- (c) Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Skarb (for example brokerage costs).
- (d) There may be a taxation consequence in respect of the distribution of the Skarb Shares to Shareholders. Details of the possible general taxation effect of the transaction are set out in section 3.16 of this Explanatory Memorandum.

- (e) As a result of the return of capital, the Company will forego a sizeable percentage of the premium it might have received from a person seeking to acquire a controlling stake in Skarb.
- (f) Pursuant to the terms and conditions of the Asset Purchase Agreement, for the period commencing on completion under the Asset Purchase Agreement and ending on the date of the In-specie Distribution, the Company will not have any rights as a Skarb Shareholder.

Having regard to each of the above matters, the Directors consider that, on balance, the In-specie Distribution of Skarb Shares to Shareholders is in the best interests of Shareholders as the Directors believe that the Company will be able to provide greater value to the Shareholders through the In-specie Distribution.

#### 15. **Indicative Timetable**

Event	Date
Annual General Meeting to approve the In-specie Distribution of Skarb Shares	11 December 2020
Company announces effective date of return of capital	6 April 2021
Effective date of return of capital	6 April 2021
Last day for trading in Company shares on a 'cum return of capital' basis	7 April 2021
Trading in Company shares on an 'ex return of capital' basis commences	8 April 2021
Record Date	9 April 2021
In-specie Distribution to Shareholders of Skarb Shares	16 April 2021

\* These dates are indicative only and may change without notice. Refer to section 3.3 for further details.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of Shareholders of Petratherm Limited to be held on 11 December 2020. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolution proposed. Both documents, and the Prospectus, should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum and, in respect of Resolution 3, the Prospectus, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider Resolutions 1 to 5.

### 1. **RESOLUTION 1: ADOPTION OF REMUNERATION REPORT**

The Annual Report for the year ended 30 June 2020 contains a Remuneration Report which sets out the remuneration policy of the Company.

An electronic copy of the 2020 Annual Report is available to download or view on the Company's website at [www.petratherm.com.au/annual-reports/](http://www.petratherm.com.au/annual-reports/). The 2020 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

Section 250R(4) of the Corporations Act prohibits a vote on this resolution being cast (in any capacity) by or on behalf of any of the following persons:

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

However, under section 250R(5) of the Corporations Act a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the person is the chair of the meeting and the appointment of the chair as proxy:
  - (1) does not specify the way the proxy is to vote on the resolution; and
  - (2) 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.

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 1 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 1 by marking the appropriate box on the proxy form.

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

Resolution 1 is an ordinary resolution.

Please also note that under sections 250U and 250V of the Corporations Act, if at two consecutive annual general meetings of a listed company at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the report, at the second of these annual general meetings there must be put to the vote a resolution that another meeting be held within 90 days at which all directors (except the managing director) who were directors at the date the remuneration report was approved at the second annual general meeting must stand for re-election. So, in summary, shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the Remuneration Report receives 'two strikes'. The Remuneration Report did not receive a 'first strike' at the Company's 2019 annual general meeting.

## **2. RESOLUTION 2: RE-ELECTION OF DEREK CARTER AS DIRECTOR**

In accordance with rule 6.1 of the Constitution at every annual general meeting one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one third (excluding those who retire under rule 9.2 of the Constitution) must retire from office and are eligible for re-election. Accordingly, Mr Derek Carter retires as a Director of the Company and, being eligible, offers himself for re-election.

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 Ltd in 1993.

Mr Carter is a former President of the South Australian Chamber of Mines and Energy, former board member of the Australian Gold Council and a former Chairman of the Minerals Exploration Advisory Group.

Mr Carter is also a former member of the South Australian Minerals and Energy Council as well as a current member of the South Australian Minerals and Petroleum Experts Group. He was awarded AMEC's Prospector of the Year Award (jointly) in 2003 and is a Centenary Medallist.

Resolution 2 is an ordinary resolution.

The Directors (with Mr Carter abstaining) recommend that Shareholders vote in favour of Resolution 2.

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

### 3. **RESOLUTION 3: APPROVAL FOR AN EQUAL REDUCTION OF CAPITAL AND IN-SPECIE DISTRIBUTION**

#### 3.1 **Background and Overview of the In-Specie Distribution**

The Company was incorporated on 24 October 2003 and listed on ASX on 27 July 2004. The Company's activities are focussed on the acquisition, exploration and development of gold and copper mineral deposits and it has a number of projects and project interests located in both South Australia and Victoria.

##### (a) **Victorian Projects**

The Company's Victorian Projects comprise four gold projects covering a large, 1,291 km<sup>2</sup>, land tenure position, in the highly prospective and resurgent, Central Victorian Goldfields (Figure 1). Significant historic alluvial, deep lead and shallow high-grade gold reef mining has occurred on the tenements. Very little modern exploration or drilling has been undertaken on known high-grade reef systems and the portfolio includes large areas under shallow cover where no modern exploration has occurred. The shallow covered areas of Victoria are currently the subject of a major multi-company exploration push on the back of recent major discoveries such as at Four Eagles and Tandarra (reference Catalyst Metals Limited (ASX: CYL) ASX announcement dated 8 August 2018).

##### (1) **Glenfine Project**

The Glenfine Project (ELs 5344, 5434 and 5537) area (400,000 oz of recorded historic gold production) includes drill ready step out testing of known high-grade reef gold, along with regional exploration drill testing of an anomalous gold trend associated with a basalt dome contact that extends for at least 20 kilometres and which is considered to be in an analogous setting to the 5.2 Moz Stawell gold deposit. The reef drilling targets offer the opportunity to define initial gold resources in the near term.

The Company has entered into a Mining Farm-In and Joint Venture Agreement dated 7 July 2020 with Cape Clear Minerals Pty Ltd and Predictive Discovery Limited (together the **Glenfine Owners**) pursuant to which the Company may acquire an interest in the Glenfine Project tenements. The Mining Farm-In and Joint Venture Agreement relevantly provides that if the Company wishes to dispose of all of its rights and interests under the Mining Farm-In and Joint Venture Agreement, it must notify the Glenfine Owners of the terms and conditions upon which the Company is willing to dispose of such rights and interests and, if the consideration is not cash, of the cash value of the consideration (**Disposal Notice**). The Glenfine Owners then have an option, exercisable within 15 business days after the date of the Disposal Notice, to acquire the Company's rights and interests upon the same terms and conditions as are contained in the Disposal Notice and for the consideration expressed in the Disposal Notice (**Pre-Emption Right**). The Company has prior to the date of this Notice given a Disposal Notice to the Glenfine Owners in relation to the sale of all of its rights and interests under the Mining Farm-In and

Joint Venture Agreement to Skarb and, as at the date of this Notice, the Glenfine Owners have not exercised the Pre-Emption Right.

(2) **Yuengroon Project**

The Company has identified several large gold pathfinder soil geochemical anomalies at its Yuengroon Project (EL 6897 and ELA 7280) and mapped extensive shallow reef gold mining areas where historical mining in the late 1800s only occurred to the top of the water table (approximately 20 metres depth). Almost no drill testing of these reef systems has occurred despite historic records showing many of the shallow reef operations produced gold in excess of 30 g/t. Additionally, Yuengroon offers are large holding (approximately 600 km<sup>2</sup>) under shallow cover amenable to shallow RAB drill testing to locate new gold systems.

