



RIEDEL
RESOURCES

RIEDEL RESOURCES LIMITED

ACN 143 042 022

Notice of Annual General Meeting

**Annual General Meeting to be held at
Suite 4, 6 Richardson Street, West Perth, Western Australia 6005 on Monday 30 November
2020 commencing at 10.00am (WST).**

Important

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

In accordance with subsection 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020, the Company will not be dispatching physical copies of this Notice of Meeting. For each shareholder that the Company has an email addresses on record, the Company will send a copy of this Notice and material relating to the Meeting or provide a link to where the Notice and other material can be viewed or downloaded by email. To the other Shareholders, the Company will send a letter or postcard setting out a URL for viewing or downloading the Notice and other material. If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an annual general meeting of the shareholders of Riedel Resources Limited (ACN 143 042 022) ("**Company**") will be held at Suite 4, 6 Richardson Street, West Perth, Western Australia on Monday 30 November 2020 commencing at 10.00 am (WST).

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the Federal Government's and State Government's current restrictions for physical gatherings at the location specified above.

Circumstances relating to COVID-19 are changing rapidly. The Company will update shareholders if changing circumstances will impact planning or the arrangements for the Meeting by way of announcement on ASX and the details will also be made available on our website at www.riedelresources.com.au.

The Explanatory Statement that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

Important: Each Transaction Resolution is subject to, and conditional on, each of the other Transaction Resolutions being passed. Accordingly, the Transaction Resolutions should be considered collectively as well as individually.

Business

Annual Report

To receive and consider the Annual Report of the Company for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report.

Resolution 1 – Adoption of Remuneration Report

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

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2020 be adopted."

Note: The votes on this Resolution are advisory only and do not bind the Directors or the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on the Resolution:

- by or on behalf of a member of Key Management Personnel as disclosed in the Remuneration Report;
- by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- as a proxy by a member of Key Management Personnel or a Closely Related Party,

However, this does not apply to a vote cast in favour of the 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 the 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.

Resolution 2 – Change to scale of activities

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

“That, subject to all Transaction Resolutions being passed, the Proposed Transaction is approved under and for the purposes of Listing Rule 11.1.2 and for all other purposes, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf a person who may obtain a material benefit (except a benefit solely by reason of being a holder of ordinary securities in the entity) if the Resolution is passed, and any associate of those persons.

However, this does not apply to a vote cast in favour of the 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 the 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.

Resolution 3 - Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following Resolution as a **special resolution**:

“That, in accordance with Listing Rule 7.1A, and for all other purposes, Shareholder approval be given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company under and in accordance with Listing Rule 7.1A, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf a person who is expected to participate in, or 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 entity), and any associate of those persons.

However, this does not apply to a vote cast in favour of the 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 the 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.

Resolutions 4(a) & (b) – Approval for Issue of Consideration Shares

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholder approval be given for the Company to issue:

(a) 60,000,000 Stage 1 Consideration Shares; and

(b) 100,000,000 Stage 2 Consideration Shares,

at an issue price of \$0.0055 to the Vendor (or their respective nominees), on the terms and conditions in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- 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 the resolution in that way; or
- the Chair 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.

Resolutions 5(a) and (b) – Ratification of Issue of Shares under the Placement

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholder ratification is given for the Company’s issue of:

(a) 62,710,440 Shares issued under Listing Rule 7.1; and

(b) 289,560 Shares issued under Listing Rule 7.1A.

at an issue price of \$0.0055 to Exempt Investors (or their respective nominees) under the Placement, on the terms and conditions in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the Placement and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- 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 the resolution in that way; or
- the Chair 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.

Resolution 6 – Approval for Issue of Shares under the Placement

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company’s issue of up to 300,636,363 Shares, at an issue price of \$0.0055 to the Exempt Investors (or their respective nominees) under the Placement, on the terms and conditions in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the Placement and a person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- 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 the resolution in that way; or
- the Chair 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.

Resolutions 7(a), (b) & (c) – Right for Directors to participate in Placement

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the Company’s issue of:

- (a) 3,636,363 Shares to Mr Grant Mooney (and/or his nominee);
- (b) 3,636,363 Shares to Mr Scott Cuomo (and/or his nominee); and
- (c) 3,636,363 Shares to Mr Alexander Sutherland (and/or his nominee),

At an issue price of \$0.0055 under the Placement, on the terms and conditions in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by or on behalf of; Resolution 7(a) by Mr Grant Mooney, Resolution 7(b) by Mr Scott Cuomo, and Resolution 7(c) by Mr Alexander Sutherland and any other person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons (as applicable).

However, the Company need not disregard a vote in favour of the Resolution if:

- 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 the resolution in that way; or
- the Chair 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.

Resolution 8 – Approval for Issue of Options to Flagstaff

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company’s issue of 100,000,000 Options at an exercise price of \$0.0125 and expiry date of three (3) years from the date of issue to Flagstaff or the nominees of Flagstaff (or their respective nominees), on the terms and conditions in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Options and any other person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- 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 the resolution in that way; or
- the Chair 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.

Resolutions 9(a), (b) & (c) – Approval for Issue of Options to Directors

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

“That, subject to all Transaction Resolutions being passed, for the purposes of Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, Shareholder approval is given for the Company’s issue of:

- (a) 25,000,000 Options to Mr Grant Mooney (and/or his nominee);
- (b) 20,000,000 Options to Mr Scott Cuomo (and/or his nominee); and
- (c) 5,000,000 Options to Mr Alexander Sutherland (and/or his nominee),

at an exercise price of \$0.0125 and expiry date of three (3) years from the date of issue to the Directors, on the terms and conditions in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by or on behalf of; Resolution 9(a) by Mr Grant Mooney, Resolution 9(b) by Mr Scott Cuomo, and Resolution 9(c) by Mr Alexander Sutherland and any other person who might obtain a benefit (except a benefit solely in the capacity of a Shareholder) if the Resolution is passed, and any associate of those persons (as applicable).

