



NOTICE OF EXTRAORDINARY GENERAL MEETING AND EXPLANATORY MEMORANDUM

Clara Resources Australia Limited
ACN 122 957 322

Date of Meeting: 6 June 2023

Time of Meeting: 11:00 am (Brisbane time)

Place of Meeting: Offices of HopgoodGanim Lawyers, Level 7,
Waterfront Place, 1 Eagle Street, Brisbane
QLD 4000

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Clara Resources Australia Ltd (the Company) will be held at the offices of HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane QLD 4000 on 6 June 2023 at 11:00am (Brisbane time).

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form forms part of this Notice of Meeting.

Terms used in the Notice of Meeting are defined in the "DEFINITIONS" section of the accompanying Explanatory Memorandum.

AGENDA

ORDINARY BUSINESS

Resolution 1 – Ratification of prior issue of T1 Placement Shares

To consider, and if thought fit, pass the following Resolution as an Ordinary Resolution, with or without amendment;

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the allotment and prior issue by the Company on 14 April 2023 of 1,166,666, 667 (pre-Consolidation) Shares to the T1 Placement Recipients at an issue price of A\$0.0006 per Share (pre-Consolidation) (T1 Placement Shares) and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting."

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of:

- the T1 Placement Recipients; or
- an Associate of those persons.

However, the Company will not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 2 – Ratification of prior issue of T1 Placement Broker Options

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the allotment and prior issue by the Company on 14 April 2023 of 200,000,000 (pre-Consolidation) T1 Placement Broker Options to the Brokers, exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of:

- the Brokers; or
- an Associate of those persons.

However, the Company will not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 3 – Ratification of prior issue of T1 Placement Options

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the allotment and prior issue by the Company on 14 April 2023 of 583,333,334 (pre-Consolidation) Options (that are free-attaching to the T1 Placement Shares) to the T1 Placement Recipients, exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of:

- the T1 Placement Recipients; or
- an Associate of those persons.

However, the Company will not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Note | Resolutions 4 to 8 are conditional upon the passing of one another, so that each will not have effect unless and until all others are passed.

Resolution 4 – Consolidation of capital

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

“That, subject to the passing of each of the Conditional Resolutions, for the purposed of clause 19.1 (b) of the Company’s Constitution, section 254H(1) of the Corporations Act, ASX Listing Rules 7.21 and 7.22 and for all other purposed, the issued capital of the Company be consolidated on the basis that:

- (a) every 100 Shares be consolidated into 1 Share;*
- (b) all Convertible Securities (except Options) be adjusted in accordance with Listing Rule 7.21; and*
- (c) all Options on issue be adjusted in accordance with Listing Rule 7.22.*

to take effect on the Consolidation Date, and otherwise on the terms and conditions as summarised in the Explanatory Memorandum and where this Consolidation results in a fraction of a security being held by a Shareholder, the Directors be authorised to round that fraction up to the nearest whole security (as the case may be).”

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 5 – Issue of T2 Placement Shares and T2 Placement Options

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

*“That, subject to the passing of each of the Conditional Resolutions, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue up to 28,845,834 (post-Consolidation) Shares at an issue price of A\$0.06 per Share (post-Consolidation) (**T2 Placement Shares**) and 14,422,917 (post-Consolidation) Options (that are free-attaching to the T2 Placement Shares) exercisable at \$0.12 per Option (post-Consolidation) and expiring three years after their issue (**T2 Placement Options**), to the T2 Placement Recipients on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”*

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of:

- any person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue of the T2 Placement Shares and T2 Placement Options (except a benefit solely by reason of being a holder of Shares); or
- an Associate of those persons.
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However, the Company will not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the chair to vote on this Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 6 – Issue of T2 Placement Broker Options

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

“That, subject to the passing of each of the Conditional Resolutions, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue a total of 2,000,000 (post-Consolidation) T2 Placement Broker Options to the Brokers, exercisable at \$0.12 (post-Consolidation) and expiring three years after their issue and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of:

- the Brokers; or
- an Associate of those persons; or
- a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company).

However, the Company will not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 7 – Issue of Shares and Options to DGR Global Limited as part of participation in T2 Capital Raising and payment of DGR Placement Fee

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

“That, subject to the passing of each of the Conditional Resolutions, in accordance with ASX Listing Rule 10.11, and for the purposes of Chapter 2E of the Corporations Act and for all other purposes, the Company be authorised:

- (a) to issue 6,358,333 (post-Consolidation) Shares at an issue price of \$0.06 per Share (post-Consolidation);*
- (b) to issue 3,179,167 (post-Consolidation) Options exercisable at \$0.12 (post-Consolidation) and expiring three years after their issue; and*
- (c) to pay (directly or indirectly) the DGR Placement Fee, to DGR Global Ltd (**DGR**) who are a Related Party and/or a person in a position of influence of the Company as described in the Explanatory Memorandum.”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of:

- DGR and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares in the entity); or
- An Associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- A person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting exclusion statement – Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act, a vote on Resolution 7 must not be cast (in any capacity) by or on behalf of:

- DGR and any other Related Party of the Company to whom Resolution 7 would permit a financial benefit to be given; and
- An Associate of those related parties.

However, this does not prevent the casting of a vote on Resolution 7 if it is cast by a person appointed as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a Related Party or Associate of a kind referred to above.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 8 – Issue of Shares and Options to Savannah Goldfields Limited as part of participation in T2 Capital Raising and payment of the SVG Placement Fee

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

“That, subject to the passing of each of the Conditional Resolutions, in accordance with ASX Listing Rule 10.11, and for the purposes of Chapter 2E of the Corporations Act and for all other purposes, the Company be authorised:

- (a) to issue up to 11,462,500 (post-Consolidation) Shares at an issue price of \$0.06 per Share (post-Consolidation);*
- (b) to issue up to 5,731,250 (post-Consolidation) Options exercisable at \$0.12 (post-Consolidation) and expiring three years after their issue; and*
- (c) to pay (directly or indirectly) the SVG Placement Fee, to Savannah Goldfields Limited (SVG) who are a Related Party and/or a person in a position of influence of the Company as described in the Explanatory Memorandum.”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- SVG and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of Shares in the entity); or
- an Associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, , on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting exclusion statement – Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act, a vote on Resolution 8 must not be cast (in any capacity) by or on behalf of:

- SVG and any other Related Party of the Company to whom Resolution would permit a financial benefit to be given; and
- An Associate of those related parties.

However, this does not prevent the casting of a vote on Resolution 8 if it is cast by a person appointed as a proxy in writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of a Related Party or Associate of a kind referred to above.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 9 – Issue of Options to Brian Moller

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

“That, in accordance with ASX Listing Rule 10.11 and for the purposes of Chapter 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 75,000,000 (pre-Consolidation) Options exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue to Brian Moller who is a Related Party of the Company as described in the Explanatory Memorandum.”

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 10 – Issue of Options to Nicholas Mather

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

“That, in accordance with ASX Listing Rule 10.11 and for the purposes of Chapter 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 75,000,000 (pre-Consolidation) Options exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue to Nicholas Mather who is a Related Party of the Company as described in the Explanatory Memorandum.”

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 11 – Issue of Options to Brad Gordon

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

“That, in accordance with ASX Listing Rule 10.11 and for the purposes of Chapter 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 75,000,000 (pre-Consolidation) Options exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue to Brad Gordon who is a Related Party of the Company as described in the Explanatory Memorandum.”

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 12 – Issue of Options to Richard Willson

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

“That, in accordance with ASX Listing Rule 10.11 and for the purposes of Chapter 2E of the Corporations Act and for all other purposes, the Company be authorised to issue 75,000,000 (pre-Consolidation) Options exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue to Richard Willson who is a Related Party of the Company as described in the Explanatory Memorandum.”

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Voting exclusion statement for Resolutions 9 to 12 (inclusive)

The Company will disregard any votes cast in favour on:

- Resolution 9 by or on behalf of Brian Moller (and his nominees) and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any Associate of them;
- Resolution 10 by or on behalf of Nicholas Mather (and his nominees) and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any Associate of them;
- Resolution 11 by or on behalf of Brad Gordon (and his nominees) and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any Associate of them; and
- Resolution 12 by or on behalf of Richard Wilson (and his nominees) and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any Associate of them.

However, this does not apply to a vote cast in favour of Resolutions 9 to 12 (inclusive) by:

- a person as proxy or attorney for a person who is entitled to vote on Resolutions 9 to 12 (inclusive), in accordance with directions given to the proxy or attorney to vote on Resolutions 9 to 12 (inclusive) in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolutions 9 to 12 (inclusive), in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolutions 9 to 12 (inclusive); and
 - the holder votes on the Resolutions 9 to 12 (inclusive) in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting restriction pursuant to section 250BD of the Corporations Act for Resolutions 9 to 12 (inclusive)

As Resolutions 9 to 12 (inclusive) are connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolutions 9 to 12 (inclusive) must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolutions 9 to 12 (inclusive).

However, the Company need not disregard a vote on Resolutions 9 to 12 (inclusive) if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person chairing the meeting to exercise the proxy even if Resolutions 9 to 12 (inclusive) are connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

Resolution 13 – Issue of Options to Peter Westerhuis

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

“That, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue 300,000,000 (pre-Consolidation) Options exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue to Peter Westerhuis and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.”

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of:

- Peter Westerhuis; or
- an Associate of Peter Westerhuis; or
- a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company.

However, the Company will not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
 - the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting restriction pursuant to section 250BD of the Corporations Act

As Resolution 13 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 13 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolution 13.

However, the Company need not disregard a vote on Resolution 13 if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person chairing the meeting to exercise the proxy even if Resolution 13 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

Resolution 14 – Issue of Options to John Haley

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

"That, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue 75,000,000 (pre-Consolidation) Options exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue to John Haley and otherwise on the terms and conditions set out in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting."

Voting exclusion statement:

The Company will disregard any votes cast in favour of this Resolution by, or on behalf of:

- John Haley; or
- an Associate of John Haley; or
- a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company.

However, the Company will not disregard a vote cast in favour of this Resolution by:

- a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way; or
- the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chair to vote on this Resolution as the Chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
- the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting restriction pursuant to section 250BD of the Corporations Act

As Resolution 14 is connected directly or indirectly with the remuneration of a member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 14 must not be cast by:

- any member of the KMP for the Company (or, if the Company is a consolidated entity, for the entity); or
- a Closely Related Party of such KMP,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on Resolution 14.

However, the Company need not disregard a vote on Resolution 14 if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote and the Shareholder expressly authorises the person chairing the meeting to exercise the proxy even if Resolution 14 is connected directly or indirectly with the remuneration of a member of the KMP for the Company, or if the Company is part of a consolidated entity, for the entity.

See the Explanatory Memorandum accompanying this Notice for further information about this Resolution.

GENERAL BUSINESS

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By Order of the Board



John Haley
Company Secretary
5 May 2023

EXPLANATORY MEMORANDUM

Introduction

The Explanatory Memorandum is provided to Shareholders of Clara Resources Australia Limited ACN122 957 322 (the Company) to explain the Resolutions to be put to Shareholders at the Extraordinary General Meeting to be held at the offices of HopgoodGanim Lawyers, Level 7, Waterfront Place, 1 Eagle Street, Brisbane on 6 June 2023 at 11:00am (Brisbane time).

The Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice of Meeting

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

Terms used in this Explanatory Memorandum are defined in the "**DEFINITIONS**" section of this Explanatory Memorandum.

Background

The Company will, subject to shareholder approval, complete a series of measures to recapitalise the Company. Principal aspects of the measures are:

- I. A capital raise of A\$3.5 million (before costs) by way of a two-tranche placement to institutional, sophisticated, and professional investors.
- II. In conjunction with the capital raise consolidate the issued capital of the Company through the conversion of every hundred (100) existing shares into one (1) share.

These measures will enhance the liquidity of the Company's shares and enable the Company to accelerate commercialisation of the Ashford Coking Coal Project and development of the Kildanga Nickel and Cobalt prospect.

There are a number of elements to the recapitalisation strategy:

Appointment of Financial Advisor and Lead Manager

The Company has appointed these professional advisors:

- a. Boutique investment firm Adelaide Equity Partners (AEP) as Corporate Advisor.
- b. Foster Stockbroking (FSB) as Lead Manager for the capital raising.

Commercial details of the engagements are provided below.

Completed Placement – Tranche 1

FSB has completed a capital raising of \$700,000 (before costs) by the issue of 1,116,666,667 new shares at \$0.0006 per share (on a pre-Consolidation basis) in a placement to professional and sophisticated investors. Investors will also receive one (1) attaching option, issued at no consideration, for each two (2) subscribed shares. The options will be exercisable at \$0.0012 (on a pre-Consolidation basis) any time within 3 years of the date of issue of the options.

In conjunction with the Tranche-1 placement and for broker services the Company will issue 100,000,000 T1 Placement Broker Options (pre-Consolidation) to nominees of each of FSB

and AEP. These options will be exercisable at \$0.0012 (pre-Consolidation basis) at any time within three (3) years from the date of issue of the options.

The allotment of the shares and options was completed on 14 April 2023. The Company has notified and confirmed the allotment of shares by way of market notifications.

Shareholders will be asked to ratify Tranche-1 so the placement does not reduce the company's existing capacity to potentially issue further securities without shareholder approval under Listing Rule 7.1.

Consolidation

It is proposed to consolidate the issued capital of the Company through the conversion of every hundred (100) existing Shares into one (1) Share. This Consolidation is proposed to reduce the number of shares on issue, create a more efficient capital structure and greatly improve liquidity of the shares. The share price will also increase, with the expectation that C7A shares will subsequently be more appealing to a wider range of investors.

The effect of the consolidation and the completion of the Tranche-1 placement is illustrated in this table.

	Ordinary Shares	Options
Pre-consolidation	15,383,453,535	823,333,334
Post-consolidation (1:100)	153,834,535	8,233,333

As the Consolidation will apply equally to all shareholders, individual shareholdings will be reduced in the same ratio as the total number of shares (subject only to rounding up of fractions). Accordingly, the Consolidation will have no material effect on the percentage interest of each individual shareholder.