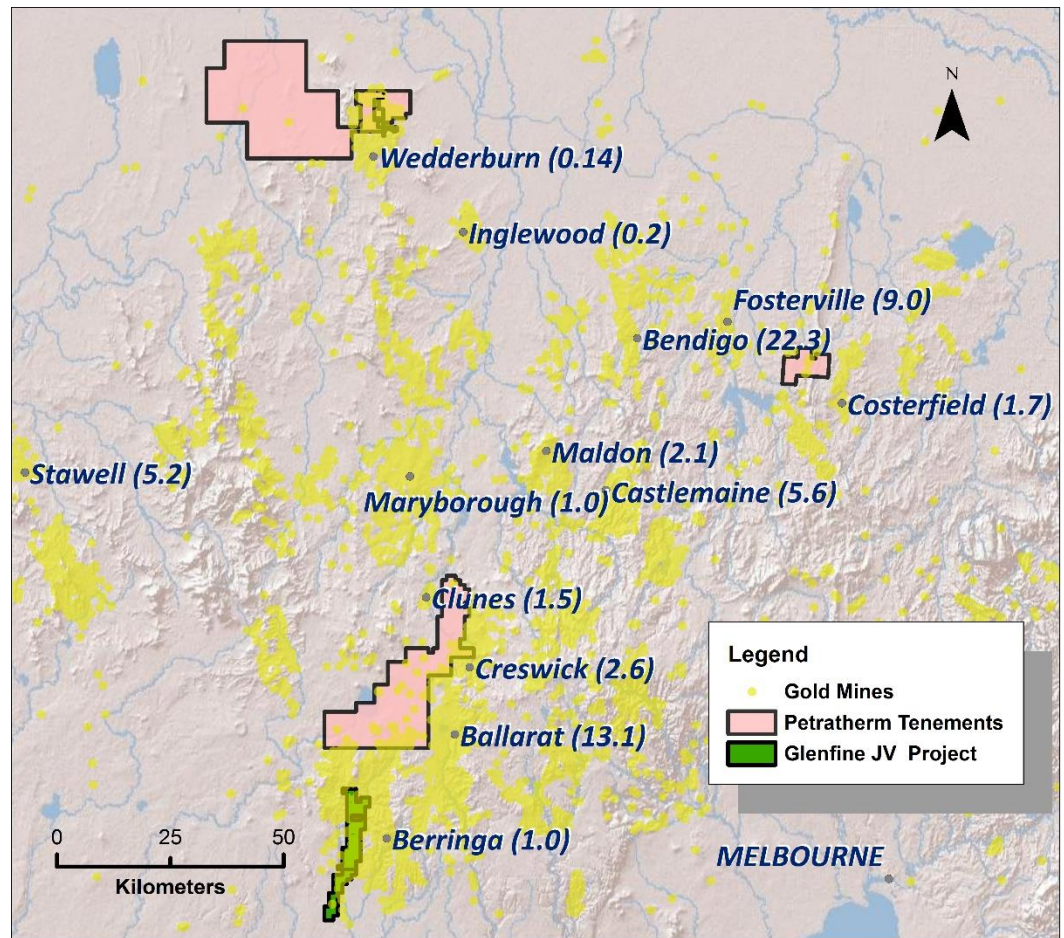
(3) **Ballarat West Project**

The Ballarat West licence application (ELA 7276) covers a 439 km<sup>2</sup> area over the Central Victorian Goldfields, between major historic mine production centres of Ballarat (13.1 Moz), Creswick (2.6 Moz), and Clunes (1.5 Moz). The area includes several significant deep lead high-grade gold mine occurrences (some with over 100,000 oz of production) and mining records describe quartz reef development along the basement surface and pockets of associated coarse alluvial gold suggesting a close primary source for the gold.

(4) **Silver Spoon Project**

The Silver Spoon Project licence application (ELA 6951) abuts the highly contested North Central Victorian Goldfields Tender Area. The region is highly prospective given its proximity and similar geology to Kirkland Lake Gold's nearby world-class Fosterville Gold Mine and other significant regional discoveries. The area contains several historic gold and other mineral prospects in areas of outcrop along with shallow covered areas that have only been very lightly explored. The tenement application originally lodged in February 2019 is well advanced with granting expected late in the 2020 period.

For further information, please refer to the Company's June Quarterly 2020 Report (ASX announcement dated 30 July 2020) for detailed project summaries, key exploration results and JORC referencing.



**Figure 1** Petratherm's Victorian Gold Projects and Major Mines (Moz shown)

(b) **South Australian Projects**

The Company holds 100% ownership in the following South Australian Projects:

(1) **Mabel Creek Copper Gold Project**

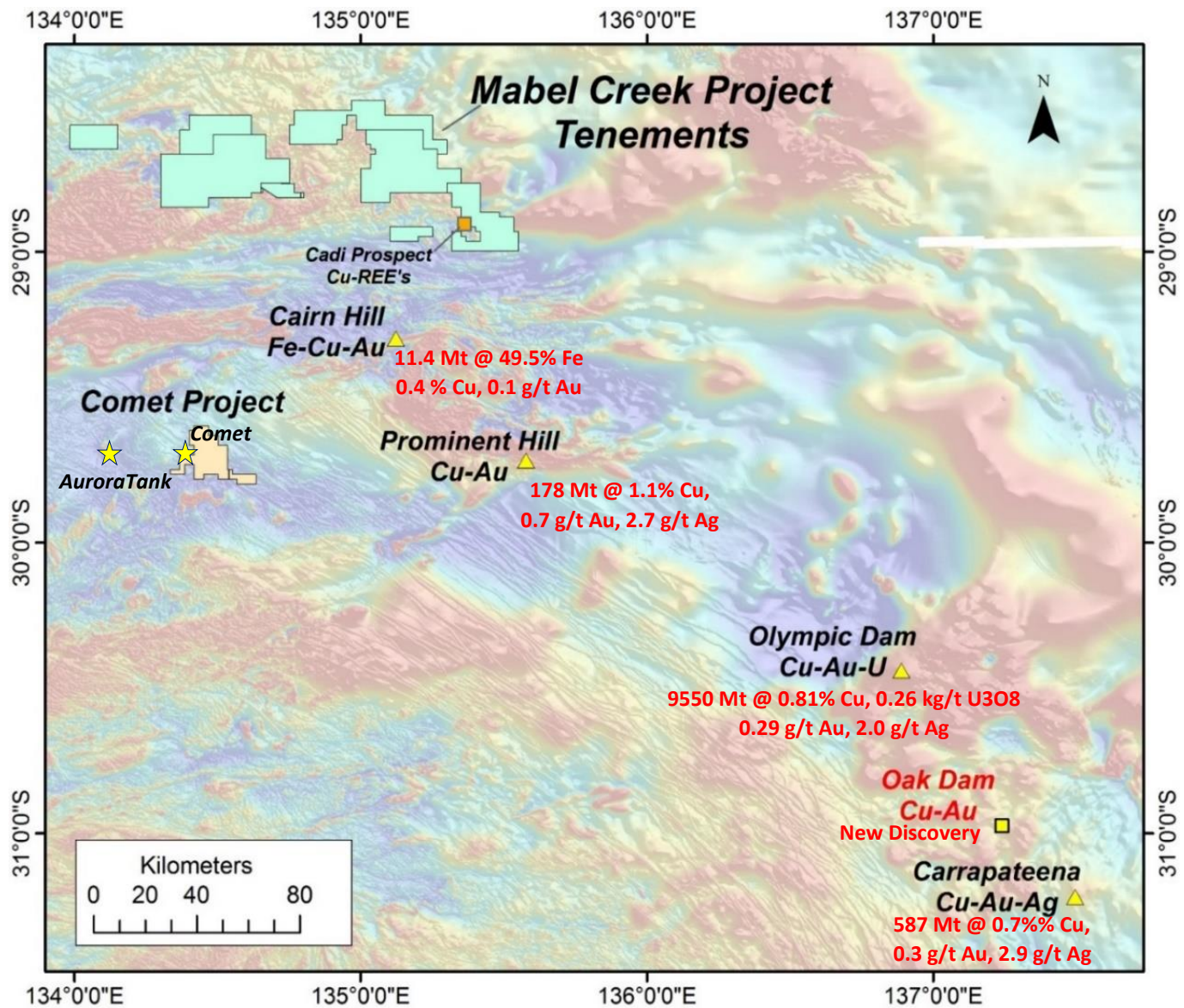
The Mabel Creek Copper Gold Project comprises four granted tenements (ELs 6332, 6333, 6404 and 6405) totalling 2,852 km<sup>2</sup> (Figure 2). The Mabel Creek Ridge, 50 kilometres northeast of Coober Pedy in South Australia, is considered prospective for Olympic Dam Style Copper-Gold mineralised systems and related magnetite skarn copper and high value rare-earths. The region has only been lightly explored historically and the Company has been active during the period undertaking Native Title work, regional gravity surveying and finally drilling activities. Drilling at the Area 5 North Target Area identified pervasive Iron-Oxide Copper-Gold (IOCG) alteration and further drilling is planned.

(2) **Comet Project**

The Comet Project (EL 6443), in the Gawler Craton of South Australia (Figure 2), was won through a South Australian Government managed competitive bid process. The gold potential of



South Australia's Gawler Craton is becoming a focus for explorers, following recent discoveries of high-grade gold such as at Aurora Tank (Marmota Ltd (ASX: MEU) ASX announcement dated 9 July 2020). The Company's Comet Gold Prospect, which is located 30 kilometres east of the Aurora Tank, is a primary gold shoot system (refer to the Company's ASX announcement dated 14 January 2020), open at depth and along trend, and will be focus for future drilling along with a broader exploration campaign of surrounding areas.



**Figure 2** Location map of the Company's Mabel Creek and Comet Project Tenements, IOCG mines and key gold prospects, overlying a reduced to pole aeromagnetic image (compiled from South Australian Government data)

For further information, please refer to the Company's June Quarterly 2020 Report (ASX announcement dated 30 July 2020).