However, the Company need not disregard a vote in favour of the Resolution if:

- 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 the resolution in that way; or
- the Chair 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.

Resolution 10 - Re-election of Scott Cuomo

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

“That, for all purposes, Scott Cuomo, retires by rotation in accordance with clause 13.4 of the Constitution and Listing Rule 14.4, who is eligible and offers himself for re-election, be re-elected as a Director.”

Resolution 11 - Appointment of Proposed Director

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

“That, subject to all Transaction Resolutions being passed, for all purposes, Michael Bohm, having provided conditional consent to act as a Director, be appointed as a Director pursuant to clause 13.4 of the Company’s Constitution with effect from the Stage 1 Commencement Date.”

Other business

In accordance with section 250S(1) of the Corporations Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the General Meeting.

By order of the Board

Grant Mooney
Chairman
Riedel Resources Limited

22 October 2020

EXPLANATORY STATEMENT

Important information

This Explanatory Statement has been prepared for the information of the shareholders of Riedel Resources Limited ACN 143 042 022 (“**Company**”) in connection with the Resolutions to be considered at the Annual General Meeting to be held at 45, Ventnor Avenue, West Perth, Western Australia on Monday 30 November, 2020 commencing at 10:00am (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company, which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Notice and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

Important: Each Transaction Resolution is subject to, and conditional on, each of the other Transaction Resolutions being passed. Accordingly, the Transaction Resolutions should be considered collectively as well as individually.

Interpretation

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms under the Definitions section.

References to “\$” and “A\$” in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

Voting exclusion statements

Certain voting restrictions apply to the Resolutions as detailed beneath the applicable Resolutions in the Notice.

Proxies

Please note that:

- a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- a proxy need not be a Shareholder;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder’s proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder’s proxy; and
- Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that

company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

A Proxy Form is enclosed with this Notice. This is to be used by Shareholders if they wish to appoint a representative (a **"Proxy"**) to vote in their place. All Shareholders are invited to attend the Meeting or, if they are unable to attend the Meeting, sign and return the Proxy Form to the Company in accordance with the instructions on the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending or (subject to the voting exclusions set out in the Notice) voting at the Meeting via the online meeting platform.

Proxy Forms must be received by the Company no later than 10.00am (AWST) on Saturday 28 November 2020, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

Voting entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (WST) on Friday 27 November 2020. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Annual General Meeting.

ASIC and ASX's Role

The fact that the Notice of Annual General Meeting, Explanatory Statement and other relevant documentation has been received by ASX and ASIC is not to be taken as an indication of the merits of the Resolutions or the Company. ASIC, ASX and their respective officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

2. PROPOSED TRANSACTION

2.1 Background

The Company was registered as an Australian public company limited by shares on 9 April 2010 and listed on the ASX on 27 January 2011. Since its admission, the Company has primarily focused on the exploration of its exploration projects in Australia and overseas and currently holds an interest in the Marymia Joint Venture with Norwest Minerals Limited.

Implicit with the nature of mineral exploration generally is for an entity to assess opportunities through the acquisition and disposal of assets complementary to its strategic and operational objectives, including its tenement portfolio.

The Company decided not to proceed with its exploration activities at the Carmenes project in Northern Spain and provided formal notice to its joint venture partner of its termination of the joint venture. The Company has since been in discussions with various parties with respect to new exploration opportunities, which have culminated in the potential acquisition of up to an 80% interest in the Kingman Project as described below.

2.2 Proposed Transaction

The Company has been presented with the opportunity to earn the rights and title in 80% of the issued share capital of Flagstaff Minerals (USA) Inc ("**Flagstaff**"), a private company registered in Delaware, USA. Flagstaff Minerals Limited (ACN 626 330 738) ("**Vendor**") is the sole shareholder of Flagstaff and is not a related party or shareholder of the Company.

Flagstaff has previously entered into a binding option agreement ("**Flagstaff Option Agreement**") to acquire a 100% interest in seventy (70) mining claims located in Chloride, Mohave County, Arizona in January 2019 ("**Kingman Project**"). The Kingman Project is an advanced exploration project targeting copper, zinc, lead, silver and gold deposits.

Flagstaff has made the initial USD\$100,000 payment under the Flagstaff Option Agreement with three further payments being required as follows USD\$200,000 by 1 February 2021, USD\$300,000 by 1 February 2022 and USD\$400,000 by 1 February 2023 (together, the "**Option Payments**").

The Company shall make all Option Payments under the Flagstaff Option Agreement with such payments to be included to be included as Expenditure payable by the Company required to earn its interest in Flagstaff. The Company, however, shall not be required to make any further Option Payments under the Flagstaff Option Agreement should it elect not to proceed with the Proposed Transaction upon the Stage 1 Minimum Expenditure Condition (defined below) being satisfied.