Proposed Placement-Tranche 2

The second tranche will comprise the issue of up to 46,666,667 shares (on a post-Consolidation basis). The shares will be offered at \$0.06 (post-Consolidation) simultaneously with Tranche-1, raising a further \$2.8 m (before costs). The second tranche will settle as soon as possible after the Company completes the 1:100 consolidation and receives shareholder approval for the issue of the Shares at a general meeting.

Investors will receive one (1) attaching option issued at no consideration for each two (2) subscribed Tranche-2 shares. The options will be exercisable at \$0.0012 (Pre-Consolidation) at any time within 3 years of the date of issue of the options.

In conjunction with the Tranche-2 placement and for broker services the Company will issue 1,000,000 (post-Consolidation) T2 Placement Broker Options to nominees of each of FSB and AEP. These options will be exercisable at \$0.12 (post-Consolidation) at any time within 3 years of the date of issue of the options.

Savannah Goldfields Limited (ASX: SVG), a holder of 19.65% of the Company's capital (prior to the Tranche-1 and Tranche-2 placements) has advised that it will subscribe for up to 11,462,500 shares (post-Consolidation) in the Tranche 2 placement, subject to shareholder approval at the proposed General Meeting.

DGR Global (ASX: DGR), a holder of 11.37% of the Company's share capital has advised that it will subscribe for 6,358,333 shares (post-Consolidation) in the Tranche-2 placement, subject to shareholder approval at the proposed General Meeting.

Resolution 1 – Ratification of prior issue of T1 Placement Shares

General

On 14 April 2023, the Company completed a capital raising of \$700,000 through the issue of 1,166,666,667 (pre-Consolidation) Shares at an issue price of \$0.0006 per Share (pre-Consolidation) (**T1 Placement Shares**).

On 14 April 2023, the Company issued the T1 Placement Shares to unrelated professional and sophisticated investors who participated in the T1 Placement (**T1 Placement Recipients**). The Company engaged the services of Foster Stockbroking and Adelaide Equity Partners (**Brokers**) to manage the issue of the T1 Placement Shares.

The issue was undertaken within the Company's placement capacity under Listing Rule 7.1.

Resolution 1 is an Ordinary Resolution and seeks Shareholder ratification of the prior issue of the T1 Placement Shares under the T1 Placement, in accordance with Listing Rule 7.4.

Listing Rule 7.4

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue and allotment of the T1 Placement Shares, being issues of securities made by the Company on 14 April 2023 for which shareholder approval has not already been obtained.

Broadly speaking, and subject to a number of exceptions, 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.

The issue of the T1 Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of the issue of the T1 Placement Shares

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. To this end, Resolution 1 seeks Shareholder approval for the prior issue of the T1 Placement Shares under the T1 Placement, in accordance with Listing Rule 7.4.

Information for Listing Rule 7.5

For the purposes of Listing Rule 7.5, the Company provides the following information:

Listing Rule		Information
7.5.1	The names of the persons to whom the Securities are issued or agreed to be issued or the basis on which those persons were identified or selected	<p>The T1 Placement Shares were issued to the T1 Placement Recipients, none of whom is a related party of the Company.</p> <p>The participants of the T1 Placement are clients of Foster Stockbroking Limited. The T1 Placement Recipients were identified through a bookbuild process, which involved Foster Stockbroking Limited seeking expressions of interest to participate in the placement from unrelated professional and sophisticated investors.</p> <p>In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that other than as noted below, none of the T1 Placement Recipients are related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an Associate of any of these parties. The Company also confirms that none of the T1 Placement Recipients were issued more than 1% of the issued capital of the Company.</p> <p>Mr Peter Westerhuis (the Company's CEO) participated in the T1 Placement for an amount of \$18,020.00. Mr John Haley (the Company Secretary) participated in the T1 Placement for an amount of \$1,802.00.</p>
7.5.2	The number and class of Securities issued or agreed to be issued	The Company has issued a total of 1,166,666,667 (pre-Consolidation) fully paid ordinary shares.
7.5.3	Summary of the material terms of the Securities	The T1 Placement Shares were fully paid on issue and ranked equally in all aspects with all existing Shares previously issued by the Company.
7.5.4	Date or dates on which the Securities were or will be issued	The T1 Placement Shares were issued on 14 April 2023.

7.5.5	The price or other consideration the entity has received or will receive for the issue	The issue price of the T1 Placement Shares was \$0.0006 per Share (pre-Consolidation).
7.5.6	The purpose of the issue, including the use or intended use of any funds raised by the issue	The purpose of the issue of the T1 Placement Shares was to raise \$700,000 (before costs), which will be applied to continue the exploration and development works at the Ashford Coking Coal Project and the Kildanga base and precious metal project and to fund working capital requirements.
7.5.7	Summary of the material terms of the agreement	The T1 Placement Shares were issued under a placement acceptance letter that contained standard terms for the issue of shares.
7.5.8	A voting exclusion statement.	A voting exclusion statement is included in the Notice of Meeting.

Outcome for voting for and against the Resolution

If Resolution 1 is passed, the issue of the T1 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the T1 Placement Shares.

If Resolution 1 is not passed, the T1 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the T1 Placement Shares.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

Resolution 2 – Ratification of prior issue of T1 Placement Broker Options

Introduction

On 14 April 2023, the Company issued 100,000,000 (pre-Consolidation) Options to Foster Stockbroking Pty Limited and 100,000,000 (pre-Consolidation) Options to Adelaide Equity Partners Limited as partial consideration for the lead manager services provided in connection with the T1 Placement (**T1 Placement Broker Options**).

The Company has sufficient placement capacity under Listing Rule 7.1 for the issue of the T1 Placement Broker Options.

Listing Rule 7.4

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue and allotment of the T1 Placement Broker Options, being issues of securities made by the Company on 14 April 2023 for which shareholder approval has not already been obtained.

Broadly speaking, and subject to a number of exception, 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 has on issue at the start of that period.

The issue of the T1 Placement Broker Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12month period following the date of the issue of the Broker Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. To this end, Resolution 2 seeks shareholder approval for the prior issue of the T1 Placement Broker Options under and for the purposes of Listing Rule 7.4.

Information for Listing Rule 7.5

For the purposes of Listing Rule 7.5, the Company provides the following information:

Listing Rule		Information
7.5.1	The names of the persons to whom the Securities are issued or agreed to be issued or the basis on which those persons were identified or selected	The T1 Placement Broker Options were issued to Foster Stockbroking Pty Limited and Adelaide Equity Partners Limited.
7.5.2	The number and class of Securities issued or agreed to be issued	The Company issued: <ul style="list-style-type: none"> • 100,000,000 (pre-Consolidation) Options exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue to Foster Stockbroking Pty Limited; and • 100,000,000 (pre-Consolidation) Options exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue to Adelaide Equity Partners Limited.
7.5.3	Summary of the material terms of the Securities	A summary of the terms of the T1 Placement Broker Options is set out in Schedule 1 to this Explanatory Memorandum.
7.5.4	Date or dates on which the Securities were or will be issued	Any Shares issued upon the exercise of the T1 Placement Broker Options shall rank pari passu with all other existing Shares on issue in the Company. The T1 Placement Broker Options were issued on 14 April 2023.

7.5.5	The price or other consideration the entity has received or will receive for the issue	The T1 Placement Broker Options were issued for nil cash consideration, as part consideration for lead manager services provided by the Brokers in respect of the T1 Placement.
7.5.6	The purpose of the issue, including the use or intended use of any funds raised by the issue	No funds were raised from the issue of the T1 Placement Broker Options as the T1 Placement Broker Options were issued as part consideration for lead manager services provided by the Brokers in respect of the T1 Placement.
7.5.7	Summary of the material terms of the agreement	The T1 Placement Broker Options were issued in accordance with the Lead Manager Mandate. The material terms of the Lead Manager Mandate are summarised below.
7.5.8	A voting exclusion statement.	A voting exclusion statement is included in the Notice of Meeting.

Summary of the Lead Manager Mandate

The Company entered into a mandate with Foster Stockbroking Pty Limited (**FSB**) to act as sole and exclusive lead manager in conjunction with Corporate Advisor Adelaide Equity Partners (**AEP**) Limited for the Company's Placement (**Lead Manager Mandate**).

In accordance with the Lead Manager Mandate, FSB will provide lead manger services and bookrunner services, including the coordination and management of the Placement announced on 5 April 2023.

Under the Lead Manger Mandate, the Company agreed to pay:

- a. a management fee of 2% of the gross amount received by the Company under the Placement to be split equally between FSB and AEP;
- b. a distribution fee of 4% of the gross amount received by the Company under the Placement (excluding the gross amount received from Savannah Goldfields Limited and DGR Global Limited and related parties); and
- c. the Broker Options.

The Lead Manager Mandate contains additional provisions, including warranties and indemnities in respect of the Company, which are considered standard for agreements of this nature.

Outcome for voting for and against the Resolution

If Resolution 2 is passed, the issue of the T1 Placement Broker Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the T1 Placement Broker Options.

If Resolution 2 is not passed, the T1 Placement Broker Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the T1 Placement Broker Options.

Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

Resolution 3 – Ratification of T1 Placement Options

Background

As part of the T1 Placement, the Company offered free-attaching Options in the Company exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their date of issue. A total of 583,333,334 (pre-Consolidation) Options were issued (**T1 Placement Options**).

The T1 Placement Options were issued on the basis of one (1) Option for each two (2) shares issued under the T1 Placement to the T1 Placement Recipients.

The issue was undertaken within the Company's placement capacity under Listing Rule 7.1. Resolution 3 is an Ordinary Resolution and seeks Shareholder ratification of the prior issue of the T1 Placement Options under the T1 Placement, in accordance with Listing Rule 7.4.

T1 Placement Options terms

A summary of the terms of the T1 Placement Options is set out in Schedule 1 to this Explanatory Memorandum.

ASX Listing Rule 7.4 – Issues exceeding 15% of capital

In accordance with Listing Rule 7.4, Shareholder approval is sought to ratify the issue and allotment of the T1 Placement Options, being issues of securities made by the Company on 14 April 2023 for which shareholder approval has not already been obtained.

Broadly speaking, and subject to a number of exceptions, 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.

The issue of the T1 Placement Options does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of the issue of the T1 Placement Options.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. To this end, Resolution 1 seeks Shareholder approval for the prior issue of the T1 Placement Options under the T1 Placement, in accordance with Listing Rule 7.4.

Information for ASX Listing Rule 7.5

For the purposes of Listing Rule 7.5, the Company provides the following information:

Listing Rule

Information

7.5.1 The names of the persons to whom the Securities are issued or agreed to be issued or the basis on which those persons were identified or selected

The T1 Placement Options were issued to the T1 Placement Recipients, none of whom are a Related Party of the Company.

The participants of the T1 Placement are clients of Foster Stockbroking. The T1 Placement Recipients were identified through a bookbuild process, which involved Foster Stockbroking seeking expressions of interest to participate in the placement from unrelated professional and sophisticated investors.

In accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that, other than as noted below, none of the T1 Placement Recipients are related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an Associate of any of these parties. The Company also confirms that none of the T1 Placement Recipients were issued more than 1% of the issued capital of the Company.

Mr Peter Westerhuis (the Company's CEO) participated in the T1 Placement for an amount of \$18,020.00. Mr John Haley (the Company Secretary) participated in the T1 Placement for an amount of \$1,802.00. Accordingly, each of Mr Haley and Mr Westerhuis received T1 Placement Options on the same terms as all other T1 Placement Recipients.

7.5.2 The number and class of Securities issued or agreed to be issued

The Company issued 583,333,334 (pre-Consolidation) Options exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue to the T1 Placement Recipients. On exercise the Option holder will be issued one Share for each Option exercised. As such, the maximum number of Shares that may be issued

7.5.3	Summary of the material terms of the Securities	on the exercise of the T1 Placement Options is 583,333,333. A summary of the terms of the T1 Placement Options is set out in Schedule 1 to this Explanatory Memorandum. Any Shares issued upon the exercise of the T1 Placement Options shall rank pari passu with all other existing Shares on issue in the Company.
7.5.4	Date or dates on which the Securities were or will be issued	The T1 Placement Options were issued on 14 April 2023.
7.5.5	The price or other consideration the entity has received or will receive for the issue	The T1 Placement Options were issued as free-attaching options to the T1 Placement Shares under the T1 Placement. The exercise price of each T1 Placement Option is \$0.0012 (pre-Consolidation).
7.5.6	The purpose of the issue, including the use or intended use of any funds raised by the issue	The T1 Placement Options were issued free-attaching to the T1 Placement Shares under the T1 Placement and the Company will receive no funds from their issue.
7.5.7	Summary of the material terms of the agreement	The T1 Placement Options were issued under a placement acceptance letter that contains standard terms for a placement of attaching options.
7.5.8	A voting exclusion statement.	A voting exclusion statement is included in the Notice of Meeting.

Outcome of voting for and against the Resolution

If Resolution 3 is passed, the issue of the T1 Placement Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12-month period following the date of issue of the T1 Placement Options.

If Resolution 3 is not passed, the T1 Placement Options will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12-month period following the date of issue of the T1 Placement Options.

Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

Note | The following Resolutions 4 to 8 are conditional upon the passing of one another, so that each will not have effect unless and until all others are passed.

Resolution 4 – Consolidation of capital

Background

Resolution 4 seeks Shareholder approval to undertake a consolidation of the number of Shares on issue on the basis that every 100 Shares held be consolidated into one (1) Share (**Consolidation**). Similarly, the number of Options and Performance Rights on issue will be consolidated on the basis that every 100 Options and Performance Rights held will be consolidated into one (1) Option and Performance Right (as the case may be). The exercise price of the Options and Performance Rights will be amended in inverse proportion to the consolidation ratio. The reorganisation of the Options and Performance Rights will occur on the basis that no benefit is received by the Option holder or Performance rights holder that holders of ordinary securities do not receive.

The Consolidation will result in a more appropriate and effective capital structure for the Company and a more appropriate share price for a wider range of investors.