(c) **Competent Person Statement**

The information in this Notice that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Peter Reid, who is a Competent Person, and a Member of the Australian Institute of Geoscientists. Mr Reid is not aware of any new information or data that materially affects the historical exploration results included in this Notice. Mr Reid is an employee of the Company. Mr Reid has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (**JORC Code**). Mr Reid consents to the inclusion in this Notice of the matters based on his information in the form and context in which it appears.

(d) **Asset Purchase Agreement**

The Company has entered into a binding Asset Purchase Agreement dated 9 October 2020 (**Asset Purchase Agreement**) with Skarb to sell its Victorian Projects to Skarb (**Acquisition**). The Acquisition allows the Company to focus on its South Australian Projects.

Specifically, the Acquisition has been undertaken to achieve the following commercial objectives:

- (1) to allow the Company to concentrate on the development of its South Australian Projects;
- (2) to introduce a dedicated explorer with strong cash backing to accelerate work on the Victorian Projects; and
- (3) to provide separate funding channels for the South Australian Projects and the Victorian Projects, allowing the Company to conserve its cash resources for undertaking activities connected with the South Australian Projects and Skarb to provide the funding for the Victorian Projects.

Settlement of the Acquisition is subject to the satisfaction of a number of conditions precedent including the Company obtaining Shareholder approval for the In-specie Distribution, Skarb obtaining Skarb Shareholder approval and CSE approval for the Acquisition, and Skarb completing a private placement of not less than CAD\$4 million.

On settlement of the Acquisition the Company will receive in consideration for the sale of the Victorian Projects 50,000,000 shares in the capital of Skarb if the Pre-Emption Right is exercised by the Glenfine Owners or 100,000,000 shares in the capital of Skarb if the Pre-Emption Right is waived or not exercised by the Glenfine Owners.

If the Pre-Emption Right is exercised by the Glenfine Owners, the Company will subscribe for an additional 20,000,000 shares and/or share purchase warrants in the capital of Skarb.

Subject to completion being effected under the Asset Purchase Agreement and Skarb Shares being issued to the Company pursuant to the terms and conditions of the Asset Purchase Agreement, the Company intends to distribute and transfer up to 70,000,000 Skarb Shares (if the Pre-Emption Right is exercised by the Glenfine Owners) or up to 100,000,000 Skarb Shares (if the Pre-Emption Right is waived or not exercised by the Glenfine Owners) in-specie to Shareholders on a pro-rata basis (**In-specie Distribution**), and Resolution 3 seeks Shareholder approval for the In-specie Distribution.

The In-specie Distribution will be effected by an equal reduction of the Company's capital on a pro rata basis. Shareholders will receive an in-specie return of capital by way of the distribution of Skarb Shares in proportion to the number of Shares held by them at the Record Date. Shareholders will obtain ownership in Skarb which holds the Victorian Projects, whilst still maintaining their ownership in the Company.

### 3.2 **Skarb Structure and Board**

Skarb was incorporated on 6 March 2018. Skarb is a Canadian based resources company listed on the CSE.

The Skarb Board of Directors presently comprises of:

#### **Chris Donaldson – Director and Chief Executive Officer**

Mr Donaldson is an experienced executive with a 25-year track record of raising funds and building out new investment channels for both public and private companies. From 2013 to 2020, he held the dual role of Director, Corporate Development with Western Copper and Gold (NYSE American and TSX listed) as well as Director, Corporate Development and Community with Casino Mining Corporation.

Mr Donaldson holds a Bachelor of Arts (Economics) from the University of Western Ontario and has taken the Canadian Securities Course and the Investor Relations program at Ivey Business School. He is the founding director and former Chairman of the Society of Investor Relations in Mining (SIREM), has been active within the Yukon Mining Alliance, the boards of the Yukon Chamber of Commerce, the Yukon Chamber of Mines and served for many years as a Director of the Pacific Salmon Foundation.

#### **Ota Hally – Director and Chief Financial Officer**

Mr Hally is a Chartered Professional Accountant and a Chartered Financial Analyst with broad experience in executive level financial management positions across multiple industries. He has worked for a number of large public practice firms and corporations, including KPMG, Meridian Gold, Yamana Gold, Pan American Silver and Endeavour Mining. Mr Hally has also previously served as a corporate and financial controller, director of finance and as a CFO for Canadian public companies. Since late 2016, Mr Hally has served as an independent mining consultant, providing executive and financial management advice to public companies. Mr Hally is a graduate of the British Columbia Institute of Technology, with a diploma in Finance and Accounting, and also holds a B.Comm in Entrepreneurial Management from Royal Roads University. Mr Hally obtained his Chartered Professional Accountant designation in 2006, and his Chartered Financial Analyst Designation in 2014.

As the Chief Financial Officer of Skarb, Mr Hally is responsible for coordination of the financial operations of Skarb in conjunction with the President and with outside accounting, tax and auditing firms.

#### **Craig Parry —Director, Chairman of the Board**

Mr Parry is a geologist, an experienced executive, and a member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Parry has over 15 years of mineral exploration experience in gold, petroleum, diamonds, iron ore, copper, coal and uranium, having worked in roles ranging from exploration geologist to senior project geologist to principal geologist. He has over six years of managerial experience as an executive for mineral exploration firms, and has served as a director and as a CEO for a number of public and private companies in Canada, Australia and the US, including Tigers Realm Coal Ltd and IsoEnergy Ltd. Mr Parry holds a Honours Degree in Applied Geology from the University of New South Wales.

As the Chief Executive Officer of Skarb, Mr Parry is responsible for the day-to-day operations, outside contractors and service providers, acquisitions and project development, and of the financial operations of Skarb in conjunction with the Chief Financial Officer and with outside accounting, tax and auditing firms.

#### **Louis Archambeault - Director**

Mr Archambeault is an engineer by profession, having earned a B.Eng in Mining and Mineral Engineering and an M.Eng in Mineral Economics and Artificial Intelligence, both from McGill University. Mr Archambeault also has over 12 years of experience in the financial markets, including experience in the mineral exploration sector. He joined CIBC World Markets as an analyst in 2007, eventually rising to the role of director. After his time at CIBC, Mr Archambeault went on to serve as Director, Corporate Development at Goldcorp and Head of North America at Appian Capital. Mr Archambeault is currently Vice President Corporate Development at Orezone Gold Corporation.

### **3.3 Capital Reduction - General**

The Company seeks Shareholder approval under Resolution 3 to enable the Company to reduce its capital by the distribution of specific assets to Shareholders, up to 70,000,000 Skarb Shares (if the Pre-Emption Right is exercised by the Glenfine Owners) or up to 100,000,000 Skarb Shares (if the Pre-Emption Right is waived or not exercised by the Glenfine Owners).

The Corporations Act and the ASX Listing Rules set out the procedure and timing for a capital reduction. Refer to page 9 for an indicative timetable in respect of the In-specie Distribution. The alteration to the Company's capital and the In-specie Distribution will become effective from the Record Date provided that after the Record Date has been set the Directors have not provided a notice to ASX stating that the Company does not intend to proceed with the reduction of capital contemplated by Resolution 3.

If the capital reduction proceeds, Shareholders will receive a pro rata entitlement to the Skarb Shares being distributed and each Shareholder's name will be entered on the register of members of Skarb with each Shareholder having deemed to have consented to becoming a Skarb Shareholder and being bound by the articles of Skarb.

A Shareholder's entitlement to Skarb Shares to be distributed is to be based on the number of Shares held at the Record Date.

At the date of this Notice, there are 172,001,652 Shares on issue in the Company and 12,487,583 options to acquire Shares in the Company. Assuming no further Shares are issued by the Company prior to the Record Date and no options to acquire Shares are exercised prior to the Record Date, the distribution ratio for the In-specie Distribution will be approximately 0.40697:1 if the Pre-Emption Right is exercised by the Glenfine Owners (assuming that the full 70,000,000 Skarb Shares are distributed) and 0.58139:1 if the Pre-Emption Right is waived or not exercised by the Glenfine Owners (assuming that the full 100,000,000 Skarb Shares are distributed) (that is, each Shareholder will receive approximately 0.40697 Skarb Shares or 0.58139 Skarb Shares for every Share held at the Record Date, rounded down to the nearest whole number).

However, the Company may issue further Shares prior to the Record Date and/or options to acquire Shares may be exercised prior to the Record Date, which would increase the number of Shares on issue on the Record Date. The exact number of Skarb Shares each Shareholder will receive will depend upon the number of Shares on issue on the Record Date.