It is proposed that the Company may acquire up to an 80% equity interest in Flagstaff ("**Proposed Transaction**") in three (3) distinct Project earn-in stages as follows:

(a) Stage 1

The Company must issue 60,000,000 Shares in the Company at a deemed issue price of \$0.0055 per Share ("**Stage 1 Consideration Shares**") to the Vendor (or its nominee(s)) upon the execution of the binding share sale and purchase agreement ("**Share Sale and Purchase Agreement**") and associated documents, including a shareholder agreement between the Company and the Vendor with respect to the operation of Flagstaff and the Kingman Project ("**Definitive Documents**") and upon the satisfaction of the conditions precedent under the Definitive Documents ("**Stage 1 Commencement Date**").

During Stage 1, the Company must Expend at least AUD\$1,500,000 on the Project within the first twelve (12) months from the Stage 1 Commencement Date ("**Stage 1 Minimum Expenditure Condition**").

Subject to the Company issuing the Stage 1 Consideration Shares to the Vendor and satisfying the Stage 1 Minimum Expenditure Condition, the Company may, at any time within the first three years from the Stage 1 Commencement Date, give written notice to Flagstaff that it does not wish to proceed any further with the acquisition, upon which the Company will obtain a 15% equity interest in Flagstaff.

During Stage 1, and subject to the Company satisfying the Stage 1 Minimum Expenditure Condition (e.g. AUD\$1,500,000 within twelve (12) months from the Stage 1 Commencement Date), the Company must Expend AUD\$5,000,000 (inclusive of the Stage 1 Minimum Expenditure Condition) on the Kingman Project within the first three (3) years from the Stage 1 Commencement Date to obtain a 51% equity interest in Flagstaff ("**Stage 1 Total Expenditure Condition**").

If the Company satisfies the Stage 1 Total Expenditure Condition then, subject to obtaining this waiver from Listing Rule 7.3.4 and obtaining shareholder approval for the issuance of the Stage 2 Consideration Shares under this Notice of Meeting, the Company will issue 100,000,000 Shares at a deemed issue price of \$0.0055 per Share to the Vendor (or its nominee(s)) ("**Stage 2 Consideration Shares**").

This a condition precedent to the Proposed Transaction and may be waived by written agreement by the parties. If the condition that the Company must obtain a waiver from Listing Rule 7.3.4 is waived, the Company must obtain shareholder approval closer to the date of the issue of the Stage 2 Consideration Shares and, failing this, must instead make the cash payment on the terms outlined in the paragraph below. Furthermore, if the waiver from Listing Rule 7.3.4 is not obtained, the Proposed Transaction contemplated under the Term Sheet may be terminated by the parties.

If by the date that is fourteen (14) days prior to the Stage 2 Commencement Date, the Company has not obtained shareholder approval for the issue of the Stage 2 Consideration Shares despite the Company making all reasonable endeavours, then the Company is not obliged to issue the Stage 2 Consideration Shares but must instead make a cash payment to the bank account nominated by the Vendor on the Stage 2 Commencement Date of an amount equal to the value of 100,000,000 Shares based on a price per share equal to the thirty (30) day VWAP as at the Stage 2 Commencement Date.

(b) **Stage 2**

Stage 2 will commence upon the Stage 1 Total Expenditure Condition being satisfied (i.e. AUD\$5,000,000 within 3 years from the Stage 1 Commencement Date) within the first three years from the Stage 1 Commencement Date ("**Stage 2 Commencement Date**").

The Company may elect to proceed with the Stage 2 earn-in by giving written notice ("**Election Notice**") to the Vendor by no later than ninety (90) days after the Stage 2 Commencement Date ("**Notice Date**"). If the Company gives an Election Notice by the Notice Date, then the Company must Expend a further AUD\$5,000,000 on the Kingman Project within three (3) years from the Stage 2 Commencement Date (which must include at least \$1,000,000 Expended on the Kingman Project within the first twelve (12) months from the Stage 2 Commencement Date). In consideration, the Company will earn a further 19% equity interest in Flagstaff (i.e. the Company will obtain a 70% equity interest in Flagstaff in total) ("**Stage 2 Total Expenditure Condition**").

If the Company does not give an Election Notice by the Notice Date, or if the Company gives an Election Notice but fails to satisfy the Stage 2 Total Expenditure Condition, the Vendor has the right (but is not obliged) to acquire a 2% equity

interest in Flagstaff from the Company by paying \$100,000 to the Company ("**Vendor's Equity Acquisition Right**"). If the Vendor exercises the Vendor's Equity Acquisition Right, the Vendor will be transferred a 2% equity interest in Flagstaff and the Company and the Vendor will contribute to the Expenditure on the Kingman Project on a ratio of 49% for the Vendor and 51% for the Company, or dilute their equity interest in Flagstaff in accordance with a standard mineral mining industry dilution formula as agreed by the parties.

(c) **Stage 3**

Upon the satisfaction of the Stage 2 Total Expenditure Condition, the Company may acquire an additional 10% equity interest in Flagstaff (i.e. the Company will obtain an 80% equity interest in Flagstaff in total) by payment to the Vendor (or its nominee(s)) of AUD\$3,000,000 within thirty (30) days of satisfaction of the Stage 2 Total Expenditure Condition ("**Stage 3 Equity Payment**").

If the Company elects to pay the Stage 3 Equity Payment, the Vendor and the Company will contribute to the Expenditure on the Kingman Project from the end of Stage 2 on a ratio of 49% for the Vendor and 51% for the Company, or dilute their equity interest in Flagstaff in accordance with a standard mineral mining industry dilution formula as agreed by the parties.

If the Company does not elect to pay the Stage 3 Equity Payment, the Vendor and the Company will contribute to the expenditure on the Kingman Project from the end of Stage 2 on a ratio of 49% for the Vendor and 51% for the Company, or dilute their equity interest in Flagstaff in accordance with a standard mineral mining industry dilution formula as agreed by the parties.