Section 254H of the Corporations Act

Section 254H of the Corporations Act provides that a company may convert all or any of its shares into a larger or smaller number of shares by resolution passed at a general meeting. In accordance with section 254H(2) of the Corporations Act and Appendix 7A of the Listing Rules, the consolidation will take effect on 6 June 2023 in accordance with the approved ASX Timetable (**Consolidation Date**). If this Resolution is passed, the Company will lodge a copy of the resolution with ASIC within one month of it being passed in accordance with section 254H(4) of the Corporations Act.

Listing Rules 7.20, 7.21 and 7.22.1

Listing Rule 7.20 provides that where an entity proposes to reorganise its capital, it must tell shareholders:

- a. the effect of the proposal on the number of securities and the amount paid (if any) on the securities;
- b. the proposed treatment of any fractional entitlements; and
- c. the proposed treatment of any convertible securities on issue.

Listing Rule 7.21 provides that a listed entity which has convertible securities (except options) on issue may only reorganise its capital if, in respect of the convertible securities, the number of its convertible securities or the conversion price, or both, is reorganised so that the holder of the convertible securities will not receive a benefit that holders of ordinary securities do not receive.

Listing Rule 7.22.1 requires that where a listed entity with options undertakes a consolidation of its capital, the number of its options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio.

Effect of Consolidation

Subject to the passing of each of the Conditional Resolutions, the Company intends to undertake the Consolidation prior the issue of the T2 Placement Shares and T2 Placement Options. If any one of the Conditional Resolutions are not passed, the Company will not be able to proceed with the Consolidation.

The result of the Consolidation is that each security holding will be reduced by 100 times its current level. As the Consolidation applies equally to all Shareholders, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

Current issued capital of the Company

The approximate effect which the Consolidation will have on the Company's current capital structure is set out in the tables below. All numbers are subject to rounding.

Shares

	Number
Shares currently on issue	15,383,453,535 ¹
Shares on issue after Consolidation	153,834,535

¹ This figure assumes no Options or Performance Rights are exercised prior to Consolidation and includes the T1 Placement Shares issued to the T1 Placement Recipients.

Options

Options on issue	Pre-Consolidation		Post-Consolidation	
	Number	Exercise Price	Number	Exercise Price
Options expiring 30/06/2025 issued to Peter Westerhuis	40,000,000	\$0.0020	400,000	\$0.20
Options expiring 3 years after their issue issued to Foster Stockbroking Pty Ltd	100,000,000	\$0.0012	1,000,000	\$0.12
Options expiring 3 years after their issue issued to Adelaide Equity Partners Limited	100,000,000	\$0.0012	1,000,000	\$0.12
Options expiring 3 years after their issue issued to the T1 Placement Participants	583,333,334	\$0.0012	5,833,334	\$0.12

Performance Rights

Performance Rights on issue	Pre-Consolidation		Post-Consolidation	
	Number	Value per Performance Right	Number	Value per Performance Right
Performance Rights expiring on 17/05/2025 issued to Peter Westerhuis	20,000,000	\$0.001	200,000	\$0.10
Performance Rights expiring on 28 November	20,000,000	\$0.0006	200,000	\$0.06

2025 issued to Brian Moller Performance Rights expiring on 28 November	20,000,000	\$0.0006	200,000	\$0.06
2025 issued to Richard Willson Performance Rights expiring on 28 November	20,000,000	\$0.0006	200,000	\$0.06
2025 issued to Nicholas Mather Performance Rights expiring on 28 November	20,000,000	\$0.0006	200,000	\$0.06
2025 issued to Brad Gordon				

Issued capital of the Company following the completion of the T2 Capital Raising

The number of Performance Rights that the Company will have on issue following the completion of the T2 Capital Raising will not change and will be as reflected in the Performance Rights table as set out above.

The Consolidation is conditional upon the passing of each of the Conditional Resolutions. If either one of the Conditional Resolutions are not approved by Shareholders, then the Consolidation will not occur and the Company's capital structure will be as set out above.

The approximate effect which the Consolidation will have on the Company's capital structure following the completion of the T2 Capital Raising is set out in the tables below.

Shares

	Number
Shares on issue pre-Consolidation	15,383,453,535 ¹
Shares on issue post-Consolidation	153,834,535 ¹
Shares issued pursuant to Resolutions 4 to 8	46,666,667 ²
Total issued shares post-Consolidation and issue pursuant to Resolutions 4 to 8	200,501,202 ^{1,2}

¹ This figure also assumes no other Convertible Securities are converted or exercised.

² This figure assumes that Resolutions 4 to 8 are approved by Shareholders and includes the Shares to be issued subject to those Resolutions.

Options

Options on issue	Pre-Consolidation Number	Pre-Consolidation Exercise Price	Post-Consolidation Number	Post-Consolidation Exercise Price
Options expiring 30/06/2025 issued to Peter Westerhuis	40,000,000	\$0.0020	400,000	\$0.20
Options expiring 3 years after their issue issued to Foster Stockbroking Pty Ltd	100,000,000 ¹	\$0.0012	2,000,000 ²	\$0.12
Options expiring 3 years after their issue issued to Adelaide Equity Partners Limited	100,000,000 ¹	\$0.0012	2,000,000 ²	\$0.12
Options expiring 3 years after their issue issued to T2 Placement Recipients			14,422,917	\$0.12
Options expiring 3 years after their issue issued to DGR			3,179,167	\$0.12
Options expiring 3 years after their issue issued to SVG			5,731,250	\$0.12
Options expiring 3 years after their issue issued to Brian Moller	75,000,000	\$0.0012	750,000	\$0.12
Options expiring 3 years after their issue issued to	75,000,000	\$0.0012	750,000	\$0.12

Nicholas Mather				
Options	75,000,000	\$0.0012	750,000	\$0.12
expiring 3 years after their issue issued to Brad Gordon				
Options	75,000,000	\$0.0012	750,000	\$0.12
expiring 3 years after their issue issued to Richard Willson				
Options	300,000,000	\$0.0012	3,000,000	\$0.12
expiring 3 years after their issue issued to Peter Westerhuis				
Options	75,000,000	\$0.0012	750,000	\$0.12
expiring 3 years after their issue issued to John Haley				

¹This figure reflects only the T1 Placement Broker Options.

²This figure includes the T1 Placement Broker Options post-Consolidation and the T2 Placement Broker Options that will be issued post-Consolidation.

Fractional entitlements

Where the Consolidation results in a fraction of a Share, Option or Performance Right being held by a Shareholder, that fraction of a Share, Option or Performance Right will be rounded up to the nearest whole Share.

Holding Statements

On the Consolidation Date, all holding statements for Shares will cease to have any effect, except as evidence of an entitlement to a certain number of post-Consolidation Securities. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders. It is the responsibility of each Shareholders to check the number of Securities held prior to disposal or exercise (as the case may be).

Key Event	Indicative Date
EGM	6 June 2023
Notification to ASX that Share Consolidation is approved	6 June 2023
Effective date of Consolidation	6 June 2023
Last day for trading in pre-consolidated securities	7 June 2023
Trading in the consolidated securities on a deferred settlement basis commences	8 June 2023
Record Date	9 June 2023
Last day to register transfers on a pre-consolidation basis	
Registration of securities on a post-consolidation basis	13 June 2023
Despatch of new holding statements	19 June 2023
Deferred settlement trading ends	19 June 2023
Normal trading starts	20 June 2023

The above timetable is indicative only and, subject to compliance with Listing Rules, may be changed by the Company. Any such change will be announced to the ASX.

Director's recommendation

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

Resolution 5 – Issue of T2 Placement Shares and T2 Placement Options

Background

The Company proposes to carry out the second stage of its capital raising exercise.

The second stage involves the issue of 28,845,834 Shares (post-Consolidation) new Shares to the T2 Placement Recipients together with 14,422,917 (post-Consolidation) free-attaching options to subscribe for Shares exercisable at \$0.12 each (post-Consolidation) expiring three years after their issue (**T2 Placement**).

A maximum \$2,800,000 is to be raised by the Company as a result of the T2 Capital Raising, with \$1,730,750 of this from parties other than DGR and SVG.

Introduction

Resolution 5 seeks Shareholder authorisation to issue up to 28,845,834 Shares (post-Consolidation) at an issue price of \$0.06 (post-Consolidation) (**T2 Placement Shares**) to the T2 Placement Recipients together with up to 14,422,917 (post-Consolidation) free-attaching options exercisable at \$0.12 (post-Consolidation) expiring three years after their issue (**T2 Placement Options**).

T2 Placement Option Terms

A summary of the terms of the T2 Placement Options is set out in Schedule 1 to this Explanatory Memorandum.

ASX Listing Rule 7.1 – Issues exceeding 15% of capital

An explanation of the operation of Listing Rule 7.1 is set out under section 5.3 of this Explanatory Memorandum.

Equity Securities issued with shareholder approval under Listing Rule 7.1 do not count towards the 15% Capacity.

The T2 Placement Shares and T2 Placement Options are Equity Securities under the Listing Rules.

Further under Exception 9 in Listing Rule 7.2, an issue of Equity Securities on the conversion of Convertible Securities (including Options) does not count towards the 15% Capacity provided that the Company issued the Convertible Securities:

- a) before it was listed and disclosed the existence and material terms of the Convertible Securities in the prospectus, PDS or information memorandum lodged with ASX under the Listing Rule 1.1 condition 3; or
- b) after it was listed and complied with the Listing Rules when it did so.

Therefore the Company is seeking Shareholder approval in accordance with Listing Rule 7.1 to issue the T2 Placement Shares and T2 Placement Options so that the T2 Placement Shares and T2 Placement Options and Equity Securities issued upon the exercise of the T2 Placement Options do not count towards the Company's 15% Capacity.

Information for Listing Rule 7.3

For the purposes of Listing Rule 7.3, the Company provides the following information:

Listing Rule

Information

7.3.1: Allottees of Equity Securities

The T2 Placement Shares and T2 Placement Options are to be issued to the T2 Placement Recipients, none of whom is a related party of the Company.

The T2 Placement Recipients are, other than as noted below), clients of Foster Stockbroking and were identified through a bookbuild process, which involved Foster Stockbroking Limited seeking expressions of interest to participate in the placement from unrelated professional and sophisticated investors.

In accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that other than as is noted below, none of the T2 Placement Recipients are related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an Associate of any of these parties. The Company also confirms that none of the T2 Placement Recipients are to be issued more than 1% of the issued capital of the Company.

Mr Peter Westerhuis (the Company's CEO) intends to participate in the T2 Placement for an amount of \$18,020. Mr John Haley (the Company Secretary) intends to participate in the T2 Placement for an amount of \$1,802.

7.3.2 Number and class of Securities that will be issued

The Company will issue a maximum of 28,845,834 T2 Placement Shares and 14,422,917 T2 Placement Options to the T2 Placement Recipients.

7.3.3 Summary of the material terms of the Equity Securities

The T2 Placement Shares will be fully paid on issue and rank equally in all aspects with all existing Shares previously issued by the Company.

A summary of the terms of the T2 Placement Options is set out in Schedule 1 to this Explanatory Memorandum. Any Shares issued upon the exercise of the T2 Placement Options shall rank pari passu with all

7.3.4:	Date or dates on or by which the Company will issue the Securities	<p>other existing Shares on issue in the Company.</p> <p>The T2 Placement Shares and T2 Placement Options will be issued shortly after the Meeting, and, in any event, within three months of the date of the Meeting or such later date as is permitted by an ASX waiver or modification of the Listing Rules.</p>
7.3.5:	Price of Equity Securities	<p>The price of the T2 Placement Shares will be \$0.06, giving rise to a total \$1,730,750.04 funds raised.</p> <p>The T2 Placement Options are being issued as free-attaching Options to the T2 Placement Shares under the T2 Placement. The Company is proposing to issue one (1) free attaching Option for every two (2) Shares issued to the T2 Placement Recipients.</p>
7.3.6:	Purpose of issuing the Securities	<p>The exercise price of each T2 Placement Option is \$0.12 (post-Consolidation) and expires three years after their issue.</p> <p>Funds raised from the issue of the T2 Placement Shares are intended to be used to progress the Company's Ashford Coal Project and Kildanga base and precious metals project, and to fund working capital requirements.</p>
7.3.7	Summary of agreement	<p>The T2 Placement Options will be issued free-attaching to the T2 Placement Shares under the T2 Placement and the Company will receive no funds from their issue.</p> <p>The T2 Placement Shares and T2 Placement Options will be issued under a placement acceptance letter that contains standard terms for a placement of shares and attaching options.</p>
7.3.8:	Information on reverse takeover	<p>The T2 Placement Shares and T2 Placement Options are not being issued under, or to fund, a reverse takeover.</p>
7.3.9:	Voting exclusion statement	<p>A voting exclusion statement is included in the Notice of Meeting.</p>

Outcome for voting for or against the Resolution

If Resolution 5 is passed, and all of the other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the T2 Placement Shares and T2 Placement Options. The T2 Placement Shares and T2 Placement Options will also be excluded from the calculation of the Company's 15% limit in ASX Listing Rule 7.1, therefore maintaining the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue of the T2 Placement Shares and T2 Placement Options.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the T2 Placement Shares and T2 Placement Options and as such, will not raise the additional \$1,681,660.20 in funds (before costs) (being the total amount to be raised under the T2 Placement) and will not undertake the Consolidation.

Directors' Recommendation

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

Resolution 6 – Issue of T2 Placement Broker Options

Background

On 9 February 2023, the Company appointed Foster Stockbroking Pty Limited (**FSB**) to act as the sole and exclusive Lead Manager in conjunction with Adelaide Equity Partners Limited (**AEP**) to the Company's Placement.

As part of the terms of Lead Manager Mandate, the Company has agreed, subject to obtaining shareholder approval, to allot and issue to FSB and AEP in equal parts, a total of 2,000,000 (post-Consolidation) Options to subscribe for Shares in the Company exercisable at \$0.12 (post-Consolidation) and expiring three years after their issue (**T2 Placement Broker Options**).

Resolution 6 seeks Shareholder authorisation to issue:

- a) 1,000,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 each (post-Consolidation) and expiring three years after their issue to FSB; and
- b) 1,000,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 each (post-Consolidation) and expiring three years after their issue to AEP, (collectively, the **T2 Placement Broker Options**).