### 3.4 **Advantages and Disadvantages of the Capital Reduction and In-specie Distribution**

#### (a) **Advantages**

- (1) Shareholders will continue to retain their current percentage ownership interest in the capital of the Company.
- (2) All Shareholders will collectively obtain an approximate 65% interest (if the Pre-Emption Right is exercised by the Glenfine Owners) or an approximate 72.6% interest (if the Pre-Emption Right is waived or not exercised by the Glenfine Owners) in the Victorian Projects through their individual pro-rata shareholdings in Skarb.
- (3) All Shareholders will maintain the opportunity to participate in the exploration upside of the Victorian Projects through their interest in Skarb.
- (4) Future capital raising should be more achievable by the Company as it can focus on the funding in respect of the South Australian Projects.
- (5) Future capital raising and expenditure in respect of the Victorian Projects will be the responsibility of Skarb.
- (6) As Skarb is listed on CSE, there will be a liquid market for Shareholders to facilitate trading of the Skarb Shares.
- (7) Skarb, as a company whose shares are quoted on CSE, is subject to regular reporting and disclosure obligations and Shareholders will be afforded the shareholder protections provided by the CSE Listing Rules and Policies.

(b) **Disadvantages**

- (1) Shareholders will become holders of Skarb Shares and the objectives and interests of Skarb may not align with those of Shareholders.
- (2) There is no guarantee that the Skarb Shares will rise in value.
- (3) Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Skarb (for example brokerage costs).
- (4) There may be a taxation consequence in respect of the distribution of the Skarb Shares to Shareholders. Details of the general taxation effect of the transaction are set out in section 3.16 of this Explanatory Memorandum.
- (5) As a result of the return of capital, the Company will forego a sizeable percentage of the premium it might have received from a person seeking to acquire a controlling stake in Skarb.
- (6) Pursuant to the terms and conditions of the Asset Purchase Agreement, for the period commencing on completion under the Asset Purchase Agreement and ending on the date of the In-specie Distribution, the Company will not have any rights as a Skarb Shareholder.

**3.5 Pro forma Financial Position of the Company Upon Completion of the Proposed Capital Reduction and the Financial Position of Skarb as at 30 June 2020**

A pro-forma statement of financial position of the Company is contained in Annexure A which shows the financial impact of the capital reduction and the In-specie Distribution on the Company.

A condensed, statement of financial position for Skarb as at 30 June 2020, which has been extracted from the audited Skarb Financial Statements, is set out in Annexure B.

**3.6 Effect of Proposed Capital Reduction on Shareholders**

(a) **What will you receive?**

Subject to Shareholders approving Resolution 3, eligible Shareholders will receive an in-specie return of capital by way of the distribution of Skarb Shares in proportion to the number of Shares held by them at the Record Date.

Shareholders are not required to contribute any payment for the Skarb Shares which they are entitled to receive under the In-specie Distribution.

(b) **What is the impact on your shareholding in the Company?**

The number of Shares in the Company that you hold will not change as a result of the In-specie Distribution.

(c) **Do you have to do anything to receive your Skarb Shares?**

If the In-specie Distribution proceeds, you will automatically receive the Skarb Shares you are entitled to receive (unless you are an ineligible overseas Shareholder, in which case you will receive the proceeds), even if you vote against the In-specie Distribution or do not vote at all.

(d) **Will I be able to trade my Skarb Shares?**

If the In-specie Distribution is approved by Shareholders and is implemented, a holder of Skarb Shares will be able to trade their Skarb Shares in the future on CSE.

(e) **What are the taxation implications of the In-specie Distribution?**

A general guide to the taxation implications of the In-specie Distribution is set out in section 3.16 of this Explanatory Memorandum. The description is expressed in terms of the In-specie Distribution and is not intended to provide taxation advice in respect of particular circumstances of any Shareholder.

**Shareholders should obtain professional advice as to the taxation consequences of the In-specie Distribution in their specific circumstances.**

(f) **What will happen if Resolution 3 is not approved?**

In the event that Shareholder approval of Resolution 3 is not obtained, the Acquisition will not proceed and, as a consequence, the In-specie Distribution will not occur.

### 3.7 **Disclosure to ASX**

The Company, as an entity with Shares quoted on the Official List of the ASX, is a disclosing entity and, as such, is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to the Company may be obtained for a fee from, or inspected at, an office of the ASIC or can be accessed at the Company's ASX announcements platform.

### 3.8 **Risk Factors**

On successful completion of the In-specie Distribution, Shareholders will become shareholders in Skarb and should be aware of the general and specific risk factors which may affect Skarb and the value of its securities. These risk factors are set out in Annexure C. The risk factors have been reviewed by each of the boards of directors of the Company and Skarb and are considered applicable.

### 3.9 **Effect of Proposed Capital Reduction on the Company**

A pro-forma statement of financial position of the Company is contained in Annexure A which shows the financial impact of the capital reduction and the In-specie Distribution on the Company. Furthermore, the Company, being an ASX listed entity, is subject to the continuous disclosure requirements set out in Chapter 3 of the ASX Listing Rules. As such, the Company is required to lodge quarterly accounts detailing the Company's current financial position. Any use of funds by the Company will be detailed in these quarterly reports and any significant transactions will be disclosed to Shareholders.

### 3.10 Director's Interests

The table below sets out the number of securities in the Company held by the Directors at the date of this Notice and, based on that number of securities, also the number of Skarb Shares they are likely to have an interest in if Resolution 3 is passed and implemented:

Director	Shares	Options	Approximate Number of Skarb Shares each Director will receive <sup>1</sup>	Approximate Number of Skarb Shares each Director will receive <sup>2</sup>
Derek Carter	1,311,167	1,000,000	533,605	762,299
Simon O'Loughlin	2,240,401	1,000,000	911,775	1,302,546
Donald Stephens	2,332,733	1,000,000	949,352	1,356,227

#### Notes

1. Assuming a 0.40697:1 distribution ratio for the In-specie Distribution and that no further Shares are issued and no options are exercised prior to Record Date.
2. Assuming a 0.58139:1 distribution ratio for the In-specie Distribution and that no further Shares are issued and no options are exercised prior to Record Date.

### 3.11 Additional Important Information for Shareholders

- (a) The capital structure of the Company as at the date of this Notice is:

Number of Shares	Number of Unlisted Options
172,001,652	12,487,583 <sup>1</sup>

#### Notes

1. 11,487,583 options exercisable at \$0.04 each expiring 6 April 2021.  
1,000,000 options exercisable at \$0.06 each expiring 25 September 2021.

- (b) The capital structure of Skarb as at the date of this Notice is:

Number of Skarb Common Shares	Number of Unlisted Options
17,671,500	1,745,000 <sup>1</sup>

#### Notes

1. 175,000 options exercisable at CAD\$0.10 each expiring 9 July 2028.

1,570,000 options exercisable at CAD\$0.10 each expiring 21 October 2024.

- (c) The return of capital will be effected by a pro-rata distribution of up to a maximum of 70,000,000 Skarb Shares (if the Pre-Emption Right is exercised by the Glenfine Owners) or up to a maximum of 100,000,000 Skarb Shares (if the Pre-Emption Right is waived or not exercised by the Glenfine Owners) in specie proportionately to all Shareholders:
- (1) registered as such as at 5.00 pm (Adelaide time) on the Record Date; or
  - (2) entitled to be registered as a Shareholder in the Company by virtue of a transfer of Shares executed before 5.00 pm (Adelaide time) on the Record Date and lodged with the Company at that time.

At the date of this Notice, there are 172,001,652 Shares on issue in the Company. Assuming this same number of Shares was on issue at the Record Date, the formula for the In-specie Distribution would be approximately 0.40697 Skarb Shares for every Share held (if the Pre-Emption Right is exercised by the Glenfine Owners) or 0.58139 Skarb Shares for every Share held (if the Pre-Emption Right is waived or not exercised by the Glenfine Owners). Any fractions of entitlement will be rounded down to the next whole number.

However, the Company may issue further Shares prior to the Record Date and/or options to acquire Shares may be exercised prior to the Record Date, which would increase the number of Shares on issue on the Record Date. The exact number of Skarb Shares each Shareholder will receive will depend upon the number of Shares on issue on the Record Date.

### 3.12 **Section 256C of the Corporations Act**

The proposed reduction of capital by way of an In-specie Distribution to Shareholders is an equal capital reduction.

Under section 256B(1) of the Corporations Act, the Company may only reduce its capital if it:

- (a) is fair and reasonable to Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders in accordance with section 256C of the Corporations Act.