2.3 Placement

In association with the Proposed Transaction, the Company proposes to raise up to AUD\$2,000,000 by issuing up to 363,636,363 Shares at an issue price of \$0.0055 per Share to the Exempt Investors (or their nominees) under the Placement.

The Shares will be allocated equally between the Company and Flagstaff nominees and were or will be issued in two tranches as follows:

- 63,000,000 Shares were issued within ten (10) days of the execution date of the term sheet entered into by the Company and the Vendor ("**Tranche 1 Shares**"); and
- the remainder of the Shares under the Placement (being up to 300,636,363 Shares) being issued as tranche 2 within seven (7) days of the date of the Meeting, subject to the Company receiving shareholder approval under this Notice for the issue of these Shares and the other Transaction Resolutions ("**Tranche 2 Shares**").

Funds raised under the Placement will be used in accordance with the table set out in section 2.10.

2.4 Issue of Options to Flagstaff or its Nominees and the Directors

In association with the Proposed Transaction, and subject to shareholder approval, the Company will issue 100,000,000 Options to Flagstaff or the nominees of Flagstaff and 50,000,000 Options to the Directors all with an exercise price of \$0.0125 and expiry date of three (3) years from the date of issue to Flagstaff or the nominees of Flagstaff and the Directors.

The Options will be issued within seven (7) days of the date of the Meeting, subject to the Company receiving Shareholder approval under this Notice for the issue of these Options and the other Transaction Resolutions.

2.5 Definitive Documents

The Company and the Vendor propose to enter into formal agreements with respect to the Proposed Transaction, which includes but is not limited to:

- the Share Sale and Purchase Agreement with respect to the Company's acquisition of shares in Flagstaff;
- shareholder agreements with respect to the control and operation of Flagstaff, including with respect to the Kingman Project; and
- if required, security and other documentation required to effect the Proposed Transaction.

2.6 Overview of Flagstaff

Flagstaff is a private company registered in Delaware, USA and the Vendor is the sole shareholder of Flagstaff.

Flagstaff Technical Team

(a) Mr Michael Bohm

Mr Bohm's operational roles include mining engineer, mine manager, general manager of operations, operations director, director and managing director with companies including Ashton Mining Limited, Billiton PLC and WMC Resources Limited. He has held board positions on ASX and TSX listed companies including ASX100 companies and is currently a director of 200,000 ounce per annum gold producer Ramelius Resources Limited and nickel mine developer Mincor Resources NL. Mr Bohm has worked in the United States of America, Canada, Chile, Australia and South-East Asia. He is a graduate of the Western Australian School of Mines in Kalgoorlie and is a member of the Australian Institute of Company Directors ("**AICD**"), the Australasian Institute of Mining and Metallurgy ("**AusIMM**") and the Prospectors & Developers Association of Canada ("**PDAC**").

(b) Mr Sean Whiteford

Sean is a United States based Geologist who has previously served as vice president of Eastern Canada operations and vice president of Global Exploration at Cliffs Natural Resources Pty Ltd. Mr Whiteford has over twenty-five (25) years of mineral exploration and operational experience. He previously served as manager mining and technical services for Diavik Diamond Mine, global diamond laboratory manager for Rio Tinto Diamonds and general manager of industrial minerals exploration for Rio Tinto Limited. Mr Whiteford began his career as a geologist with BHP-Utah and focused on base metals and gold. He is a Member of the AusIMM, PDAC, Society of Exploration Geologists ("**SEG**") and Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**") and holds a Bachelor of Science in Geology from the University of Windsor. Mr Whiteford has also completed the advanced management program at Columbia Business School.

(c) Mr William Feyerabend

Mr Feyerabend is a graduate of the University of Southern California and is a certified professional geologist. He has worked across the America's, in West Africa, the Middle East and in China. Mr Feyerabend has extensive experience working with gold and poly-metallic mineral systems and worked from discovery to production at both the Mesquite and Chimney Creek (now Twin

Creeks) mines in the United States of America as well as on major drill programs in Peru and Venezuela and on the discovery and drilling of Paguanta in Chile. Mr Feyerabend is based in Arizona which is an approximately two-hour drive from Kingman.

2.7 Kingman Project

Flagstaff has systematically built a portfolio of over seventy (70) mining claims located in Chloride, Mohave County, Arizona, included the Kingman Project tenements which were acquired under the Flagstaff Option Agreement in January 2019.

The Kingman Project is an advanced exploration project targeting copper, zinc, lead, silver and gold deposits. It is based upon a historic mining centre that was previously mined from the 1880's to 1940's. Drilling testing then occurred on some of the tenements at the Kingman Project site in the late 20th century and results showed high-grade gold intersections from shallow depths.

Flagstaff has conducted geophysical testing and rock-chip sampling in 2019 and these tests returned numerous high-grade gold and silver results. Flagstaff subsequently conducted an 11-hole diamond drill testing program in late 2019 which suggested that targets include gold, silver, lead, zinc and copper.

The Kingman Project is located near some historic mines including the Tennessee Mine and Golconda Mine where high amounts of zinc, lead, copper, silver and gold have been mined. Testing at the Kingman Project tenements also correlates strongly with successful historical mines in the area.