T2 Placement Broker Option Terms

A summary of the terms of the T2 Placement Broker Options is set out in Schedule 1 to this Explanatory Memorandum.

ASX Listing Rule 7.1 – Issues exceeding 15% of capital

An explanation of the operation of Listing Rule 7.2 is set out under section 5.3 of this Explanatory Memorandum.

Equity Securities issued with shareholder approval under Listing Rule 7.1 do not count towards the 15% Capacity.

The T2 Placement Broker Options are Equity Securities under the Listing Rules.

Further under Exception 9 in Listing Rule 7.2, an issue of Equity Securities on the conversion of Convertible Securities (including Options) does not count towards the 15% Capacity provided that the Company issued the Convertible Securities:

- a) Before it was listed and disclosed the existence and material terms of the Convertible Securities in the prospectus, PDS or information memorandum lodged with ASX under the Listing Rule 1.1 condition 3; or
- b) After it was listed and complied with the Listing Rules when it did so.

Therefore the Company is seeking Shareholder approval in accordance with Listing Rule 7.1 to issue the T2 Placement Broker Options so that the T2 Placement Broker Options and Equity Securities issued upon the exercise of the T2 Placement Broker Options do not count towards the Company's 15% Capacity.

Information for Listing Rule 7.3

For the purposes of Listing Rule 7.3, the Company provides the following information:

Listing Rule		Information
7.3.1:	Allottees of Equity Securities	The T2 Placement Broker Options will be issued and allotted to Foster Stock Broking Pty Limited and Adelaide Equity Partners Limited or their nominees.
7.3.2	Number and class of Securities that will be issued	<p>The Company will issue:</p> <ul style="list-style-type: none"> • 1,000,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 each (post-Consolidation) and expiring on three years after the date of issue to FSB; and • 1,000,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 each (post-Consolidation) and expiring on three years after the date of issue to AEP.
7.3.3	Summary of the material terms of the Equity Securities	A summary of the terms of the T2 Placement Broker Options is set out in Schedule 1 to this Explanatory Memorandum. Any Shares issued upon the exercise of the T2 Placement Broker Options shall rank pari passu with all other existing Shares on issue in the Company.
7.3.4:	Date or dates on or by which the Company will issue the Securities	The T2 Placement Broker Options will be issued shortly after the Meeting, and, in any event, within three months of the date of the Meeting or such later date

7.3.5:	Price of Equity Securities	as is permitted by an ASX waiver or modification of the Listing Rules. The T2 Placement Broker Options are being issued in consideration for the services provided by the Brokers in respect of the T2 Placement.
7.3.6:	Purpose of issuing the Securities	The T2 Placement Broker Options are being issued as partial consideration for the services provided by the Brokers in respect of the T2 Placement. Accordingly, the Company will receive no funds from their issue. If all the T2 Placement Broker Options are exercised, the Company will receive \$240,000, being 2,000,000 (post-Consolidation) multiplied by the exercise price of the T2 Placement Broker Options.
7.3.7	Summary of agreement	The T2 Placement Broker Options are being issued in accordance with the Lead Manager Mandate. The material terms of the Lead Manager Mandate are summarised on page 19.
7.3.8:	Information on reverse takeover	The T2 Placement Broker Options are not being issued under, or to fund, a reverse takeover.
7.3.9:	Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

Outcome voting for and against the Resolution

If Resolution 6 is passed, and all of the other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the T2 Placement Broker Options. In addition, the issue of the T2 Placement Broker Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 6 is not passed, the Company will not be able to issue the T2 Placement Broker Options in in consideration for the services provided by the Brokers in respect of the T2 Placement.

Directors' Recommendation

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

Resolution 7 – Issue of Shares and Options to DGR Global Limited and payment of the DGR placement fee

Introduction

Resolution 7 seeks Shareholder authorisation to:

- a) issue up to 6,358,333 (post-Consolidation) Shares at an issue price of \$0.06 (post-Consolidation) to DGR Global Ltd (**DGR**) (**DGR Shares**);

- b) issue up to 3,179,167 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company, exercisable at \$0.12 each (post-Consolidation) and expiring three years after their issue to DGR (**DGR Options**); and
- c) pay (directly or indirectly) a 4% placement fee on any amounts subscribed by, or introduced from DGR in the T2 Placement (**DGR Placement Fee**).

(collectively, the **DGR Financial Benefits**).

Approval for the issue of the DGR Financial Benefits is sought in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

Relevant legislation- Chapter 2E of the Corporations Act and Listing Rule 10.11 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met (**Shareholder Approval Exception**).

A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The issue of the DGR Shares, DGR Options and the DGR Placement Fee to DGR will confer a Financial Benefit on DGR as a Related Party of the Company.

Under Chapter 2E of the Corporations Act, the Company is not required to obtain the approval of Shareholders if the Financial Benefit is given on terms that would be reasonable in the circumstances if the Company and the Related Party were dealing at arm's length (or are less favourable than those terms). Whilst the DGR Securities will be issued to DGR on the same terms as the T2 Placement Shares and the T2 Placement Options issued to non-related parties participating in the T2 Placement, the Directors (other than Nicholas Mather and Brian Moller) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is required as DGR will also receive the DGR Placement Fee (which the T2 Placement Recipients will not receive). Accordingly, a copy of this Notice and the Explanatory Memorandum has been lodged with ASIC in accordance with section 218 of the Corporations Act.

Listing Rule 10.11

Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue securities to any of the following persons:

- a) a Related Party;

- b) a person who is, or was at any time in the six months before the issue or agreement, a substantial (30%+) holder in the entity;
- c) a person who is, or was at any time in the six months before the issue or agreement, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity (in the case of a trust, to the board of the responsible entity of the trust) pursuant to a relevant agreement which gives them a right or the expectation to do so;
- d) an associate of a person referred to in items 9.2(a) to 9.2(c); or
- e) a person whose relationship with the entity or a person referred to in items (a) to (d) is such that, in ASX's opinion, the issue or agreement should be approved by security holders,

(individually referred to as an **Allottee** and jointly as **Allottees**), and in doing so must provide the information specified in Listing Rule 10.13, unless an exception applies.

DGR is an Allottee for the purposes of Listing Rule 10.11 as it currently holds 11.37% % of the issued share capital of the Company and has two nominee Directors on the board, being Nicholas Mather and Brian Moller.

If Resolution 7 is passed, the DGR Securities must be issued within one month of that approval or else the approval will lapse.

Listing Rule 7.1 – Issues exceeding 15% of capital

An explanation of the operation of Listing Rule 7.1 is set out under section 5.3 of this Explanatory Memorandum.

However, under Listing Rule 7.2 (Exception 14), if approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. Therefore the DGR Securities will not count towards the Company's 15% Capacity under Listing Rule 7.1.

Shareholder approval requirement

The proposed Resolution, if passed, will confer Financial Benefits to DGR (who are a Related Party of the Company).

Therefore, the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and Listing Rule 10.11.

As approval is being sought under Listing Rule 10.11, in accordance with Listing Rule 7.2 (Exception 14) approval will not be required under Listing Rule 7.1. Therefore the DGR Securities will not count towards the Company's 15% Capacity under Listing Rule 7.1.

Further, the issue of Shares upon conversion of the DGR Options (DGR Conversion Shares) will involve a further issue of Securities (namely, the Conversion Shares) to DGR as an Allottee. However, Exception 7 of Listing Rule 10.12 provides that shareholder approval is not required for the issue of Equity Securities upon conversion of convertible securities where the Company complied with the Listing Rules when it issued the convertible securities (ie, the DGR Options). Therefore the Company is seeking Shareholder approval in accordance with Chapter 2E to confer a Financial Benefit to a Related Party of the Company and under Listing Rule 10.11 to issue the DGR Securities to DGR so that the DGR Securities do not count towards the Company's 15% Capacity.

Information for Shareholders

Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to shareholders:

(i) The related parties to whom Resolution 7 would permit the financial benefit to be given (section 219(1)(a))

The proposed Financial Benefit will be given to DGR who are a Related Party of the Company because they currently hold 11.37% of the issued share capital of the Company and have two nominee Directors on the board, being Nicholas Mather and Brian Moller.

(ii) The nature of the financial benefit (section 219(1)(b))

The nature of the proposed Financial Benefit to be given is the issue of the DGR Shares, DGR Options and DGR Placement Fee.

(iii) Director recommendations (section 219(1)(c))

The Directors (with Nicholas Mather and Brian Moller abstaining) recommend that Shareholders vote in favour of this Resolution.

The reasons for their recommendation include:

- The DGR Shares and Options are being issued on the same terms as to other investors under the Tranche 1 and Tranche 2 placements, and
- The DGR Placement Fee is on the same terms as the placement fees being paid to other parties.

(iv) Directors' interests and other remuneration (section 219(1)(d))

The Directors do not have an interest in the outcome of this resolution, other than as may indirectly occur a result of certain Directors holding shares in DGR.

(v) Valuation

The DGR Securities will be issued to DGR on the same terms as the T2 Placement Shares and the T2 Placement Options issued to non-related parties participating in the T2 Placement. However, noting that DGR will also receive the DGR Placement Fee (which the T2 Placement Recipients will not receive), the Directors (other than Nicholas Mather and Brian Moller) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is required. Accordingly, the following valuation is provided in respect of the DGR Shares, DGR Options and DGR Placement Fee.

1) DGR Shares

The DGR Shares to be issued pursuant to Resolution 7 are in a class of securities that is quoted on ASX. The issue price of the Shares is \$0.06 per Share (post-Consolidation).

In attributing a value to the DGR Shares, consideration was given by the Disinterested Directors to both the 'last traded' price of the Company's securities and the issue price of the DGR Shares. It is noted that the 'last traded price' was, as at 18 April 2023, \$0.001. However, it was considered that this would not be representative of the current market value due to the lack of trading volume in the last twelve months.

The proposed issue price of the Shares being, \$0.06 (post-Consolidation) is considered more representative of where the market would currently value the Company's securities at, being a discount from the 'last traded' price. In addition, this is the price that all T2 Placement Recipients are paying for their shares and the equivalent price that the T1 Placement Recipients paid on a pre-consolidation basis.

On this basis, the shares to be issued pursuant to this Resolution (being 6,358,333) shall have an aggregate value of \$381,500 .

2) DGR Options

The DGR Options are not currently quoted on the ASX and as such have no market value. The DGR Options each grant the holder thereof a right to subscribe for one Share upon exercise of the DGR Option and payment of the Exercise Price of the DGR Option described above. Accordingly, the DGR Options may have a present value at the date of their grant.

The DGR Options may acquire future value dependent upon the extent to which the Share price exceeds the exercise price of the DGR Options during the term of the DGR Options.

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

1. the period outstanding before the expiry date of the options;
2. the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
3. the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
4. the value of the shares into which the options may be converted; and
5. whether or not the options are listed (i.e. readily capable of being liquidated), and so on.

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

The Company has estimated the value of the DGR Options and has done so using the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the share price, the exercise price, the time to expiry, the risk-free interest rate and the volatility of the Company's underlying share price.

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

1. the exercise price of the options being \$0.12 (post-Consolidation);
2. the stock price of \$0.06 (being the issue price per share of the T2 Capital Raising);
3. the expiry date of 3 years from the date of issue;
4. a volatility measure of 77.38%;
5. a risk-free interest rate of 2.78%; and
6. a nil dividend yield.

Based on the valuation, the Company has adopted an indicative value for the DGR Options of \$0.00021 (on a pre-Consolidation basis) or \$0.021 each (on a post-Consolidation basis).

On that basis, the respective value of the DGR Options to be issued pursuant to this Resolution is \$65,901. It is noted that the respective value of the DGR Options has been rounded to 3 decimal places. Accordingly, the number of options multiplied by the indicative value for the DGR Options will not equal the respective value.

3) DGR Placement Fee

For any amounts subscribed by, or introduced from DGR, in the T2 Placement, FSB will pay through or direct the Company to pay DGR, a 4% placement fee on such funds (being the amount that would otherwise be payable to FSB).

2) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))

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

Market Price Movements

3) DGR Shares

The DGR Shares value above assumes the proposed issue price of the Shares being, \$0.06 (post-Consolidation) is more representative of where the market would currently value the Company's securities at, being a discount from the 'last traded' price.

The prices of the Shares as traded are \$0.001, being the lowest share price for the last 12 months (\$0.001), the highest share price for the last 12 months (\$0.001) and the volume weighted average price for the last 30 days (\$0.001). The most recent market price of the Shares prior to the date of this report is \$0.001.

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

4) DGR Options

The Option valuation noted above is based on the issue price per share of the T2 Capital Raising.

There is a possibility that the market price of the Shares on the date of issue of the DGR Options will be different to this and that the market price of the Shares will change up to the date of the Meeting.

5) DGR Placement Fee

The DGR Placement Fee is on the same terms as the placement fees being paid to other parties.

Trading History of the Shares

In the 12 months prior to preparation of this Notice, the Company's trading history is that the highest trading price was \$0.001 and the lowest trading price was \$0.001.

The trading price of the Shares on the close of trading on 3 May 2023 (being the last trading day on which the preparation of this Notice was concluded) was 0.001.

Opportunity Costs

1) DGR Shares

The opportunity costs and benefits foregone by the Company issuing the DGR Shares is the potentially dilutionary impact on the issued share capital of the Company. To the extent that the dilutionary impact caused by the issue of the DGR Shares will be detrimental to the Company, this is considered to be more than offset by the Company being able to progress the Ashford Coal Project and Kildanga base and precious metals project.

2) DGR Options

The opportunity costs and benefits foregone by the Company issuing the DGR Options to DGR is the potentially dilutionary impact on the issued share capital of the Company (in the event that the DGR Options are exercised). Until exercised, the issue of the DGR Options will not impact upon the number of ordinary shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused with the issue of shares will be detrimental to the Company, this is more than offset by the Company being able to progress the Ashford Coal Project and Kildanga base and precious metals project.

3) DGR Placement Fee

The DGR Placement Fee is on the same terms as the placement fees being paid to other parties.