The Directors believe that the In-specie Distribution is fair and reasonable to Shareholders as a whole and does not materially prejudice the Company's ability to pay its creditors. This is because each Shareholder is treated equally and in the same manner since the terms of the reduction of capital are the same for each Shareholder. The In-specie Distribution is on a pro rata basis, and the proportionate ownership interest of each Shareholder remains the same before and after the In-specie Distribution.



In accordance with the Corporations Act:

- (a) the proposed reduction is an equal reduction and requires approval by an ordinary resolution passed at a general meeting of Shareholders;
- (b) this Explanatory Memorandum, the Prospectus and previous ASX announcements set out all information known to the Company that is material to the decision on how to vote on Resolution 3; and
- (c) the Company has lodged with ASIC and ASX a copy of this Notice of Annual General Meeting and accompanying Prospectus.

### 3.13 **ASX Listing Rule 7.17**

ASX Listing Rule 7.17 provides in part that a listed entity, in offering shareholders an entitlement to securities, must offer those securities pro rata or in such other way as, in ASX's opinion, is fair in all the circumstances. In addition, there must be no restriction on the number of securities which a shareholder holds before this entitlement accrues. The In-specie Distribution satisfies the requirements of ASX Listing Rule 7.17 because the issue of Skarb Shares is being made to Shareholders on a pro rata basis, and there is no restriction on the number of Shares a Shareholder must hold before the entitlement to the Skarb Shares accrues.

### 3.14 **Overseas Shareholders**

The In-specie Distribution of the Skarb Shares to overseas Shareholders under the reduction of capital will be subject to legal and regulatory requirements in their relevant overseas jurisdictions. If the requirements of any jurisdiction where a Shareholder is resident are held to restrict or prohibit the distribution of securities as proposed or would impose on the Company an obligation to prepare a prospectus or other similar disclosure document or otherwise impose on the Company an undue burden, the Skarb Shares to which the relevant Shareholder is entitled will not in fact be issued to such Shareholders and instead will be sold by the Company on their behalf, in order that the Company will pay the relevant Shareholder a cash equivalent amount, or otherwise the Company will seek to make alternative arrangements with respect to the relevant Shareholder which are reasonable in all the circumstances.

If the Company elects to sell the Skarb Shares on a relevant Shareholder's behalf, the Company will then account to those Shareholders for the net proceeds of sale after deducting the costs and expenses of the sale. As the return of capital is being represented and satisfied by the In-specie Distribution and security prices may vary from time to time (assuming a liquid market is available), the net proceeds of sale to such Shareholders may be more or less than the notional dollar value of the reduction of capital. It will be the responsibility of each Shareholder to comply with the laws to which they are subject in the jurisdictions in which they are resident.

### 3.15 Information Concerning Skarb Shares

Skarb, as an entity with shares quoted on the CSE, is a 'reporting issuer' and is subject to regular reporting and disclosure obligations. Copies of documents lodged in relation to Skarb may be accessed at Skarb's CSE announcements platform, SEDAR at [www.sedar.com](http://www.sedar.com).

For the information of Shareholders, the highest, lowest and last recorded sale prices of Skarb's Shares as traded on CSE during the 12 months immediately preceding the date of this Notice of Annual General Meeting were:

	Price	Date
Highest	CAD\$1.00	4 September 2020
Lowest	CAD\$0.08	24 July 2020
Last	CAD\$0.28	9 October 2020

A summary of the more significant rights that will attach to the Skarb Shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Skarb Shareholders. Full details of the rights attaching to the Skarb Shares are set out in the articles of Skarb, a copy of which is available on request to the Company.

#### (a) General Meetings and Voting Rights

Each holder of Skarb Shares is entitled to receive notice of and to attend all meetings of shareholders of Skarb and at all such meetings shall be entitled to one vote in respect of each Skarb Share held by such holder.

#### (b) Dividend Rights

The holders of Skarb Shares will be entitled to receive dividends if and when declared by the board of directors of Skarb.

#### (c) Winding-Up

In the event of any liquidation, dissolution or winding-up of Skarb or other distribution of the assets of Skarb among its shareholders for the purpose of winding-up its affairs, the holders of Skarb Shares shall be entitled, subject to the rights of holders of shares of any class ranking prior to the common shares, to receive the remaining property or assets of Skarb.

#### (d) Variation of Rights

The rights of holders of Skarb Shares may not be modified otherwise than in accordance with the Business Corporations Act (British Columbia) and the articles of Skarb.

The rights attaching to the Skarb Shares are not materially limited or qualified by the rights of any other class of securities and no other class of securities ranks ahead of or equally with the Skarb Shares.

It should be noted, however, that pursuant to the terms and conditions of the Asset Purchase Agreement, for the period commencing on completion under the Asset Purchase Agreement and ending on the date of the In-specie Distribution, the Company will not have any rights as a Skarb Shareholder.

### 3.16 Taxation

The following comments are based on the application of Australian taxation laws in force at the date of this Notice of Annual General Meeting.

The views expressed in this summary are not intended as specific advice to Shareholders. The application of tax legislation may vary according to the individual circumstances of Shareholders. In this regard, the comments below are only relevant to those Shareholders who hold their Shares on capital account (that is have not been held for the purpose of resale or as trading stock).

Furthermore, this summary does not apply to:

- (a) Shareholders whose Shares are subject to the employee share acquisition scheme tax rules and Shareholders who are not the beneficial owners of their Shares in the Company; and
- (b) Shareholders who are not residents of Australia for tax purposes.

It should be emphasised that these comments are general in nature, may not be applicable to your individual circumstances and cannot be relied upon for accuracy or completeness.

**You should therefore seek and rely on your own taxation advice in relation to the taxation consequences of the distribution. Neither the Company nor any of its officers, or its advisers accept liability or responsibility with respect to such consequences.**

The proposed in-specie distribution of Skarb Shares from the Company to its shareholders will consist of a return of share capital component (**Capital Reduction Entitlement**).

The following is an overview of the Australian tax implications that should arise as a consequence of the proposed in-specie distribution for an Australian resident Shareholder who holds Shares on capital account.

Capital Reduction Entitlement	<p>The return of capital will trigger CGT event G1 (section 104- 135 of the 1997 Tax Act) which occurs where a company makes a payment to a shareholder in respect of a share they own in a company and some or all of the payment is not a dividend.</p> <p>The cost base and reduced cost base to Company shareholders of their shares is reduced (but not below nil) by the non-assessable part of the distribution in-specie (being the return of capital amount).</p> <p>A Company shareholder makes a capital gain if the non-assessable part of the distribution in-specie in relation to</p>
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	<p>each Company share exceeds the cost base of that share, with the capital gain generally being equal to that excess.</p> <p>Each shareholder will need to determine this based on the CGT cost base of their individual shareholding.</p> <p>If the Company shares were acquired by the shareholder more than 12 months before the date of payment, a capital gain from the CGT event G1 (if any) may qualify as a discount capital gain if the other conditions in Subdivision 115-A of the 1997 Tax Act are satisfied.</p>
Cost base of Skarb Shares	The cost base to the Company shareholders on their Skarb Shares will include their market value at the time of the distribution <i>in-specie</i> .
Acquisition Date for Discount Capital Gain	For the purposes of determining eligibility for a discount capital gain, the Skarb Shares are taken to be acquired on the date of the <i>in-specie</i> distribution.
Demerger Tax Relief	<p>Australian shareholders should generally be eligible to choose Demerger Tax Relief.</p> <p>Company Shareholders who choose Demerger Tax Relief will be able to disregard any capital gain that arises under CGT event G1 from the capital reduction.</p> <p>A portion of the original cost base in the Company shares will be allocated to the Skarb shares based on the relative values of the Company and Skarb immediately before the demerger.</p>
Sale of Shares post Record Date but before Distribution Date	There may be CGT implications for Shareholder who dispose of their Shares after the Record Date but before the date of the <i>in-specie</i> distribution.

We recommend that non-Australian resident Shareholders seek specific advice by reference to their own circumstances so as to determine their Australian CGT position.

The taxation consequences to Shareholders (resident and non-resident) who may hold Shares on revenue account or through a company or superannuation fund will depend on their specific circumstances and, accordingly, Shareholders such as banks, insurance companies, share traders and professional investors should seek their own specific advice.

### 3.17 Lodgement with ASIC

The Company has lodged with the ASIC a copy of this Notice of Annual General Meeting and Explanatory Memorandum in accordance with section 256C(5) of the Corporations Act. ASIC and its officers take no responsibility for the contents of this Notice of Annual General Meeting or the merits of the transaction to which this Notice of Annual General Meeting relates.

### 3.18 Other Material Information

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 3 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Memorandum and the Prospectus.