Flagstaff's testing at the Kingman Project tenement has resulted in the following geological observations:

- the targets are buried mineral systems and ground magnetics show significant structures beneath shallow pediment cover (approximately 90% transported gravel cover) with potentially extensive strike lengths;
- drilling encountered well-developed, high-grade veining at the Tintic, Merrimac and Arizona Magma Mines with all three (3) mines having veining consisting of coarse crystalline to sucrosic quartz with variable sulfide in broad zones of argillic to quartz sericite altered gneiss;
- impressive widths of alteration and presence of more than one gold bearing structure; and
- vein continuity from historic work shows irregular widths and strike lengths from past production noting alteration haloes identified in diamond drilling are wide.
- Recent Diamond Drilling in late-2019 included:
 - 1.5m @ 21.6 g/t gold, 89 g/t silver & 1.8% lead from 46.5m;
 - 0.15m @ 26.9 g/t gold, 449 g/t silver, 17% lead & 2.7% copper 39m;
 - 0.46m @ 15.2 g/t gold, 153 g/t silver & 2.3% zinc from 58.2m; and
 - 0.3m @ 2.1 g/t gold & 2,340 g/t silver from 56m.

2.8 Key Risks

Shareholders should be aware that if the Transaction Resolutions are approved, the Company will be exposed to a variety of risk factors. These risks are both specific

to the industry in which the Company operates and also relate to the general business and economic environment in which the Company will operate. An investment in the Company is not risk free and Shareholders should consider the risk factors described below, together with information contained elsewhere in this Explanatory Statement. The following is not intended to be an exhaustive list of the risk factors to which the Company will be exposed to.

(a) **Exploration, Geological and Development Risks**

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves (amongst other things):

- discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- access to adequate capital throughout the acquisition/discovery and project development phases;
- securing and maintaining title to mineral exploration projects;
- obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and
- accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration of the Kingman Project or any other exploration properties that may be acquired in the future will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

The exploration activities of the Company may be adversely affected by a range of factors including geological conditions, operational risks (as outlined in the next paragraph) and changing government laws and regulations. Further, whether positive income flows result from projects on which the Company will expend exploration and development capital is dependent on many factors including successful exploration, establishment of production facilities, cost control, commodity price movements, successful contract negotiations for production and stability in the local political environment.

In addition, significant expenditure may be required to establish necessary metallurgical and mining processes to develop and exploit any mineral reserves identified on the Kingman Project. There is no assurance that the Company will have sufficient working capital or resources available to do this.

In the event that exploration programs prove to be unsuccessful, the Kingman Project may diminish in value, there will be a reduction in the cash reserves of the Company and relinquishment of part or all of the Kingman Project may occur.

(b) **Future Profitability**

The Company's profitability will be impacted by, among other things, the success of its exploration and mining activities, economic conditions in the markets in which it operates, competition factors and any regulatory developments. Accordingly, the extent of future profits (if any) and the time required to achieve sustained profitability are uncertain and cannot be reliably predicted.

(c) **Operational Risks**

The operations of the Company may be affected by various factors, including:

- failure to locate or identify mineral deposits;
- failure to achieve predicted grades in exploration and mining;
- operational and technical difficulties encountered in mining;
- insufficient or unreliable infrastructure, such as power, water and transport;
- political or civil unrest, including outbreaks of violence or other hostilities;
- difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown;
- unanticipated metallurgical problems which may affect extraction costs;
- adverse weather conditions;
- industrial and environmental accidents and disputes; and
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

(d) **Limited Operating History**

The Kingman Project has a limited operating history. Although the Directors have between them significant operational experience, the Company's ability to meet its objectives will be largely reliant upon the Company's ability to implement its current operational plans and take appropriate action to amend those plans in respect of any unforeseen circumstances that may arise.

Since the Company intends to continue investing in its exploration and development programs, the Directors anticipate making further losses in the foreseeable future. There can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

(e) **Access to Tenements**

The right of the holder of an exploration license to enter onto the license to explore for minerals is subject to the consent of the occupier of the land and, where the land is proximate to certain specified locations, the ministry responsible for the protection of such locations. Immediate access to tenements cannot in all cases be guaranteed.

The Vendor currently has the relevant licenses and approvals required to access and mine the Kingman Project, however these licenses and approvals are subject to change.

(f) **Tenure Risk**

The Kingman Project tenements are granted under and governed by the laws of Arizona and are granted subject to conditions, including minimum annual expenditure commitments and reporting commitments. Similar conditions may be applied to future mining permits acquired by the Company or its subsidiaries. Failure to comply with these conditions may result in forfeiture of the Kingman Project tenements.

Further, the Kingman Project tenements (and any additional future mining permits held by the Company) are subject to periodic renewal. Whilst there is no reason to believe that such renewals will not be granted, the Company cannot guarantee that this will occur. New conditions may also be imposed on the Kingman Project tenements (and any additional future mining permits held by the Company) under the renewal process which may adversely affect the Company.

In addition, the acquisition of the Kingman Project is reliant upon certain of the Kingman Project tenement applications being approved. If this does not occur it may, in some instances, impede the Company's acquisition of the Kingman Project.

(g) **Government and Regulatory Risk**

Operations by the Company may require approvals, consents or permits from government or regulatory authorities, including renewals of existing mining permits or title transfer to newly acquired mining permits, which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company.

Whilst there is no reason to believe that necessary government and regulatory approvals will not be forthcoming (other than as outlined above in respect of the Kingman Project operations), the Company cannot guarantee that those required approvals will be obtained. Failure to obtain any such approvals could mean the ability of the Company to prove-up, develop or operate any project or to acquire any project, may be inhibited or negated.