Taxation consequences

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

Dilutionary effect

The effect of the issue of the DGR Shares is as follows:

	Current Shareholding (post T1 Placement) ¹		Shares held upon issue of DGR Shares (post T2 Capital Raising)		Shares held upon issue of DGR Shares and upon exercise of DGR Options (post T2 Capital Raising) ⁵	
	Securities	Percentage	Securities	Percentage	Securities	Percentage
Ordinary Shares – current shareholders (excluding DGR)	136,341,828 ²	88.63%	176,650,162 ³	88.1%	196,804,329	87.92%
DGR	17,492,707	11.37%	23,851,040 ⁴	11.9%	27,030,207	12.08%
Total ordinary shares	153,834,535	100%	200,501,202	100%	223,834,536	100%

¹ This figure assumes that none of the existing options on issue in the Company have been exercised.

² This figure assumes the 100:1 consolidation is approved, no Options or Performance Rights are exercised, and includes the T1 Placement Shares issued to the T1 Placement Recipients.

³ This figure assumes that the T2 Capital Raising is fully subscribed.

⁴ Maximum number of Shares to be issued to DGR assuming the T2 Capital Raising is subscribed.

⁵ Assumes all T2 Placement Options and DGR Options are exercised but no other options on issue in the Company have been exercised.

Listing Rule 10.3

For the purposes of Listing Rule 10.13 and for all other purposes the following information is provided to Shareholders:

10.13.1 and 10.13.2: Name and categorisation of the Allottee

The Allottee is DGR. DGR is an Allottee for the purposes of Listing Rule 10.11 because DGR currently holds 11.37% of the issued share capital of the Company and has two nominee Directors on the board, being Nicholas Mather and Brian Moller.

As at the date of this Notice, DGR and parties associated with DGR hold 2,065,900,090 ordinary shares in the company or 13.43%.

10.13.3: Number and class of Securities to be issued (if known) or the maximum number or the formula for calculating the number of Securities to be issued

The number of Equity Securities to be issued is:

1. 6,358,333 (post-Consolidation) Shares at an issue price of \$0.06 (post-Consolidation);

2. 3,179,167 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company, exercisable at \$0.12 each (post-Consolidation) and expiring three years after their issue.

10.13.4: Summary of the material terms of the Securities

The DGR Shares to be issued to DGR are fully paid ordinary shares. The DGR Shares will otherwise rank pari passu with all of the other fully paid ordinary shares on issue in the Company.

A summary of the terms of the DGR Options is set out in Schedule 1 to this Explanatory Memorandum.

10.13.5: Date or dates on or by which the Securities will be issued

The Company will issue the DGR Securities as soon as possible, but in any event no later than one month from the date of this Meeting.

10.13.6: Price or other consideration the Company will receive for the issue

The DGR Shares are being issued at an issue price of \$0.06 per Share (post-Consolidation).

The issue price for the DGR Options is nil.

The DGR Options have an exercise price of \$0.12 (post-Consolidation) and an expiration date of three years after their issue date and are otherwise issued on the terms contained in Schedule 1. DGR Conversion Shares will rank pari passu with all of the other fully paid ordinary Shares on issue in the Company.

10.13.7: The purpose of the issue, including the intended use of funds raised

No funds will be raised by the issue of the DGR Options as they will be issued for nil consideration. Any funds received from payment of the exercise price of the DGR Options and the funds raised by the issue of the DGR Shares will be used to progress the Company's Ashford Coking Coal Project and Kildanga base and precious metals project and to fund working capital requirements.

10.13.8: Details of the Director's remuneration package

Not applicable.

10.13.9: Summary of the material terms of the agreement

The DGR Shares and DGR Options will be issued under a placement acceptance letter that contains standard terms for a placement of shares and attaching options.

10.13.10: Voting exclusion statement

A voting exclusion statement is set out in Resolution 7.

Outcome of voting for and against the Resolution

If Resolution 7 is passed, and all of the other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the DGR Securities to DGR and the DGR Securities will

be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under ASX Listing Rule 7.1.

If Resolution 7 is not passed, the Company will not be able to proceed with the issue of the DGR Securities to DGR and will not be able to undertake the Consolidation.

Director recommendation

The non-participating members of the Board, comprising Brad Gordon and Richard Willson, recommend that Shareholders vote in favour of this Ordinary Resolution.

Resolution 8 – Issue of Shares and Options to Savannah Goldfields Limited and payment of the SVG Placement Fee

Introduction

Resolution 8 seeks Shareholder authorisation to issue up to:

- (a) 11,462,500 (post-Consolidation) Shares at an issue price of \$0.06 (post-Consolidation) to Savannah Goldfields Ltd (**SVG**) (**SVG Shares**);
- (b) 5,731,250 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company, exercisable at \$0.12 each (post-Consolidation) and expiring three years after their issue to SVG (**SVG Options**);
- (c) a 4% placement fee on any amounts subscribed by, or introduced from SVG in the T2 Placement (**SVG Placement Fee**).

(collectively, the **SVG Financial Benefits**).

Approval for the issue of the SVG Securities is sought in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

Takeover Prohibition – Section 606 of the Corporations Act

Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in issued voting shares in a listed company if the acquisition would result in that person's Voting Power in the company increasing:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%,

(**Takeover Prohibition**).

As noted above, the Company seeks Shareholder authorisation to issue up to 11,462,500 (post-Consolidation) SVG Shares and 5,731,250 (post-Consolidation) SVG Options. Ultimately, the number of SVG Shares and SVG Options issued to SVG will be determined having regard to the Takeover Prohibition.

Exceptions to the Takeover Prohibition

There are various exceptions to the Takeover Prohibition. Section 611 of the Corporations Act provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the Takeover Prohibition, including acquisitions by a person, which as a result of the acquisition, that person would have voting power in the company more than 3 percentage

points (3%) higher than they had 6 months before the acquisition (this exemption is known as the “3% creep” exemption and is found in item 9 of section 611 of the Corporations Act).

A key condition of reliance upon the “3% creep” exemption is that the person must have had voting power in the company of at least 19% throughout the prior 6 months.

If SVG were to acquire voting power in the Company of at least 19%, then provided that SVG maintained such voting power for a period of 6 months, SVG would be able to rely upon the “3% creep” exemption to the Takeover Prohibition and exercise certain of the SVG Options (provided that such exercise did not increase SVG’s voting power by more than 3%).

Relevant legislation- Chapter 2E of the Corporations Act and Listing Rule 10.11

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met (Shareholder Approval Exception).

A “Related Party” is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

A “Financial Benefit” for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

The issue of the SVG Shares, SVG Options and the SVG Placement Fee to SVG will confer a Financial Benefit on SVG as a Related Party of the Company.

Under Chapter 2E of the Corporations Act, the Company is not required to obtain the approval of Shareholders if the Financial Benefit is given on terms that would be reasonable in the circumstances if the Company and the Related Party were dealing at arm’s length (or are less favourable than those terms). Whilst the SVG Securities will be issued to SVG on the same terms as the T2 Placement Shares and the T2 Placement Options to be issued to non-related parties participating in the T2 Placement, the Directors (other than Bradley Gordon) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is required as SVG will also receive the SVG Placement Fee (which the T2 Placement Recipients will not receive). Accordingly, a copy of this Notice and the Explanatory Memorandum has been lodged with ASIC in accordance with section 218 of the Corporations Act.

Listing Rule 10.11

Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue securities to any of the following persons:

- (a) a Related Party;

- (b) a person who is, or was at any time in the six months before the issue or agreement, a substantial (30%+) holder in the entity;
- (c) a person who is, or was at any time in the six months before the issue or agreement, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity (in the case of a trust, to the board of the responsible entity of the trust) pursuant to a relevant agreement which gives them a right or the expectation to do so;
- (d) an associate of a person referred to in items 10.2(a) to 10.2(c); or
- (e) a person whose relationship with the entity or a person referred to in items 10.2(a) to 10.2(d) is such that, in ASX's opinion, the issue or agreement should be approved by security holders,

(individually referred to as an **Allottee** and jointly as **Allottees**), and in doing so must provide the information specified in Listing Rule 10.13, unless an exception applies.

SVG is an Allottee for the purposes of Listing Rule 10.11 because SVG currently holds 19.65% of the issued share capital of the Company and has one nominee Director on the board, being Bradley Gordon.

If Resolution 8 is passed, the SVG Securities must be issued within one month of that approval or else the approval will lapse.

Listing Rule 7.1 – Issues exceeding 15% of capital

An explanation of the operation of Listing Rule 7.1 is set out under section 5.3 of this Explanatory Memorandum.

However, under Listing Rule 7.2 (Exception 14), if approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. Therefore the SVG Securities will not count towards the Company's 15% Capacity under Listing Rule 7.1.

Shareholder approval requirement

The proposed Resolution, if passed, will confer Financial Benefits to SVG (who are a Related Party of the Company). Therefore, the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and Listing Rule 10.11.

Listing Rule 10.11 prohibits a listed company from issuing, or agreeing to issue, Equity Securities to an Allottee without shareholder approval (unless one of the exceptions specified in Listing Rule 10.12 is satisfied).

A Related Party is defined by reference to the Corporations Act and, under section 228 of the Corporations Act, 'related party' is defined widely to include a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a related party, or there are reasonable grounds to believe that a person/entity is likely to become a related party of the public company.

SVG is an Allottee for the purposes of Listing Rule 10.11 because SVG currently holds 19.65% of the issued share capital of the Company and has one nominee Director on the board, being Bradley Gordon.

As approval is being sought under Listing Rule 10.11, in accordance with Listing Rule 7.2 (Exception 14) approval will not be required under Listing Rule 7.1. Therefore the SVG Securities will not count towards the Company's 15% Capacity under Listing Rule 7.1.

Further, the issue of Shares upon conversion of the SVG Options (**SVG Conversion Shares**) will involve a further issue of Securities (namely, the SVG Conversion Shares) to SVG as an Allottee. However, Exception 7 of Listing Rule 10.12 provides that shareholder approval is not required for the issue of Equity Securities upon conversion of convertible securities where the Company complied with the Listing Rules when it issued the convertible securities (ie, the SVG Options).

Therefore, the Company is seeking Shareholder approval in accordance with Chapter 2E of the Corporations to confer a Financial Benefit to a Related Party of the Company and under Listing Rule 10.11 to issue the SVG Securities to SVG so that the SVG Securities do not count towards the Company's 15% Capacity.

Information for Shareholders

Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to shareholders:

(a) The Related Party to whom Resolution 8 would permit the financial benefit to be given (section 219(1)(a))

The proposed Financial Benefit will be given to SVG who are a Related Party of the Company because they currently hold 18.16% of the issued share capital of the Company and has one nominee Director on the board, being Bradley Gordon.

(b) The nature of the financial benefit (section 219(1)(b))

The nature of the proposed Financial Benefit to be given is the issue of the SVG Shares, SVG Options and SVG Placement Fee to SVG.

(c) Director recommendations (section 219(1)(c))

The Directors (with Bradley Gordon abstaining) recommend that Shareholders vote in favour of this Resolution.

The reasons for their recommendation include:

- 1) The SVG Shares and Options are being issued on the same terms as to other investors under the Tranche 1 and Tranche 2 placements, and
- 2) The SVG Placement Fee is on the same terms as the placement fees being paid to other parties.

(d) Directors' interests and other remuneration (section 219(1)(d))

The Directors do not have an interest in the outcome of this resolution, other than as may indirectly occur a result of certain Directors holding shares in SVG.

(e) Valuation

The SVG Securities will be issued to SVG on the same terms as the T2 Placement Shares and the T2 Placement Options issued to non-related parties participating in the T2 Placement. However, noting that SVG will also receive the SVG Placement Fee (which the T2 Placement Recipients will not receive), the Directors (other than Bradley Gordon) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is required. Accordingly, the following valuation is provided in

respect of the SVG Shares, SVG Options and SVG Placement Fee.

1) SVG Shares

The SVG Shares to be issued pursuant to Resolution 8 are in a class of securities that is quoted on ASX. The issue price of the Shares is \$0.06 per Share (post-Consolidation).

In attributing a value to the SVG Shares, consideration was given by the Disinterested Directors to both the 'last traded' price of the Company's securities and the issue price of the SVG Shares. It is noted that the 'last traded price' was, as at 18 April 2023, \$0.001. However, it was considered that this would not be representative of the current market value due to the lack of trading volume in the last twelve months.

The proposed issue price of the Shares being, \$0.06 (post-Consolidation) is considered more representative of where the market would currently value the Company's securities at, being a discount from the 'last traded' price. In addition, this is the price that all T2 Placement Recipients are paying for their shares and the equivalent price that the T1 Placement Recipients paid on a pre-consolidation basis. On this basis, the shares to be issued pursuant to this Resolution (being 11,462,500) shall have an aggregate value of \$687,750.

2) SVG Options

The SVG Options are not currently quoted on the ASX and as such have no market value. The SVG Options each grant the holder thereof a right to subscribe for one Share upon exercise of the SVG Option and payment of the Exercise Price of the SVG Option described above. Accordingly, the SVG Options may have a present value at the date of their grant.

The SVG Options may acquire future value dependent upon the extent to which the Share price exceeds the exercise price of the SVG Options during the term of the SVG Options.

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

1. the period outstanding before the expiry date of the options;
2. the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
3. the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
4. the value of the shares into which the options may be converted; and
5. whether or not the options are listed (i.e. readily capable of being liquidated), and so on.

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

The Company has estimated the value of the SVG Options and has done so using

the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the share price, the exercise price, the time to expiry, the risk-free interest rate and the volatility of the Company's underlying share price.

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

1. the exercise price of the options being \$0.12 (post-Consolidation);
2. the stock price of \$0.06 (being the issue price per share of the T2 Capital Raising);
3. the expiry date of 3 years from the date of issue;
4. a volatility measure of 77.38%;
5. a risk-free interest rate of 2.78%; and
6. a nil dividend yield.

Based on the valuation, the Company has adopted an indicative value for the SVG Options of \$0.00021 (on a pre-Consolidation basis) or \$0.021 each (on a post-Consolidation basis).

On that basis, the respective value of the SVG Options to be issued pursuant to this Resolution is \$118,804. It is noted that the respective value of the SVG Options has been rounded to 3 decimal places. Accordingly, the number of options multiplied by the indicative value for the SVG Options will not equal the respective value.

