

25th January 2021

Response to Shareholder Circular

Austpac Resources N.L. (**Company**) has become aware of correspondence circulated to a large number of its shareholders (**Circular**) ahead of and in relation to the Company's upcoming Annual General Meeting to be held on 29 January 2021 (**AGM**).

The Company would like to address certain matters contained in the Circular, which:

- directs shareholders how to vote on the resolutions to be put at the AGM;
- makes certain comments on the management and operation of the Company; and
- offers to assist shareholders in completing proxy forms in respect of proxy voting at the AGM.

In respect of the matters raised in the Circular, the Company notes:

1. The Company's Board of Directors (**Board**) has recently instituted personnel changes and implemented substantial cost reduction measures. This provides the Company with the platform to initiate and consolidate opportunities to increase shareholder value.
2. The AGM is being held virtually due to the ongoing impacts of COVID-19 in compliance with the Corporations Act and ASIC guidance. The Company encourages shareholders to either vote online using the share registry Link online platform (this can be provided on request ahead of the AGM) or to lodge a directed proxy form ahead of the AGM. Any queries in relation to the completion of proxy forms, or voting generally, can be directed to Company Secretary Kenneth Lee at apgtio2@ozemail.com.au.
3. The Remuneration Report contained in the Company's 2020 Annual Report is consistent with previous annual reports and market standard, was prepared in compliance with the Corporations Act and was audited by the Company's auditors.

The Company notes that at or around the conclusion of the 30 June 2020 financial year there were changes to the executive officers of the Company, with the appointment of a new CEO and Company Secretary/CFO and the resignation of the former CFO and Company Secretary.

4. The proposed adoption of the new constitution is designed to assist the Company to streamline its operations and reduce administrative costs, along with adopting market-standard practices for listed entities. In that way, the proposed new constitution:
 - a. is consistent with market standards and with constitutions of other listed entities;
 - b. does not contain any unusual or extraordinary provisions;

- c. will not permit the Company to issue any securities in contravention of the ASX Listing Rules or the Corporations Act; and
- d. was prepared by external legal counsel.

The Company's current Articles of Association were adopted in 1986 and the Board is of the view that the Articles should be updated to incorporate recent regulatory and technological updates.

5. The additional ASX Listing Rule 7.1A 10% placement capacity, for which the Company seeks the approval of its shareholders at the AGM, will provide the Company with flexibility to issue securities without impacting the Company's 15% ASX Listing Rule 7.1 capacity.

Securities issued under ASX Listing Rule 7.1A:

- a. can only be issued in an existing quoted class of securities;
- b. may only be issued for cash consideration; and
- c. cannot be issued at an issue price which is less than 75% of the volume weighted average market price of that class of quoted securities in the 15 actual trading days before the date on which the price is set (or, if the securities are not issued within 10 trading days after the date the price is set, the date on which the securities are issued).

The Company encourages shareholders to direct any further queries in relation to the AGM to the Company by email at apgtio2@ozemail.com.au by 5:00pm on 27 January 2021.

By order of the Board

Kenneth Lee
Company Secretary
Austpac Resources N.L.