(h) **Commodity Price and Currency Exchange Risks**

As the Company's potential earnings will be largely derived from the sale of mineral commodities, the Company's future revenues and cash flows will be impacted by changes in the prices and available markets of these commodities. Any substantial decline in the price of those commodities or in transport or distribution costs may have a material adverse effect on the Company and the value of its Shares.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include current and expected future supply and demand, forward selling by producers, production cost levels in major mineral producing centres as well as macroeconomic conditions such as inflation and interest rates.

Furthermore, the international prices of most commodities are denominated in United States dollars while the Company cost base will be in Australian dollars. Consequently, changes in the Australian dollar exchange rate will impact on the earnings of the Company. The exchange rate is affected by numerous factors beyond the control of the Company, including international markets, interest rates, inflation and the general economic outlook.

(i) **Resource and Reserve Estimates**

Estimates which were valid when originally made may change appreciably when further information becomes available. Such resource estimates are by nature

imprecise, depending on interpretations which may, with further exploration, prove to be inaccurate. Moreover, should the Company encounter ore bodies or formations which differ from those suggested by past sampling and analysis, resource estimates may have to be adjusted and any production plans altered accordingly which may adversely impact the Company's plans.

(j) **Result of Studies**

Subject to the results of exploration and testing programs to be undertaken, the Company may progressively undertake a number of studies in respect to the Kingman Project. These studies may include scoping, pre-feasibility, definitive feasibility and bankable feasibility studies.

These studies will be completed within parameters designed to determine the economic feasibility of the Kingman Project within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Kingman Project or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Even if a study confirms the economic viability of the Kingman Project, there can be no guarantee that the Kingman Project will be successfully brought into production as assumed or within the estimated parameters in the feasibility study (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete a study may be dependent on the Company's ability to raise further funds to complete the study if required.

(k) **Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default or the insolvency of any of the contractors which will be used by the Company in any of its activities or other managerial failure by any of the other service providers used by the Company for any activity. Any default or insolvency is outside the Company's control and may have an adverse effect on the Company's operations.

(l) **Insurance**

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available. Further, where coverage is available, the costs may be prohibitive.

(m) **Environmental**

The Company's activities are subject to the environmental laws inherent in the mining industry and those specific to Arizona. The Company intends to conduct its activities in an environmentally responsible manner and in compliance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

In addition, environmental approvals may be required from relevant government or regulatory authorities before activities may be undertaken which are likely to impact the environment. Failure or delay in obtaining such approvals will prevent the Company from undertaking its planned activities. Further, the Company is unable

to predict the impact of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(n) **Rehabilitation of Tenements**

In relation to the Company's proposed operations, issues could arise from time to time with respect to abandonment costs, consequential clean-up costs, environmental concerns and other liabilities. In these instances, the Company could become subject to liability if, for example, there is environmental pollution or damage from the Company's exploration activities and there are consequential clean-up costs at a later point in time.

(o) **Climate Change Regulation**

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

The efforts of the American government to transition towards a lower-carbon economy may also entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change that could significantly impact the Company. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to the company.

Furthermore, the physical risks to the Company resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. These physical risks may have financial implications for the Company, such as direct damage to assets and indirect impacts from supply chain disruption.

(p) **Counterparty Risks**

The Company's right to acquire the Kingman Project is under the Share Sale and Purchase Agreement. The ability of the Company to complete on the acquisition of the Kingman Project will depend on the performance by the Company and the Vendor of their obligations under the Share Sale and Purchase Agreement. If any other counterparty defaults in the performance of its obligations, it may be necessary for the Company to institute court proceedings to seek a legal remedy. Legal action instituted in Australia, the United States of America or elsewhere overseas can be costly.

(q) **Contract Risk**

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, the Directors are unable to completely avoid the risk of:

- financial failure or default by a participant in any joint venture to which the Company or its subsidiaries may become a party;
- insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by the Company or its subsidiaries in its exploration activities; or

- insolvency, default on performance or delivery, or any managerial failure by any other service providers used by the Company or its subsidiaries or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on the Company's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by the Company, it is not possible for the Company to predict or protect itself completely against all such contract risks.

(r) **Credit Risk**

There is the credit risk that the other party to a financial instrument will fail to discharge their obligation, resulting in the Company incurring a financial loss. Credit risk arises from cash and cash equivalents (e.g. deposits and investments held with banks and financial institutions), favourable derivative contracts (derivative assets), and receivables, guarantees given on behalf of others and commitments granted but not drawn down at the end of the reporting period.

(s) **Acquisitions**

The Company may make acquisitions of, or significant investments in, companies or assets that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving mineral exploration success and retaining key staff.

(t) **Safety**

Safety is a fundamental risk for any exploration and production company in regards to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

(u) **Litigation**

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(v) **Share Market**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. The market price of the Shares may be subject to fluctuation and may be affected by many factors including but not limited to the following:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;

- mineral/commodity price fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- terrorism or other hostilities; and
- other factors beyond the control of the Company.

(w) **Commercialisation Risk**

Even if the Company discovers commercial quantities of minerals, there is a risk the Company will not achieve a commercial return. The Company may not be able to transport any minerals extracted from its operations at a reasonable cost or may not be able to sell the minerals to customers at a rate which would cover its operating and capital costs. There is also a risk that necessary regulatory approvals may not be obtained.

The mineral resources industry is competitive and there is no assurance that, even if commercial quantities are discovered, a profitable market will exist for sales of such commodities. There can be no assurance that the quality of the commodity will be such that the properties in which the Company holds an interest can be mined at a profit.