3) SVG Placement Fee

For any amounts subscribed by, or introduced from, SVG in the T2 Placement, FSB will pay through or direct the Company to pay SVG, a 4% placement fee on such funds (being the amount that would otherwise be payable to FSB).

(f) Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2))

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

Market Price Movements

1) SVG Shares

The SVG Shares value above assumes the proposed issue price of the Shares being, \$0.06 (post-Consolidation) is more representative of where the market would currently value the Company's securities at, being a discount from the 'last traded' price.

The traded price of the Shares is \$0.001, based respectively on the lowest share price for the last 12 months (\$0.001), the highest share price for the last 12 months (\$0.001) and the volume weighted average price for the last 30 days (\$0.001). The most recent market price of the Shares prior to the date of this Notice is \$0.001.

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

2) SVG Options

The Option valuation noted above is based on the issue price per share of the T2 Capital Raising. There is a possibility that the market price of the Shares on the date of issue of the SVG Options will be different to this and that the market price of the Shares will change up to the date of the Meeting.

3) SVG Placement Fee

The SVG Placement Fee is on the same terms as the placement fees being paid to other parties.

Trading History of the Shares

In the 12 months prior to preparation of this Notice, the Company's trading history is that the highest trading price was \$0.001 and the lowest trading price was \$0.001.

The trading price of the Shares on the close of trading on 3 May 2023 (being the last trading day on which the preparation of this Notice was concluded) was \$0.001.

Opportunity Costs

1) SVG Shares

The opportunity costs and benefits foregone by the Company issuing the SVG Shares is the potentially dilutionary impact on the issued share capital of the Company. To the extent that the dilutionary impact caused by the issue of the SVG Shares will be detrimental to the Company, this is considered to be more than offset by the Company being able to progress the Ashford Coal Project and Kildanga base and precious metals project.

2) SVG Options

The opportunity costs and benefits foregone by the Company issuing the SVG Options to SVG is the potentially dilutionary impact on the issued share capital of the Company (in the event that the SVG Options are exercised). Until exercised, the issue of the SVG Options will not impact upon the number of ordinary shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused with the issue of shares will be detrimental to the Company, this is more than offset by the Company being able to progress the Ashford Coal Project and Kildanga base and precious metals project.

3) SVG Placement Fee

The SVG Placement Fee is on the same terms as the placement fees being paid to other parties.

Taxation consequences

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

Dilutionary effect

The effect of the issue of the SVG Shares is as follows:

	Current Shareholding (post T1 Placement) ¹		Shares held upon issue of SVG Shares (post T2 Capital Raising)		Shares held upon issue of SVG Shares and upon exercise of SVG Options (post T2 Capital Raising) ⁵	
	Securities	Percentage	Securities	Percentage	Securities	Percentage
Ordinary Shares – current shareholders (excluding SVG)	125,900,961 ²	81.84%	161,105,128 ³	80.35%	178,707,212	79.84%
SVG	27,933,574	18.16%	39,396,074 ⁴	19.65%	45,127,324	20.16% ⁶
Total ordinary shares (post-Consolidation)	153,834,535	100%	200,501,202	100%	223,834,536	100%

¹ This figure assumes that none of the existing options on issue in the Company have been exercised.

² This figure assumes the 100:1 consolidation is approved, no Options or Performance Rights are exercised, and includes the T1 Placement Shares issued to the T1 Placement Recipients. ³ This figure assumes that the T2 Capital Raising is fully subscribed.

³ This figure assumes that the T2 Capital Raising is fully subscribed.

⁴ Maximum number of Shares to be issued to SVG assuming the T2 Capital Raising is subscribed.

⁵ Assumes all T2 Placement Options and SVG Options are exercised but no other options on issue in the Company have been exercised.

⁶ Exercise of the SVG Options by SVG will be subject to compliance with the Takeover Prohibition in Chapter 6 of the Corporations Act at the time of exercise.

Listing Rule 10.13

For the purposes of Listing Rule 10.13 and for all other purposes the following information is provided to Shareholders:

10.13.1 and 10.13.2: Name and categorisation of the Allottee

The Allottee is SVG. SVG is an Allottee for the purposes of Listing Rule 10.11 because SVG currently holds 18.16% of the issued share capital of the Company and has one nominee Director on the board, being Bradley Gordon.

As at the date of this Notice, SVG and parties associated with SVG hold 2,793,357,373 shares in the Company or 18.16% of the Company's issued capital.

10.13.3: Number and class of Securities to be issued (if known) or the maximum number or the formula for calculating the number of Securities to be issued

The Number of Equity Securities to be issued is:

- (a) up to 11,462,500 (post-Consolidation) Shares at an issue price of \$0.06 (post-Consolidation); and

- (b) up to 5,731,250 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company, exercisable at \$0.12 each (post-Consolidation) and expiring three years after their issue.

10.13.4: Summary of the material terms of the Securities

The SVG Shares to be issued to SVG are fully paid ordinary shares. The SVG Shares will otherwise rank pari passu with all of the other fully paid ordinary shares on issue in the Company.

A summary of the terms of the SVG Options is set out in Schedule 1 to this Explanatory Memorandum.

10.13.5: Date or dates on or by which the Securities will be issued.

The Company will issue the shares as soon as possible, but in any event no later than one month from the date of this Meeting.

10.13.6: Price or other consideration

The SVG Shares are being issued at an issue price of \$0.06 per Share (post Consolidation).

The issue price for the SVG Options is nil.

The SVG Options have an exercise price of \$0.12 (post-Consolidation) and an expiration date of three years after their issue and are otherwise issued on the terms contained in Schedule 1. SVG Conversion Shares will rank pari passu with all of the other fully paid ordinary Shares on issue in the Company.

10.13.7: The purpose of the issue, including the intended use of funds raised

No funds will be raised by the issue of the SVG Options as they will be issued for nil consideration. Any funds received from payment of the exercise price of the SVG Options and the funds raised by the issue of the SVG Shares will be to progress the Ashford Coking Coal project and the Kildanga base and precious metal project and to fund working capital requirements.

10.13.8: Details of the Director's remuneration package

Not applicable.

10.13.9: Summary of the material terms of the agreement

The SVG Shares and SVG Options will be issued under a placement acceptance letter that contains standard terms for a placement of shares and attaching options.

10.13.10: Voting exclusion statement

A voting exclusion statement is set out in Resolution 8.

Outcome of voting for and against the Resolution

If Resolution 8 is passed, and all of the other Conditional Resolutions are passed, the Company will be able to proceed with the issue of the SVG Securities to SVG and the SVG Securities will be excluded from the calculation of the number of equity securities that the Company can issue without shareholder approval under ASX Listing Rule 7.1.

If Resolution 8 is not passed, the Company will not be able to proceed with the issue of the SVG Securities to SVG and will not be able to undertake the Consolidation.

Director recommendation

The non-participating members of the Board, comprising Brian Moller, Nicholas Mather and Richard Willson, recommend that Shareholders vote in favour of this Ordinary Resolution.

Resolutions 9 to 12 – Issue of Director Options

Introduction

Resolutions 9 to 12 (inclusive) seek Shareholder authorisation to issue up to:

- a) 75,000,000 (pre-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.0012 (pre-Consolidation) each, and expiring three years after their issue to Brian Moller;
- b) 75,000,000 (pre-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.0012 (pre-Consolidation) each, and expiring three years after their issue to Nicholas Mather;
- c) 75,000,000 (pre-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.0012 (pre-Consolidation) each, and expiring three years after their issue to Brad Gordon;
- d) 75,000,000 (pre-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.0012 (pre-Consolidation) each, and expiring three years after their issue to Richard Willson,

(collectively, the **Related Party Options**).

Furthermore, on the assumption that each of the Conditional Resolutions are passed, the Company will issue the Related Party Options on a post-Consolidation basis, as set out below:

- a) 750,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 (post-Consolidation) each, and expiring three years after their issue to Brian Moller;
- b) 750,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 (post-Consolidation) each, and expiring three years after their issue to Nicholas Mather;
- c) 750,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 (post-Consolidation) each, and expiring three years after their issue to Brad Gordon;
- d) 750,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 (post-Consolidation) each, and expiring three years after their issue to Richard Willson.

Brian Moller, Nicholas Mather, Brad Gordon and Richard Willson are Related Parties within the meaning of ASX Listing Rule 19 and the Corporations Act as they are each Directors of the Company.

Approval for the issue of the Related Party Options is sought in accordance with Listing Rule 10.11 and Chapter 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

Related Party Options terms

A summary of the terms of the Related Party Options is set out in 1 to this Explanatory Memorandum.

Relevant legislation - Chapter 2E of the Corporations Act and Listing Rule 10.11

a) Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a Financial Benefit to a Related Party of the public company unless providing the benefit falls within a prescribed exception to the general prohibition. Relevantly, there is an exception if the company first obtains the approval of its shareholders in a general meeting in circumstances where certain requirements specified in Chapter 2E in relation to the convening of that meeting have been met (**Shareholder Approval Exception**).

A "Related Party" is defined widely in section 228 of the Corporations Act and includes, relevantly, a director (or proposed director) of a public company, any entity that controls (or is reasonably likely to control) a public company, and any entity that is controlled by a person or entity which is otherwise a Related Party, or there are reasonable grounds to believe that a person/entity is likely to become a Related Party of the public company.

Brian Moller, Nicholas Mather, Brad Gordon and Richard Willson are Related Parties of the Company as they are each Directors of the Company.

A "Financial Benefit" for the purposes of the Corporations Act has a very wide meaning. It includes the public company paying money or issuing securities to the Related Party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

A copy of this Notice and the Explanatory Memorandum has been lodged with ASIC in accordance with section 218 of the Corporations Act.

b) Listing Rule 10.11

Listing Rule 10.11 requires that an entity must obtain the approval of Shareholders to issue Securities to any of the following persons:

- (1) a Related Party;
- (2) person who is, or was at any time in the six months before the issue or agreement, a substantial (30%+) holder in the entity;
- (3) a person who is, or was at any time in the six months before the issue or agreement, a substantial (10%+) holder in the entity and who has nominated a director to the board of the entity (in the case of a trust, to

the board of the responsible entity of the trust) pursuant to a relevant agreement which gives them a right or the expectation to do so;

- (4) an associate of a person referred to in items 12.3(b)(1) to 12.3(b)(3); or
- (5) a person whose relationship with the entity or a person referred to in items (b)(1) to (b)(4) is such that, in ASX's opinion, the issue or agreement should be approved by security holders,

(individually referred to as an **Allottee** and jointly as **Allottees**) and in doing so must provide the information specified in Listing Rule 10.13, unless an exception applies.

If the Resolutions are passed, the Related Party Options must be issued within one month of that approval or else the approval will lapse.

- c) Listing Rule 7.1 - Issues exceeding 15% of capital

An explanation of the operation of Listing Rule 7.1 is set out under section 5.3 of this Explanatory Memorandum.

However, under Listing Rule 7.2 (Exception 14), if approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1. Therefore the Director Options will not count towards the Company's 15% Capacity under Listing Rule 7.1.

Shareholder approval requirement

The proposed Resolutions 9 to 12 (inclusive), if passed, will confer Financial Benefits to the Directors (who are Related Parties of the Company).

Therefore, the Company seeks to obtain Shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and Listing Rule 10.11.

As approval is being sought under Listing Rule 10.11, in accordance with Listing Rule 7.2 (Exception 14) approval will not be required under Listing Rule 7.1. Therefore the Related Party Options will not count towards the Company's 15% Capacity under Listing Rule 7.1.

Therefore the Company is seeking Shareholder approval in accordance with Chapter 2E to confer a Financial Benefit to Related Parties of the Company and under Listing Rule 10.11 to issue the Related Party Options to the Directors so that the Related Party Options do not count towards the Company's 15% Capacity.

Information for Shareholders

Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act and for all other purposes the following information is provided to shareholders:

- a) **The related parties to whom Resolutions 9 to 12 (inclusive) would permit the financial benefit to be given (section 219(1)(a))**

In respect of Resolutions 9 to 12 (inclusive), the proposed Financial Benefit will be given to Brian Moller, Nicholas Mather, Brad Gordon and Richard Willson who are Related Parties of the Company because they are Directors of the Company.

b) **The nature of the financial benefit (section 219(1)(b))**

The nature of the proposed financial benefit to be given is:

- (1) the grant of 75,000,000 (pre-Consolidation) Related Party Options to Brian Moller as referred to in Resolution 9;
- (2) the grant of 75,000,000 (pre-Consolidation) Related Party Options to Nicholas Mather as referred to in Resolution 10;
- (3) the grant of 75,000,000 (pre-Consolidation) Related Party Options to Brad Gordon as referred to in Resolution 11;
- (4) the grant of 75,000,000 (pre-Consolidation) Related Party Options to Richard Willson as referred to in Resolution 12;
- (5) the Related Party Options will be issued for no cash consideration; and
- (6) the Related Party Options shall be exercisable into fully paid Shares at an exercise price of \$0.0012 (pre-Consolidation) each expiring three years after their issue.

c) **Director recommendations (section 219(1)(c))**

With respect to Resolution 9, Mr Mather, Mr Gordon and Mr Willson recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (1) the grant of the Related Party Options are intended to drive leadership and overall direction of the Company, consistent governance and oversight of the Company and its management and are awarded based on service;
- (2) the Related Party Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered;
- (3) in the Company's circumstances as they exist as at the date of this Explanatory Memorandum, Mr Mather, Mr Gordon and Mr Willson considered that the incentive provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Related Party Options to a third party; and
- (4) the exercise of the Related Party Options as proposed to Mr Moller will provide working capital for the Company. If Mr Moller exercises his Related Party Options, based on an exercise price of \$0.0012, it will raise an amount of \$90,000.