### 3.19 Other Legal Requirements

Under ASIC Regulatory Guide 188, an invitation to Shareholders to vote on Resolution 3 for the In-specie Distribution of Skarb Shares to Shareholders constitutes an 'offer' of securities under Chapter 6D of the Corporations Act and a prospectus is required unless an exemption applies. As no exemption applies, the Company has prepared a prospectus that contains information in relation to Skarb.

Resolution 3 is an ordinary resolution.

After considering all relevant factors, the Directors recommend that Shareholders vote in favour of Resolution 3 for the reasons summarised on pages 8 and 9 of this Notice.

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

## 4. RESOLUTION 4: APPROVAL OF 10% PLACEMENT FACILITY

### 4.1 General

Broadly speaking, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under ASX Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**10% Placement Facility**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

Resolution 4 seeks shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in ASX Listing Rule 7.1A to issue Equity Securities without shareholder approval. The exact number of Equity Securities which may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 4.2(c)).

If Resolution 4 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in ASX Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 4 is not passed, the Company will not be able to access the 10% Placement Facility and will remain subject to the 15% limit on issuing Equity Securities without shareholder approval set out in ASX Listing Rule 7.1.

## 4.2 Description of ASX Listing Rule 7.1A

### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

### (b) Equity Securities

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

The Company, as at the date of the Notice, has on issue the following classes of Equity Securities:

- ordinary shares quoted on ASX
- options not quoted on ASX

### (c) Formula for calculating 10% Placement Facility

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may, during the period of the approval, issue or agree to issue, during the 10% Placement Period (refer to section 4.2(f)), a number of Equity Securities calculated in accordance with the following formula:

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

Where:

- A** is the number of fully paid ordinary securities on issue at the commencement of the relevant period:
- plus the number of fully paid ordinary securities issued in the relevant period under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17;
  - plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
    - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
    - the issue of, or agreement to issue, the convertible securities was approved, or taken under the ASX Listing Rules to have been approved, under ASX Listing Rule 7.1 or ASX Listing Rule 7.4;

- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
  - the agreement was entered into before the commencement of the relevant period; or
  - the agreement or issue was approved, or taken under the ASX Listing Rules to have been approved, under ASX Listing Rule 7.1 or ASX Listing Rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under ASX Listing Rule 7.1 or ASX Listing Rule 7.4;
- plus the number of partly paid ordinary securities that became fully paid in the relevant period;
- less the number of fully paid ordinary securities cancelled in the relevant period.

*(Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.)*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the relevant period where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under ASX Listing Rule 7.4.

*(Note that **relevant period** has the same meaning in ASX Listing Rule 7.1, namely:*

- *if the entity has been admitted to the official list for 12 months or more, the 12 month period immediately preceding the date of the issue or agreement; or*
- *if the entity has been admitted to the official list for less than 12 months, the period from the date the entity was admitted to the official list to the date immediately preceding the date of the issue or agreement.)*

**(d) ASX Listing Rule 7.1 and ASX Listing Rule 7.1A**

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

At the date of this Notice, the Company has on issue 172,001,652 quoted ordinary shares and therefore has a capacity to issue:

- (1) 25,800,248 Equity Securities under ASX Listing Rule 7.1; and

- (2) subject to shareholder approval being obtained under Resolution 4, 17,200,165 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (refer to section 4.2(c)).

(e) **Minimum Issue Price**

The Equity Securities issued under ASX Listing Rule 7.1A.2 must be issued for a cash consideration per security which is not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (1) the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (2) if the Equity Securities are not issued within 10 Trading Days of the date referred to in section 4.2(e)(1), the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the first to occur of:

- (1) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (2) the time and date of the entity's next annual general meeting; and
- (3) the time and date of the approval by shareholders of a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking),

**(10% Placement Period).**

#### 4.3 **ASX Listing Rule 7.1A**

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of at least 75% of the votes cast by Shareholders entitled to vote (at the Meeting online, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) on the resolution.



#### 4.4 Specific information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- (a) The Company may seek to issue the Equity Securities for cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition) and/or general working capital.
- (b) There is a risk that:
  - (1) the market price for the Company's Equity Securities in the same class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities in the same class on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the risk of voting dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary shares for variable 'A' calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (3) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata entitlements issue) or future specific placements under ASX Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (4) two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in formula in ASX Listing Rule 7.1A.2		Issue Price		
		\$0.085 50% decrease in issue price	\$0.17 issue price	\$0.34 100% increase in issue price
Current Variable 'A'	10% voting dilution	17,200,165 shares	17,200,165 shares	17,200,165 shares

172,001,652 shares	<b>Funds raised</b>	\$1,462,014	\$2,924,028	\$5,848,056
<b>50% increase in current Variable 'A'</b> 258,002,478 shares	<b>10% voting dilution</b>	25,800,248 shares	25,800,248 shares	25,800,248 shares
	<b>Funds raised</b>	\$2,193,021	\$4,386,042	\$8,772,084
<b>100% increase in current Variable 'A'</b> 344,003,304 shares	<b>10% voting dilution</b>	34,400,330 shares	34,400,330 shares	34,400,330 shares
	<b>Funds raised</b>	\$2,924,028	\$5,848,056	\$11,696,112

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - No current options are exercised into shares before the date of the issue of the Equity Securities.
  - The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements pursuant to the 10% Placement Facility, based on that shareholder's holding at the date of the Meeting.
  - The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A and no other issues of Equity Securities.
  - The issue of Equity Securities under the 10% Placement Facility consists only of shares.
  - The issue price is \$0.17, being the closing price of the shares on ASX on 20 October 2020.
- (c) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities and the number of Equity Securities allotted to each will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:

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

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial shareholders (subject to shareholder approval, if required) and/or new shareholders who are not related parties or associates of a related party of the Company.

- (d) The Company previously obtained shareholder approval under ASX Listing Rule 7.1A at its 2019 annual general meeting, and has not issued or agreed to issue any Equity Securities under Listing Rule 7.1A.2 in the 12 months preceding the date of this Meeting.
- (e) At the time of dispatching this Notice, the Company is not proposing to make an issue of Equity Securities under ASX Listing Rule 7.1A.2.

Resolution 4 is a **special resolution**.

The Directors recommend that Shareholders vote in favour of Resolution 4.

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

## 5. **RESOLUTION 5: AMENDMENT TO CONSTITUTION**

Resolution 5 seeks approval to amend the Company's Constitution to reflect recent amendments made to ASX Listing Rule 15.12 effective from 1 December 2019.

These changes give effect to ASX's new two-tier escrow regime where only significant holders of restricted securities (related parties, promoters, substantial holders, vendors of classified assets, and their associates) will be required to execute a formal restriction deed, as currently. For less significant holdings, companies will instead be able to provide holders with a 'restriction notice', in reliance upon a prescribed provision in their constitution by which the company's shareholders agree not to dispose of restricted securities during the escrow period, and agree to the application of a holding lock for that period.

The new changes apply to companies admitted to the official list of ASX, or that issue restricted securities, on or after 1 December 2019. Companies listed on ASX which issued restricted securities prior to that date must continue to comply with the provisions of ASX Listing Rule 15.12 as previously in force. Subject to those transitional provisions, under the new ASX Listing Rule 15.12, for as long as the Company has any restricted securities on issue, its constitution must include the required provisions, as set out in Resolution 5.

As the Company is listed, the new provisions would apply in the event that the Company subsequently undertakes a transaction requiring re-compliance with Chapters 1 and 2 of the ASX Listing Rules under ASX Listing Rule 11.1.3 involving the issue of restricted securities (in the context of a significant change to the Company's nature or scale of activities), or issues

restricted securities to a party referred to in ASX Listing Rule 10.1 for the acquisition of a substantial classified asset from that party.

The purpose of this proposed amendment is therefore to ensure that the Constitution reflects the requirements of ASX's modified escrow regime, as outlined above.

Section 136(2) of the Corporations Act provides that a company may modify its constitution, or a provision of its constitution, by special resolution.

Resolution 5 is a **special resolution** and therefore requires approval of at least 75% of the votes cast by Shareholders entitled to vote (at the Meeting online, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) on the resolution.

The Directors recommend that Shareholders vote in favour of Resolution 5.