(x) **Future Capital Needs**

Additional funding beyond the funds raised under the Capital Raisings may be required by the Company to support its ongoing operations and development of the Kingman Project. There can be no assurance that such funding will be available on satisfactory terms to the Company or at all. Any inability to obtain funding will adversely affect the business and financial condition of the Company and, consequently, its performance and ability to take advantage of opportunities to develop projects.

Further, any additional funding raised by issue of equity will be dilutive to the then current Shareholders. Equally, debt funding, if available in the future, may involve restrictions on financing and operating activities of the Company and its subsidiaries.

(y) **Changes to Laws and Regulations**

The Company may be affected by changes to laws and regulations (in Australia, the United States of America and other countries in which the Company may operate) concerning property, the environment, superannuation, taxation trade practices and competition, government grants, incentive schemes, accounting standards and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.

(z) **Economic Risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries including, but not limited to, the following:

- general economic conditions;
- changes in Government policies, taxation and other laws;

- the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the commodities (resources) sector;
- movement in, or outlook on, interest rates and inflation rates; and
- natural disasters, social upheaval, pandemic or war.

(aa) **Force Majeure Risk**

Events may occur within or outside the markets in which the Company operates that could impact upon the global, American and Australian economies and the operations of the Company. These events include acts of terrorism, outbreaks of international hostilities, fires, pandemics, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease such as pandemics, and other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services and its ability to conduct business. Given the Company has only a limited ability to insure against some of these risks, its business, financial performance and operations may be materially adversely affected if any of the events described above occurs.

(bb) **COVID-19 Risk**

The outbreak of the coronavirus disease ("COVID-19") has created significant volatility, uncertainty and economic disruption impacting global economic markets. As a result of governmental actions to combat the spread of COVID-19, the Company may experience delays and/or cost increases. However, the extent to which COVID-19 pandemic impacts the Company's business, operations, and financial results is uncertain and will depend on numerous evolving factors that we may not be able to accurately predict, including:

- the duration and scope of the pandemic;
- governmental, business and individual actions taken in response to the pandemic and the impact of those actions on global economic activity;
- the actions taken in response to economic disruption;
- the impact of business disruptions;
- the increase in business failures that we may utilise to source our supplies from and the customers we may serve;
- uncertainty as to the impact of staff availability during and post the pandemic; and
- the Company's ability to provide services, including as a result of its employees or customers and suppliers working remotely and/or closures of offices and facilities.

2.9 Indicative Timetable

The indicative timetable for the Proposed Transaction is set below.

Event	Date
Execution of Binding Terms Sheet	23 October 2020
Announcement of Proposed Transaction	

Event	Date
Notice of Meeting sent to Shareholders	30 October 2020
General Meeting	30 November 2020
Completion of Placement	4 December 2020
Completion of Stage 1 commencement obligations under the Share Sale and Purchase Agreement	4 December 2020

Note: the dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws.

2.10 Proposed Use of Funds

The Company intends to use the funds raised from the Placement as set out in the table below.

Item	Amount
Other costs associated with the Proposed Transaction	\$90,000
ASIC/ASX regulatory and ASX listing fees	\$10,000
Exploration and Project Payments	\$1,500,000
General working capital	\$400,000
Total	\$2,000,000

Note: the above figures are indicative only and subject to change.

2.11 Pro-Forma Capital Structure

The pro forma capital structure of the Company, assuming the Resolutions are passed and the Proposed Transaction completes, is set out in the table below.

Security	Existing	Completion of Proposed Transaction
Existing shares	418,069,699	418,069,699
Consideration Shares	-	160,000,000
Capital Raising Shares	-	363,636,363
Total shares	418,069,699	941,706,062
Existing options	10,000,000	10,000,000
Adviser Options	-	150,000,000
Fully diluted capital structure	428,069,699	1,101,706,062

2.12 Financial Information

The pro-forma financial effect on the Company is set out in Schedule 1.

2.13 Competent Person Statement

Information in this Notice of Meeting that relates to exploration results is based on information compiled by Mr Sean Whiteford, who is a qualified geologist, a member of the Australian Institute of Mining and Metallurgy, and a consultant to the Vendor. Mr Whiteford has sufficient experience which is relevant to the style of mineralisation and type of deposit

under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Whiteford consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

3. REGULATORY INFORMATION

3.1 Annual Report

The Annual Report of the Company for the financial year ended 30 June 2020, which includes the Financial Report, the Directors' Report, the Remuneration Report and the Auditor's Report, will be laid before the Annual General Meeting.

There is no requirement for Shareholders to approve the Annual Report. However, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments about the Annual Report and the management of the Company.

A representative of the Company's auditor, PKF Perth, will be in attendance to respond to any questions raised of the auditor or on the Auditor's Report in accordance with section 250T of the Corporations Act.

3.2 Resolution 1 - Remuneration Report

Section 249L(2) of the Corporations Act requires a company to inform shareholders that a resolution on the remuneration report will be put at the annual general meeting. Section 250R(2) of the Corporations Act requires a resolution that the remuneration report adopted be put to a vote. Resolution 1 seeks this approval.

In accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolution 1 is an "advisory only" Resolution which does not bind the Directors or the Company. However, the Directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

Following consideration of the Remuneration Report for the financial year ended 30 June 2020, the Chair, in accordance with section 250SA of the Corporations Act, will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

If at least 25% of the votes cast on a resolution for the adoption of a Remuneration Report are voted against at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution proposing that another general meeting be held within ninety (90) days, at which all of the Company's Directors (other than the Managing Director) would be up for re-election.

Directors' recommendations

The Directors encourage all Shareholders to vote on Resolution 1.