As Mr Moller is interested in the outcome of Resolution 9, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

With respect to Resolution 10, Mr Moller, Mr Gordon and Mr Willson recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (1) the grant of the Related Party Options are intended to drive leadership and overall direction of the Company, consistent governance and oversight of the Company and its management and are awarded based on service;

- (2) the Related Party Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered;
- (3) in the Company's circumstances as they exist as at the date of this Explanatory Memorandum, Mr Moller, Mr Gordon and Mr Willson considered that the incentive provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Related Party Options to a third party; and
- (4) the exercise of the Related Party Options as proposed to Mr Mather will provide working capital for the Company. If Mr Mather exercises his Related Party Options, based on an exercise price of \$0.0012, it will raise an amount of \$90,000.

As Mr Mather is interested in the outcome of Resolution 10, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

With respect to Resolution 11, Mr Moller, Mr Mather and Mr Willson recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (1) the grant of the Related Party Options are intended to drive leadership and overall direction of the Company, consistent governance and oversight of the Company and its management and are awarded based on service;
- (2) the Related Party Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered;
- (3) in the Company's circumstances as they exist as at the date of this Explanatory Memorandum, Mr Moller, Mr Mather and Mr Willson considered that the incentive provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Related Party Options to a third party; and
- (4) the exercise of the Related Party Options as proposed to Mr Gordon will provide working capital for the Company. If Mr Gordon exercises his Related Party Options, based on an exercise price of \$0.0012, it will raise an amount of \$90,000.

As Mr Gordon is interested in the outcome of Resolution 11, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

With respect to Resolution 12, Mr Moller, Mr Mather and Mr Gordon recommend that Shareholders vote in favour of this Resolution. The reasons for their recommendation include:

- (1) the grant of the Related Party Options are intended to drive leadership and overall direction of the Company, consistent governance and oversight of the Company and its management and are awarded based on service;
- (2) the Related Party Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered;
- (3) in the Company's circumstances as they exist as at the date of this Explanatory Memorandum, Mr Moller, Mr Mather and Mr Gordon considered that the incentive provides a cost-effective and efficient incentive as opposed to alternative forms

of incentives (e.g. cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Related Party Options to a third party; and

- (4) the exercise of the Related Party Options as proposed to Mr Willson will provide working capital for the Company. If Mr Willson exercises his Related Party Options, based on an exercise price of \$0.0012, it will raise an amount of \$90,000.

As Mr Willson is interested in the outcome of Resolution 12, he accordingly makes no recommendation to Shareholders in respect of this Resolution.

d) **Directors' interests and other remuneration (section 219(1)(d))**

Mr Moller

Mr Moller has a material personal interest in the outcome of Resolution 9, as it is proposed that Related Party Options be granted to him (or his nominee) as set out in Resolution 9.

Excluding the Related Party Options, Mr Moller (and entities associated with him) holds 104,450,474 Shares in the Company. Please refer to the table below which indicates the holdings of Mr Moller (and entities associated with him).

In addition, Mr Moller currently receives director's remuneration of \$50,000 per annum from the Company for his services as Non-Executive Chairman.

Mr Mather

Mr Mather has a material personal interest in the outcome of Resolution 10, as it is proposed that Related Party Options be granted to him (or his nominee) as set out in Resolution 10.

Excluding the Related Party Options, Mr Mather (and entities associated with him) holds 212,178,914 Shares in the Company. Please refer to the table below which indicates the holdings of Mr Mather (and entities associated with him).

In addition, Mr Mather currently receives director's remuneration of \$100,000 per annum from the Company for his services as Non-Executive Director and for consulting services.

Mr Gordon

Mr Gordon has a material personal interest in the outcome of Resolution 11, as it is proposed that Related Party Options be granted to him (or his nominee) as set out in Resolution 11.

Excluding the Related Party Options, Mr Gordon (and entities associated with him) do not hold any Shares the Company.

In addition, Mr Gordon currently receives director's remuneration of \$40,182 per annum from the Company for his services as Non-Executive Director.

Mr Willson

Mr Willson has a material personal interest in the outcome of Resolution 12, as it is proposed that Related Party Options be granted to him (or his nominee) as set out in Resolution 12.

Excluding the Related Party Options, Mr Willson (and entities associated with him) holds 53,688,340 Shares in the Company. Please refer to the table below which indicates the holdings of Mr Willson (and entities associated with him).

In addition, Mr Willson currently receives director's remuneration of \$40,182 per annum from the Company for his services as Non-Executive Director.

e) **Directors' interests in Shares**

If all of the new Related Party Options granted are exercised by Mr Moller, Mr Mather, Mr Gordon and Mr Willson, the following will be the effect on their holdings in the Company:

Director (including associated entities)	Current Share Holding	% of Total Share Capital*	Shares held Upon Exercise	% of Total Share Capital*
Mr Moller	104,450,474	0.68%	179,450,474	1.14%
Mr Mather	212,178,914	0.38%	287,178,914	1.83%
Mr Gordon	0	0.00%	75,000,000	0.48%
Mr Willson	53,688,340	0.35%	128,688,340	0.82%
All Other Holders	15,013,135,807	97.59%	15,013,135,807	95.73%
Total	15,383,453,535	100%	15,683,453,535	100%

Notes:

* This figure assumes no Options or Performance Rights are exercised and includes the T1 Placement Shares issued to the T1 Placement Recipients.

The above share numbers are presented on a pre-Consolidation basis. In the event that the Consolidation is approved by Shareholders, the figures included in this table will be similarly reduced by the same proportion as the Consolidation (i.e. on the basis of 100 to 1).

f) **Valuation**

The Related Party Options are not currently quoted on the ASX and as such have no market value. The Related Party Options each grant the holder thereof a right to subscribe for one Share upon exercise of the Related Party Option and payment of the Exercise Price of the Related Party Option described above. Accordingly, the Related Party Options may have a present value at the date of their grant.

The Related Party Options may acquire future value dependent upon the extent to which the Share price exceeds the exercise price of the Related Party Options during the term of the Related Party Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company

have value. Various factors impact upon the value of options including things such as:

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

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

The Company has estimated the value of the Related Party Options and has done so using the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the share price, the exercise price, the time to expiry, the risk-free interest rate and the volatility of the Company's underlying share price.

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

- (1) the exercise price of the options being \$0.12 (post-Consolidation);
- (2) the stock price of \$0.06 (being the issue price per share of the T2 Capital Raising);
- (3) the expiry date of 3 years from the date of issue;
- (4) a volatility measure of 77.38%;
- (5) a risk-free interest rate of 2.78%; and
- (6) a nil dividend yield.

Based on the valuation, the Company has adopted an indicative value for the DGR Options of \$0.00021 (on a pre-Consolidation basis) or \$0.021 each (on a post-Consolidation basis).

On that basis, the respective value of the Related Party Options to be issued pursuant to Resolutions 9 to 12 (inclusive) (inclusive) are as follows:

Related Party	Total Value of Related Party Options*
Brian Moller	\$15,547
Nicholas Mather	\$15,547
Brad Gordon	\$15,547

Richard Willson	\$15,547
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**The Total Value of the Related Party Options has been rounded to 3 decimal places. Accordingly, the number of options multiplied by the indicative value for the Related Party Options will not equal the respective value.*

Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors (section 219(1)(e) and 219(2)).

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

Market Price movements

The Option valuation noted above is based on the issue price of \$0.06 per share of the T2 Capital Raising.

There is a possibility that the market price of the Shares on the date of issue of the Related Party Options will be different to this and that the market price of the Shares will change up to the date of the Meeting.

Trading History of the Shares

In the 12 months prior to preparation of this Notice, the Company's trading history is that the highest trading price and the lowest trading price was \$0.001.

The trading price of the Shares on the close of trading on 3 May 2023 (being the last trading day on which the preparation of this Notice was concluded) was \$0.001.

Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Related Party Options to each of the Directors is the potentially dilutionary impact on the issued share capital of the Company (in the event that the Related Party Options are exercised). Until exercised, the issue of the Related Party Options will not impact upon the number of ordinary shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused with the issue of shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms.

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

Taxation Consequences

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

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's

assumptions about probabilities of payments and compliance with and attainment of the set-out terms and conditions.

Dilutionary Effect

The dilutionary effect on the Company and its Shareholders from the issue of the Shares on the exercise of the Related Party Options is summarised in the table above.

Listing Rule 10.13

For the purposes of Listing Rule 10.13 and for all other purposes the following information is provided to Shareholders:

The name of the person	The Related Party Options will be issued to Brian Moller, Nicholas Mather, Brad Gordon and Richard Willson (or their respective nominees).												
Which category in rules 10.11.1 – 10.11.5 the person falls within and why	Brian Moller, Nicholas Mather, Brad Gordon and Richard Willson are Directors of the Company and, therefore, related parties for the purpose of Listing Rule 10.11.1.												
The number and class of securities to be issued to the person	<p>The total number of Related Party Options to be issued pursuant to Resolutions 9 to 12 (inclusive) is 3,000,000 comprising of:</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Number of Related Party Options (pre-Consolidation)</th> </tr> </thead> <tbody> <tr> <td>Brian Moller</td> <td>75,000,000</td> </tr> <tr> <td>Nicholas Mather</td> <td>75,000,000</td> </tr> <tr> <td>Brad Gordon</td> <td>75,000,000</td> </tr> <tr> <td>Richard Willson</td> <td>75,000,000</td> </tr> <tr> <td>Total</td> <td>300,000,000</td> </tr> </tbody> </table>	Director	Number of Related Party Options (pre-Consolidation)	Brian Moller	75,000,000	Nicholas Mather	75,000,000	Brad Gordon	75,000,000	Richard Willson	75,000,000	Total	300,000,000
Director	Number of Related Party Options (pre-Consolidation)												
Brian Moller	75,000,000												
Nicholas Mather	75,000,000												
Brad Gordon	75,000,000												
Richard Willson	75,000,000												
Total	300,000,000												
If the securities are not fully paid ordinary securities, a summary of the material terms of the securities	A summary of the material terms pursuant to which the Related Party Options will be issued is in Schedule 1 to this Explanatory Memorandum.												
The price or other consideration the entity will receive for the issue	The Related Party Options are being granted for nil cash consideration.												
The date or dates on or by which the entity will issue the securities	The Related Party Options will be issued as soon as possible following the passing of Resolutions 9 to 12 (inclusive), but no later than 1 month after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules).												
The purpose of the issue, including the intended use of any funds raised by the issue	The Company has proposed to issue the Related Party Options to reward and incentivise the Directors to contribute to the growth of the Company. The Company believes that the grant of the Related Party Options provides a cost-effective and efficient												

	incentive as opposed to alternative forms of incentives (e.g. cash bonuses).															
Details of the director's current total remuneration package	<p>The remuneration packages of the Directors for the current financial year are as follows:</p> <table border="1"> <thead> <tr> <th>Director</th> <th>Position</th> <th>Annual remuneration <i>(Inclusive of superannuation contributions and exclusive of withholding tax and bonuses)</i></th> </tr> </thead> <tbody> <tr> <td>Brian Moller</td> <td>Non-Executive Chairman</td> <td>\$50,000</td> </tr> <tr> <td>Nicholas Mather</td> <td>Non-Executive Director</td> <td>\$100,000</td> </tr> <tr> <td>Brad Gordon</td> <td>Non-Executive Director</td> <td>\$40,182</td> </tr> <tr> <td>Richard Willson</td> <td>Non-Executive Director</td> <td>\$40,182</td> </tr> </tbody> </table>	Director	Position	Annual remuneration <i>(Inclusive of superannuation contributions and exclusive of withholding tax and bonuses)</i>	Brian Moller	Non-Executive Chairman	\$50,000	Nicholas Mather	Non-Executive Director	\$100,000	Brad Gordon	Non-Executive Director	\$40,182	Richard Willson	Non-Executive Director	\$40,182
Director	Position	Annual remuneration <i>(Inclusive of superannuation contributions and exclusive of withholding tax and bonuses)</i>														
Brian Moller	Non-Executive Chairman	\$50,000														
Nicholas Mather	Non-Executive Director	\$100,000														
Brad Gordon	Non-Executive Director	\$40,182														
Richard Willson	Non-Executive Director	\$40,182														
If the securities are being issued under an agreement, a summary of any other material terms of the agreement	The Related Party Options are not issued under any agreement.															

There are restrictions on voting on Resolutions 9 to 12 (inclusive) by the Directors and their Associates. A voting exclusion statement is included in the Notice.

Outcome of voting for and against the Resolution

If Resolutions 9 to 12 (inclusive) are passed, the Company will be able to proceed to issue the Related Party Options to each of the Directors.

If Resolutions 9 to 12 (inclusive) are not passed, the Company will not be able to proceed to issue the Related Party Options to each of the Directors and will need to consider other forms of performance-based remuneration in that regard.

Resolution 13 – Issue of Options to Peter Westerhuis

Introduction

Resolution 13 seeks Shareholder authorisation to issue 300,000,000 (pre-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.0012 each (pre-Consolidation) and expiring three years after their issue to Peter Westerhuis (**CEO Options**).

On the assumption that each of the Conditional Resolutions are passed, the Company will issue the CEO Options on a post-Consolidation basis (3,000,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 each (post-Consolidation) and expiring on three years after the date of issue).

CEO Option Terms

A summary of the terms of the CEO Options is set out in Schedule 1 to this Explanatory Memorandum.

ASX Listing Rule 7.1 – Issues exceeding 15% of capital

An explanation of the operation of Listing Rule 7.1 is set out under section 5.3 of this Explanatory Memorandum.

Equity Securities issued with shareholder approval under Listing Rule 7.1 do not count towards the 15% Capacity.

The CEO Options are Equity Securities under the Listing Rules.

Further under Exception 9 in Listing Rule 7.2, an issue of Equity Securities on the conversion of Convertible Securities (including Options) does not count towards the 15% Capacity provided that the Company issued the Convertible Securities after it was listed and complied with the Listing Rules when it did so.

Therefore the Company is seeking Shareholder approval in accordance with Listing Rule 7.1 to issue the CEO Options so that the CEO Options and Equity Securities issued upon the exercise of the CEO Options do not count towards the Company's 15% Capacity.