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

## 6. GLOSSARY

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

**\$** means Australian dollars;

**10% Placement Facility** has the meaning given in section 4.1 of the Explanatory Memorandum;

**10% Placement Period** has the meaning given in section 4.2(f) of the Explanatory Memorandum;

**Acquisition** has the meaning given in section 3.1(d) of the Explanatory Memorandum;

**Asset Purchase Agreement** has the meaning given in section 3.1(d) of the Explanatory Memorandum;

**ASIC** means Australian Securities and Investments Commission;

**ASX** means ASX Limited ACN 008 624 691 or the financial market operated by ASX Limited, as the context requires;

**ASX Listing Rules** means the listing rules of ASX;

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

**CAD** means Canadian dollars;

**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;

**Constitution** means the existing constitution of the Company;

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

**CSE** means the Canadian Securities Exchange;

**CSE Listing Rules and Policies** means the listing rules and policies of CSE;

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

**Equity Securities** has the same meaning as in the ASX Listing Rules;

**Glenfine Owners** has the meaning given in section 3.1(a) of the Explanatory Memorandum;

**In-specie Distribution** has the meaning given in section 3.1(d) of the Explanatory Memorandum;

**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);

**Lumi** means the virtual meeting voting platform provided by Lumi Technologies Pty Ltd and utilised by the share registry of the Company, Computershare Investor Services Pty Ltd;

**Meeting** means the meeting of shareholders convened by the Notice;

**Notice** means the notice of annual general meeting to which this Explanatory Memorandum is attached;

**Pre-Emption Right** has the meaning given in section 3.1(a)(1) of the Explanatory Memorandum;

**Record Date** means the record date referred to in the timetable on page 9 (which is indicative only and may change without notice);

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

**Shareholder** means a registered holder of a Share;

**Skarb** means Skarb Exploration Corp, a Canadian company listed on the CSE;

**Skarb Directors** means the current directors of Skarb;

**Skarb Share** means a fully paid common share in the capital of Skarb;

**Skarb Shareholder** means a holder of a Skarb Share;

**South Australian Projects** means the projects described in section 3.1(b) of the Explanatory Memorandum;

**Trading Day** means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules;

**Victorian Projects** means:

- (a) if the Pre-Emption Right is waived or not exercised by the Glenfine Owners, the projects described in section 3.1(a) of the Explanatory Memorandum; and
- (b) if the Pre-Emption Right is exercised by the Glenfine Owners, the projects described in section 3.1(a) of the Explanatory Memorandum excluding the Glenfine Project described in section 3.1(a)(1) of the Explanatory Memorandum; and

**VWAP** means volume weighted average market price.

## ANNEXURE A

### Petratherm Limited Pro-Forma Statement of Financial Position as at 30 June 2020

	Notes	Audited 30 June 2020 \$	Pre emptio n right not exercised Proforma balance at 30 June 2020 \$	Pre emptio n right exercised Proforma balance at 30 June 2020 \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	1	2,442,907	2,442,907	6,866,254
Receivables		33,689	33,689	33,689
Other assets		5,826	5,826	5,826
Shares in Skarb Exploration Corp	2	-	-	-
Total current assets		2,482,422	2,482,422	6,905,769
<b>Non-current assets</b>				
Exploration and evaluation assets	3	949,042	843,455	843,455
Total non-current assets		949,042	843,455	843,455
<b>Total assets</b>		3,431,464	3,325,877	7,749,224
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		94,889	94,889	94,889
Employee benefits		23,962	23,962	23,962
Total current liabilities		118,851	118,851	118,851
<b>Total liabilities</b>		118,851	118,851	118,851
<b>Net assets</b>		<b>3,312,613</b>	<b>3,207,026</b>	<b>7,630,373</b>
<b>Equity</b>				
Issued capital	4	39,061,984	19,642,413	25,036,739
Reserves		140,836	140,836	140,836
Accumulated losses		(35,890,207)	(16,576,223)	(17,547,202)
<b>Total equity</b>		<b>3,312,613</b>	<b>3,207,026</b>	<b>7,630,373</b>

## Notes

	Pre emptio n right not exercised Proforma balance at 30 June 2020 \$	Pre emptio n right exercised Proforma balance at 30 June 2020 \$
<b>1. Cash and cash equivalents</b>		
As at 30 June 2020	2,442,907	2,442,907
Proceeds - Pre emptio n right	-	9,709,785
Payment to Skarb	-	(970,979)
Subscription for 20,000,000 Skarb Securities	-	(4,315,460)
<b>Proforma</b>	<b>2,442,907</b>	<b>6,866,254</b>
<b>2. Shares in Skarb Exploration Corp</b>		
As at 30 June 2020	-	-
Consideration received from Skarb	19,419,571	9,709,785
Subscription for 20,000,000 Skarb Securities	-	4,315,460
Transaction - distributio n in-specie	(19,419,571)	(14,025,245)
<b>Proforma</b>	<b>-</b>	<b>-</b>
<b>3. Exploratio n and evaluatio n assets</b>		
As at 30 June 2020	949,042	949,042
Less carrying value of assets disposed	(105,587)	(105,587)
<b>Proforma</b>	<b>843,455</b>	<b>843,455</b>
<b>4. Issued Capital</b>		
As at 30 June 2020	39,061,984	39,061,984
Transaction - distributio n in-specie	(19,419,571)	(14,025,245)
<b>Proforma</b>	<b>19,642,413</b>	<b>25,036,739</b>

CAD exchange rate used as at 20 October 2020



## ANNEXURE B

### Extract from Audited Skarb Exploration Corp Financial Statements as at 30 June 2020

Set out below is the statement of financial position for Skarb Exploration Corp as at 30 June 2020, which has been extracted from the Audited Financial Statements for the year ended 30 June 2020. The extracted statement of financial position should be considered in conjunction with Skarb's complete audited Financial Statements for the year ended 30 June 2020.

(expressed in Canadian Dollars)

	<b>CAD\$</b>
<b>Assets</b>	
<b>Current assets</b>	
Cash	130,980
Amounts receivable	3,764
Prepays	6,090
<b>Total current assets</b>	<b>140,834</b>
<b>Non-current assets</b>	
Exploration & evaluation assets	7,656
<b>Total non-current assets</b>	<b>7,656</b>
<b>Total assets</b>	<b>148,490</b>
<b>Liabilities</b>	
<b>Current liabilities</b>	
Accounts payable and accrued liabilities	13,274
Promissory notes	27,000
<b>Total liabilities</b>	<b>40,274</b>
<b>Equity</b>	
Share capital	528,150
Option reserve	148,433
Deficit	(568,367)
<b>Total Equity</b>	<b>108,216</b>
<b>Total Liabilities and Equity</b>	<b>148,490</b>

## **ANNEXURE C**

### **Key Risk Factors Facing Skarb Exploration Corp**

The business, assets and operations of Skarb will be subject to certain risk factors that have the potential to influence its operating and financial performance in the future. These risks can impact on the value of an investment in its securities and include those highlighted in the table below.

The risk factors set out below ought not to be taken as exhaustive of the risks faced by Skarb or by investors in Skarb. The below factors, and others not specifically referred to below, may in the future materially affect the financial performance of Skarb and the value of the Skarb Shares. Therefore, the Skarb Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those shares.

#### **1. General**

Skarb is in the business of exploring and, if warranted, developing mineral properties, which is a highly speculative endeavor. A purchase of any of the securities offered hereunder involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities offered hereunder should not constitute a significant portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective investors should evaluate carefully the following risk factors associated with an investment in Skarb's securities prior to purchasing any of the securities offered hereunder.

#### **2. Limited Operating History**

Skarb has no history of earnings. There are no known commercial quantities of mineral reserves on any properties optioned by Skarb. The purpose of the Offering is to raise funds to carry out exploration and, if thought appropriate, development with the objective of establishing economic quantities of mineral reserves. There is no guarantee that economic quantities of mineral reserves will be discovered on any properties optioned by Skarb in the near future or at all. If Skarb does not generate revenue, it may be unable to sustain its operations in which case it may become insolvent and you may lose your investment.

#### **3. Speculative Nature of Mineral Exploration**

Resource exploration is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Skarb may be affected by numerous factors which are beyond the control of Skarb and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in Skarb not receiving an adequate return of investment capital. There is no assurance that Skarb's mineral exploration activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Skarb's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are

required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralised deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

**4. Acquisition of Mineral Properties**

There is no assurance that it will be able to acquire other mineral property of merit or that such an acquisition would be approved by the Exchange. There is also no guarantee that the Exchange will approve the acquisition of the Victorian Projects by Skarb.

**5. Commercial Ore Deposits**

The Property is in the exploration stage only and is without a known body of commercial ore. Development of this property would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

**6. Uninsurable Risks**

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and Skarb may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Skarb.

**7. Permits and Government Regulations**

The future operations of Skarb may require permits from various federal, provincial and local governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that Skarb will be able to obtain all necessary permits and approvals that may be required to undertake exploration activity or commence construction or operation of mine facilities on the Property.