Information for Listing Rule 7.3

For the purposes of Listing Rule 7.3, the Company provides the following information:

Listing Rule		Information
7.3.1:	Allottees of Equity Securities	The CEO Options will be issued and allotted to Peter Westerhuis.
7.3.2	Number and class of Securities that will be issued	The Company will issue 300,000,000 (pre-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.0012 each (pre-Consolidation) and expiring on three years after the date of issue to Peter Westerhuis.
7.3.3	Summary of the material terms of the Equity Securities	A summary of the terms of the CEO Options is set out in Schedule 1 to this Explanatory Memorandum. Any Shares issued upon the exercise of the CEO Options shall rank pari passu with all other existing Shares on issue in the Company.
7.3.4:	Date or dates on or by which the Company will issue the Securities	The CEO Options will be issued shortly after the Meeting, and, in any event, within three months of the date of the Meeting or such later date as is permitted by an ASX waiver or modification of the Listing Rules.
7.3.5:	Price of Equity Securities	The CEO Options are being issued for nil cash consideration.

7.3.6:	Purpose of issuing the Securities	<p>The Company has proposed to issue the CEO Options to reward and incentivise Mr Westerhuis to contribute to the growth of the Company. The Company believes that the grant of the CEO Options provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses).</p> <p>Accordingly, the Company will receive no funds from their issue. If the CEO Options are exercised, the Company will receive \$360,000, being 300,000,000 (pre-Consolidation) multiplied by the exercise price of the CEO Options.</p>
7.3.7	Summary of agreement	The CEO Options will be issued under an acceptance letter that contains standard terms for the issue of options.
7.3.8:	Information on reverse takeover	The CEO Options are not being issued under, or to fund, a reverse takeover.
7.3.9:	Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

Outcome voting for and against the Resolution

If Resolution 13 is passed, the Company will be able to proceed with the issue of the CEO Options. In addition, the issue of the CEO Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 13 is not passed, the Company will not be able to issue the CEO Options and the Company may need to consider other forms of performance-based remuneration in that regard.

Directors' Recommendation

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

Resolution 14 – Issue of Options to John Haley

Introduction

Resolution 14 seeks Shareholder authorisation to issue 75,000,000 (pre-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.0012 each (pre-Consolidation) and expiring three years after their issue to John Haley (**Secretary Options**).

On the assumption that each of the Conditional Resolutions are passed, the Company will issue the Secretary Options on a post-Consolidation basis (750,000 (post-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.12 each (post-Consolidation) and expiring on three years after the date of issue).

Secretary Option Terms

A summary of the terms of the Secretary Options is set out in Schedule 1 to this Explanatory Memorandum.

ASX Listing Rule 7.1 – Issues exceeding 15% of capital

An explanation of the operation of Listing Rule 7.1 is set out under section 5.3 of this Explanatory Memorandum.

Equity Securities issued with shareholder approval under Listing Rule 7.1 do not count towards the 15% Capacity.

The Secretary Options are Equity Securities under the Listing Rules.

Further under Exception 9 in Listing Rule 7.2, an issue of Equity Securities on the conversion of Convertible Securities (including Options) does not count towards the 15% Capacity provided that the Company issued the Convertible Securities after it was listed and complied with the Listing Rules when it did so.

Therefore the Company is seeking Shareholder approval in accordance with Listing Rule 7.1 to issue the Secretary Options so that the Secretary Options and Equity Securities issued upon the exercise of the Secretary Options do not count towards the Company's 15% Capacity.

Information for Listing Rule 7.3

For the purposes of Listing Rule 7.3, the Company provides the following information:

Listing Rule		Information
7.3.1:	Allottees of Equity Securities	The Secretary Options will be issued and allotted to John Haley.
7.3.2	Number and class of Securities that will be issued	The Company will issue 75,000,000 (pre-Consolidation) Options to subscribe for fully paid ordinary Shares in the Company exercisable at \$0.0012 each (pre-Consolidation) and expiring on three years after the date of issue to John Haley.
7.3.3	Summary of the material terms of the Equity Securities	A summary of the terms of the Secretary Options is set out in Schedule 1 to this Explanatory Memorandum. Any Shares issued upon the exercise of the Secretary Options shall rank pari passu with all other existing Shares on issue in the Company.
7.3.4:	Date or dates on or by which the Company will issue the Securities	The Secretary Options will be issued shortly after the Meeting, and, in any event, within three months of the date of the Meeting or such later date as is permitted by an ASX waiver or modification of the Listing Rules.
7.3.5:	Price of Equity Securities	The Secretary Options are being issued for nil cash consideration.

7.3.6:	Purpose of issuing the Securities	<p>The Company has proposed to issue the Secretary Options to reward and incentivise Mr Haley to contribute to the growth of the Company. The Company believes that the grant of the Secretary Options provides a cost-effective and efficient incentive as opposed to alternative forms of incentives (e.g. cash bonuses).</p> <p>Accordingly, the Company will receive no funds from their issue. If the Secretary Options are exercised, the Company will receive \$90,000, being 75,000,000 (pre-Consolidation) multiplied by the exercise price of the Secretary Options.</p>
7.3.7	Summary of agreement	The Secretary Options will be issued under an acceptance letter that contains standard terms for the issue of options.
7.3.8:	Information on reverse takeover	The Secretary Options are not being issued under, or to fund, a reverse takeover.
7.3.9:	Voting exclusion statement	A voting exclusion statement is included in the Notice of Meeting.

Outcome voting for and against the Resolution

If Resolution 14 is passed, the Company will be able to proceed with the issue of the Secretary Options. In addition, the issue of the Secretary Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 14 is not passed, the Company will not be able to issue the Secretary Options and the Company may need to consider other forms of performance-based remuneration in that regard.

Directors' Recommendation

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

Definitions

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

15% Capacity has the meaning given to that term in section 5.3.

Adelaide Equity Partners Limited or AEP means Adelaide Equity Partners Limited ACN 119 059 559.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASX means the ASX Limited.

Board means the board of Directors of the Company from time to time.

Brokers means Foster Stockbroking Pty Limited and Adelaide Equity Partners Limited.

Broker Options means the T1 Placement Broker Options and the T2 Placement Broker Options.

CEO Options means the 300,000,000 (pre-Consolidation) Options to be issued to Peter Westerhuis exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue.

Closely Related Party or **CRP** (as defined in section 9 of the Corporations Act) 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 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 by the regulations for the purposes of the definition of closely related party.

Company means Clara Resources Australia Limited ACN 122 957 322.

Conditional Resolutions means each of Resolutions 4 to 8.

Consolidation has the meaning described in Resolution 4.

Consolidation Date means 6 June 2023.

Convertible Securities has the meaning given to that term in the Listing Rules.

Corporations Act means the *Corporations Act 2001* (Cth) as amended from time to time.

Directors means the directors of the Company from time to time.

Disinterested Directors means:

- (a) in respect of DGR, Brad Gordon and Richard Willson; and
- (b) in respect of SVG, Brian Moller, Nicholas Mather and Richard Willson.

DGR Global Limited or **DGR** means DGR Global Limited ACN 052 354 837.

DGR Options means 3,179,167 (post-Consolidation) options to subscribe for Shares exercisable at \$0.12 each (post-Consolidation) and expiring three years after their issue.

DGR Placement Fee means 4% of any funds subscribed by, or introduced from DGR in the T2 Placement.

DGR Shares means 6,358,333 (post-Consolidation) Shares to be issued to DGR at an issue price of \$0.06 each (post-Consolidation) as part of participation in T2 Capital Raising.

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

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Financial Benefit has the meaning given to that term in section 229 of the Corporations Act.

Foster Stockbroking Pty Limited or **FSB** means Foster Stockbroking Pty Limited ACN 088 747 148.

Key Management Personnel has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity.

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

Market Price means the closing market price as that term is defined in the Listing Rules.

Meeting means the Extraordinary General Meeting of Shareholders to be held on 6 June 2023 as convened by the accompanying Notice of Meeting.

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

Official List means the official list of ASX.

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

Placement means the T1 Placement and the T2 Placement.

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

Related Party Options means the 300,000,000 (pre-Consolidation) Options to be issued to the Directors exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue.

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

Savannah Goldfields Limited or **SVG** means Savannah Goldfields Limited ACN 003 049 714.

Securities has the meaning in section 92(1) of the Corporations Act.

Secretary Options means the 75,000,000 (pre-Consolidation) Options to be issued to John Haley exercisable at \$0.0012 (pre-Consolidation) and expiring three years after their issue.

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

Shareholder means a shareholder of the Company.

Special Resolution means a resolution:

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

SVG Options means up to 5,731,250 (post-Consolidation) options to subscribe for Shares exercisable at \$0.12 each (post-Consolidation) and expiring three years after their issue.

SVG Placement Fee means 4% of any funds subscribed by, or introduced from SVG in the T2 Placement.

SVG Shares means up to 11,462,500 (post-Consolidation) Shares to be issued to SVG at an issue price of \$0.06 each (post-Consolidation) as part of participation in T2 Capital Raising.

T1 Placement means the placement of the T1 Placement Shares and the T1 Placement Options.

T1 Placement Broker Options means the 200,000,000 (pre-Consolidation) options to be issued to the Brokers exercisable at \$0.0012 each (pre-Consolidation) and expiring three years after their issue.

T1 Placement Options means the 583,333,333 (pre-Consolidation) options attaching to the T1 Placement Shares exercisable at \$0.0012 each (pre-Consolidation) and expiring three years after their issue, to be issued to unrelated sophisticated and professional investors.

T1 Placement Recipients means the recipients of the T1 Placement Shares and the T1 Placement Options being unrelated sophisticated and professional investors.

T1 Placement Shares means the 1,166,666,666 (pre-Consolidation) shares issued to the T1 Placement Recipients.

T2 Capital Raising means the T2 Placement and includes the contemporaneous placements to DGR and SVG on equivalent terms to the T2 Placement.

T2 Placement means the placement of the T2 Placement Shares and the T2 Placement Options.

T2 Placement Broker Options means the 2,000,000 (post-Consolidation) options to be issued to the Brokers exercisable at \$0.12 each (post-Consolidation) and expiring three years after their issue.

T2 Placement Options means a maximum of 14,422,917 (post-Consolidation) options attaching to the T2 Placement Shares exercisable at \$0.12 each (post-Consolidation)

and expiring three years after their issue to be issued to unrelated sophisticated and professional investors.

T2 Placement Recipients means the recipients of the T2 Placement Shares and the T2 Placement Options (excluding DGR and SVG) being sophisticated and professional investors.

T2 Placement Shares means a maximum of 28,845,834 (post-Consolidation) Shares to be issued to sophisticated and professional investors at an issue price of \$0.06 each (post-Consolidation).

Voting Power has the meaning given to that term in the Corporations Act.

Notes

Entitlement to Vote

The Board has determined, in accordance with the Corporations Regulations 2001 that for the purposes of determining those Shareholders entitled to attend and vote at the General Meeting, shall be those persons recorded in the register of Shareholders as at 7:00 pm (Brisbane time) on 4 June 2023. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

The Resolution to be put to the Meeting will be determined by poll.

How to Vote

You may vote by attending the General Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the General Meeting on the date and at the place set out above.

Voting by Proxy

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote on their behalf. Where a member is entitled to cast two or more votes, they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a member of the Company.

Members who are a body corporate are able to appoint representatives to attend and vote at the meeting under Section 250D of the *Corporations Act 2001* (Cth).

If a representative of the Company is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Signing Instructions

You must sign the proxy form as follows in the spaces provided:

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

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

Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, 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* (Cth)) 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 indicate the office held by signing in the appropriate place.

To vote by proxy, the proxy form provided with this notice (and the original or a certified copy of any power of attorney under which it is signed) must be received by the Company not less than forty-eight (48) hours before the scheduled time for the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

Completed proxies can be returned to the Company Secretary by either mail to GPO Box 5261, Brisbane, Queensland 4001; or facsimile to (07) 3303-0681, or scanned and emailed to jhaley@austinmining.com.au.

Schedule 1

Clara Resources Australia Limited ACN 122 957 322

Terms and Conditions of Options

- (a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price:** The exercise price of each Option is \$0.0012 (pre-Consolidation) and \$0.12 (post-Consolidation).
- (c) **Expiry Date:** Each Option will lapse and expire at 5.00pm (AEST) on the date that is three years after its date of issue (**Expiry Date**), and any Option not exercised on or before the Expiry Date will expire and cease to carry any rights or benefits.
- (d) **Exercise Period:** Options are exercisable at any time on or before the Expiry Date (**Exercise Period**).
- (e) **Exercise of Options:** Options may be exercised during the Exercise Period by the relevant holder (**Holder**) by notice in writing to the Company stating the number of Options to be exercised (**Notice**) together with payment (in Australian currency) for an amount equal to the Exercise Price multiplied by the number of Options being exercised by electronic funds transfer or other means of payment acceptable to the Company (in its sole discretion). A minimum of 10,000 Options must be exercised in each Notice unless the Company agrees to the exercise of a lesser number of Options.
- (f) **Issue of Shares:** Upon a valid exercise of the Options, the Company will within 15 Business Days of the date of exercise:
 - (i) issue the number of Shares required under these terms and conditions to be issued for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act;
 - (iii) if admitted to the Official List at the relevant time, make application to ASX for quotation of all Shares issued pursuant to the exercise of the Options.
- (g) **Ranking:** Shares issued pursuant to an exercise of Options will, from the date of issue, rank equally with all other Shares on issue.
- (h) **Quotation:** Options will not be quoted on ASX.
- (i) **Transfer:** The Options must not be transferred or assigned by the Holder except with the prior written consent of the Company.
- (j) **Dividends:** Holders do not participate in any dividends unless the Options are exercised and the resultant Shares of the Company are issued prior to the record date to determine entitlement to dividends.
- (k) **Reconstruction:** In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:

- (i) the number of Options, the Exercise Price of the Options, or both will be reconstructed (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will; not result in any benefits being conferred on the holders of the Options which are not conferred on Shareholders of the Company: and
 - (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders of the Company approving a reconstruction of capital, in all other respects the terms for the exercise of the Options will remain unchanged;
- (l) **Pro rata issue:** If there is a pro rata issue (except a bonus issue), the Exercise Price of the Option may be reduced according to the following formula.

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

Where:

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

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the volume weighted average market price per security of the underlying securities during the 5 trading days ending on the day before the ex right date or the ex entitlements date;

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

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

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

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