**8. Environmental and Safety Regulations and Risks**

Environmental laws and regulations may affect the operations of Skarb. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on Skarb for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or noncompliance with environmental laws or regulations. In all major developments, Skarb generally relies on recognised designers and development contractors from which Skarb will, in the first instance, seek indemnities. Skarb intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and

regulations and operating to applicable environmental standards. There is a risk that environmental laws and regulations may become more onerous, making Skarb's operations more expensive.

9. **Key Person Insurance**

Skarb does not maintain key person insurance on any of its directors or officers, and as result Skarb would bear the full loss and expense of hiring and replacing any director or officer in the event the loss of any such persons by their resignation, retirement, incapacity, or death, as well as any loss of business opportunity or other costs suffered by Skarb from such loss of any director or officer.

10. **Mineral Titles**

Skarb may face challenges to the title of any of its property or any subsequent properties it may acquire, which may prove to be costly to defend or could impair the advancement of Skarb's business plan.

11. **Loss of Interest in Properties**

Skarb's ability to maintain an interest in the properties optioned or owned by Skarb will be dependent on its ability to raise additional funds by equity financing. Failure to obtain additional financing may result in the Issuer being unable to make the periodic payments required to keep the Property in good standing and could result in the delay or postponement of further exploration and or the partial or total loss of the Issuer's interest in the properties transferred to or optioned by the Issuer.

Inability to complete the required work required to keep its properties interests in good standing could result in the delay or postponement of further exploration and or the partial or total loss of Skarb's interest in any of its properties.

12. **Aboriginal Title**

Properties owned or optioned by Skarb may in the future be the subject of aboriginal land claims. The legal nature of aboriginal land claims is a matter of considerable complexity. The impact of any such claim on Skarb's ownership interest in the properties optioned or owned by Skarb cannot be predicted with any degree of certainty and no assurance can be given that a broad recognition of aboriginal rights in the area in which the properties optioned or purchased by Skarb are located, by way of a negotiated settlement or judicial pronouncement, would not have an adverse effect on Skarb's activities. Even in the absence of such recognition, Skarb may at some point be required to negotiate with Aboriginal Nations in order to facilitate exploration and development work on the properties optioned or owned by Skarb.

13. **Fluctuating Mineral Prices**

Skarb's revenues in the future, if any, are expected to be in large part derived from the extraction and sale of precious and base minerals and metals, which in turn depend on the results of Skarb's exploration on these properties and whether development will be commercially viable or even possible. Factors beyond the control of Skarb may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. Consequently, the economic viability of any of Skarb's exploration projects cannot be accurately predicted and may be adversely affected by fluctuations in mineral prices.

**14. Competition**

The mining industry is intensely competitive in all its phases. Skarb competes for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than Skarb. The competition in the mineral exploration and development business could have an adverse effect on Skarb's ability to hire or maintain experienced and expert personnel or acquire suitable properties or prospects for mineral exploration in the future.

**15. Management**

The success of Skarb is currently largely dependent on the performance of its directors and officers. The loss of the services of any of these persons could have a materially adverse effect on Skarb's business and prospects. There is no assurance Skarb can maintain the services of its directors, officers or other qualified personnel required to operate its business.

**16. Financing Risks**

Skarb has no history of significant earnings and, due to the nature of its business, there can be no assurance that Skarb will be profitable. Skarb has paid no dividends on its shares since incorporation and does not anticipate doing so in the foreseeable future. The only present source of funds available to Skarb is through the sale of its securities. Even if the results of exploration are encouraging, Skarb may not have sufficient funds to conduct the further exploration that may be necessary to determine whether or not a commercially mineable deposit exists on the properties owned by Skarb. While Skarb may generate additional working capital through further equity offerings or through the sale or possible syndication of the property owned by Skarb, there is no assurance that any such funds will be available. If available, future equity financing may result in substantial dilution to purchasers under the Offering. At present it is impossible to determine what amounts of additional funds, if any, may be required.

**17. Negative Cash Flows From Operations**

For the year ended June 30, 2018, Skarb sustained net losses from operations and had negative cash flow from operating activities of \$531. Skarb continues to have negative operating cash flow. It is highly likely Skarb may have negative cash flow in any future period and as a result, Skarb will need to use available cash, including proceeds to fund any such negative cash flow.

**18. Resale of Common Shares**

The continued operation of Skarb will be dependent upon its ability to generate operating revenues and to procure additional financing. There can be no assurance that any such revenues can be generated or that other financing can be obtained. If Skarb is unable to generate such revenues or obtain such additional financing, any investment in Skarb may be lost. In such event, the probability of resale of the Common Shares purchased would be diminished.

**19. Price Volatility of Publicly Traded Securities**

In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating

performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common Shares will be subject to market trends generally, notwithstanding any potential success of Skarb in creating revenues, cash flows or earnings. The value of Common Shares distributed hereunder will be affected by such volatility. An active public market for the Common Shares might not be sustained after the Offering. The liquidity of a shareholder's investment may be limited and the share price may decline below current prices.

**20. Conflicts of Interest**

Some of the directors and officers are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other corporations, and situations may arise where these directors and officers will be in direct competition with Skarb. Conflicts, if any, will be dealt with in accordance with the relevant provisions of the *Business Corporations Act* (Ontario). Some of the directors and officers of Skarb are or may become directors or officers of other companies engaged in other business ventures. In order to avoid the possible conflict of interest which may arise between the directors' duties to Skarb and their duties to the other companies on whose boards they serve, the directors and officers of Skarb have agreed to the following:

- participation in other business ventures offered to the directors will be allocated between the various companies and on the basis of prudent business judgment and the relative financial abilities and needs of the companies to participate; and
- no commissions or other extraordinary consideration will be paid to such directors and officers; and business opportunities formulated by or through other companies in which the directors and officers are involved will not be offered to Skarb except on the same or better terms than the basis on which they are offered to third party participants.

**21. Tax Issues**

Income tax consequences in relation to the Common Shares will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers prior to investing in, or receiving Common Shares of Skarb.

**22. Dividends**

Skarb does not anticipate paying any dividends on its Common Shares in the foreseeable future.





**Petratherm Ltd**  
ACN 106 806 884

PTR

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (Adelaide time) Wednesday 9 December 2020**

# Petratherm Ltd Annual General Meeting

This year, as part of the Australian Government's response to the Coronavirus crisis, temporary modifications have been made to the *Corporations Act 2001* under the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020*.

These modifications allow notices of meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. We are relying on technology to facilitate shareholder engagement and participation in the meeting. Details of where you can access the notice of meeting, lodge a proxy and participate in the meeting are contained in this letter.

## Meeting date and location:

The Annual General Meeting of Petratherm Ltd will be a virtual meeting, which will be conducted online on Friday, 11 December 2020 at 11.00am (Adelaide time).

## Attending the meeting online:

If you choose to participate online on the day of the meeting you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your vote in real time. Instructions on how to participate in the online meeting are available in the Notice of Meeting.

## Voting

To vote online during the meeting you will need to visit **[web.lumiagm.com/312451749](http://web.lumiagm.com/312451749)** on your smartphone, tablet or computer.

You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. For further instructions on how to participate online please view the online meeting user guide at <http://www.computershare.com.au/onlinevotingguide>

## Attending the Webcast

Shareholders, proxyholders, corporate representatives and holders of powers of attorney wishing to attend the Meeting via audio webcast must email the Company Secretary at [DStephens@hlbsa.com.au](mailto:DStephens@hlbsa.com.au) by 11.00am (Adelaide time) on 9 December 2020 to register, and will then be provided with log in details for the Meeting.

## Access the meeting documents and lodge your proxy online:

### Online:

Access the meeting documents and lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

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



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.



## Need assistance?



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**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (Adelaide time) Wednesday 9 December 2020**

# Proxy Form

## 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.

## PARTICIPATING IN THE MEETING

### Corporate Representative

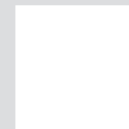
If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help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

## Lodge your Proxy Form:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number:**  
**SRN/ HIN:**

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

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

☐ **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

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 Annual General Meeting of Petratherm Ltd to be held online via webcast with online voting available via <https://web.lumiagm.com> with meeting ID 312-451-749 on Friday 11 December 2020 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 **Item 1** (except where I/we have indicated a different voting intention in step 2) even though **Item 1** is 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 **Item 1** by marking the appropriate box in step 2.

## 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.

### Ordinary Business

	For	Against	Abstain
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Derek Carter as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval for an Equal Reduction of Capital and In-Specie Distribution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Amendment to Constitution	<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.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