3.3 Resolution 2 – Change to scale of activities

Resolution 2 is an ordinary resolution which seeks to approve the change in the scale of the Company's activities contemplated by the Proposed Transaction.

The change in the scale of the Company's activities requires Shareholder approval for the purposes of Listing Rule 11.1.2 by way of ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

Listing Rule 11.1

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable and comply with the following:

- provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;

- if ASX requires, obtain shareholder approval and comply with any requirements of ASX in relation to the associated notice of meeting; and
- if ASX requires, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the entity were applying for admission to the official list of ASX.

The Company is required to seek the approval of Shareholders under Listing Rule 11.1.2 for a change in the scale of its activities as a result of the Proposed Transaction. Accordingly, Resolution 2 seeks approval from Shareholders for a change to the scale of the activities of the Company.

As required by ASX Guidance Note 12: Significant Changes to Activities, the following information is provided in relation to Resolution 2:

(a) **Material terms of the transaction**

A summary of the Proposed Transaction is set out in section 2.2.

(b) **Financial effect of the transaction on the entity and on the interests of security holders**

The effect of the Proposed Transaction on the capital structure of the Company is set out in section 2.11.

The effect of the Proposed Transaction on the financial position of the Company is set out in Schedule 1.

Other details of the effect of the Proposed Transaction include the Company's:

- annual revenue = \$66,425;
- annual expenditure = \$1,200,411; and
- annual profit before tax = (\$1,133,986) Loss.

(c) **Details of how the entity will be modifying its business model to accommodate the significant change of the entity's activities**

From completion of the Proposed Transaction, the Company will remain as a mineral resources explorer, but will change the scale of its operations and location from Australia to Australia and the United States of America.

Other than as disclosed elsewhere in this Notice, the Board has no current intention of making any changes to the business model of the Company as a result of any significant change in the scale of the Company's activities which may arise in connection with the Proposed Transaction, other than to expand its business operations further into the United States of America. The Company's operational staff possesses the expertise to maximize the efficiencies acquired as a result of the Proposed Transaction.

(d) **Information about the entity's need to borrow any funds or raise any capital in the short term as a result of the transaction**

Other than as disclosed elsewhere in this Notice, there is no current intention of borrowing any funds or raising any capital in the short term in connection with the Proposed Transaction. However, final decisions regarding further funding will only be made by the Company in light of material information and circumstances at the

relevant time. Accordingly, this statement is a statement of current intention only, which may change as new information becomes available or as circumstances change.

(e) **Changes proposed to the entity's board or senior management**

As part of the Proposed Transaction, with effect from the Stage 1 Commencement Date, the Company shall comprise of four members with one existing non-executive Company director stepping down and being replaced by two nominees of the Vendor (one of which will be appointed as the Chair).

If at the end of 12 months from the Stage 1 Commencement Date:

- the Company does not elect to proceed further with the Proposed Transaction, then the Vendor will relinquish chairmanship of the Company; and
- the Company does elect to proceed further with the Proposed Transaction, then one of the existing Company nominee directors shall resign, leaving the Board with three directors (comprising one Company nominee director and two Vendor nominee directors).

Subject to the Company satisfying the Stage 1 Earn-In, the Company will have the right to nominate one non-executive director to the board of Flagstaff.

Subject to the Company satisfying the Stage 2 Expenditure Condition, it is acknowledged and agreed that the Board of Flagstaff will be structured in a way that gives the Company control.

The Company will appoint Mr Michael Bohm, a nominee of the Vendor, as its chairman from the Stage 1 Commencement Date. Please refer to section 3.12 for further details on Mr Michael Bohm.

Meanwhile, the second director to be nominated by the Vendor will be announced by the Company in due course.

(f) **Timetable for implementing the transaction**

The indicative timetable for completion of the Proposed Transaction is set out in section 2.9.

Directors' recommendations

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

3.4 Resolution 3 - Approval of 10% Placement Facility

Resolution 3 is a special resolution which seeks Shareholder approval for the issue of Equity Securities totalling up to 10% of the issued capital of the Company under and in accordance with Listing Rule 7.1A ("**10% Placement Facility**").

Listing Rule 7.1A

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.

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

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

Resolution 3 seeks shareholder approval by way of special resolution for the Company to have the additional 10% capacity provided for in Listing Rule 7.1A to issue equity securities without shareholder approval.

If Resolution 3 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further shareholder approval.

If Resolution 3 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities to issue equity securities without shareholder provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

Approval of the 10% Placement Facility is valid from the date of the Annual General Meeting until the earlier of:

- twelve (12) months after the Annual General Meeting;
- the time and date of the Company's next annual general meeting; and
- the date shareholders approve a transaction under Listing Rule 11.1.2 (significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

("10% Placement Period").

The number of Equity Securities that the Company will have the capacity to issue under the 10% Placement Facility will be calculated in accordance with the following formula:

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

A has the same meaning as in Listing Rule 7.1 when calculating an entity's 15% placement capacity – i.e. the number of shares on issue twelve (12) months before the date of issue or agreement:

- plus the number of fully paid shares issued in the twelve (12) months under an exception in Listing Rule 7.2 other than exceptions 9, 16 or 17;
- plus the number of fully paid Equity Securities issued in the relevant period on the conversion of convertible securities within Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue, the convertible securities was approved, or taken under the Listing Rules to have been approved, under rule 7.1 or rule 7.4,

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

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under Listing Rule 7.4.

For the purposes of Listing Rule 7.3A, the following information is provided to Shareholders in relation to Resolution 3:

(a) Minimum price at which the securities may be issued

In accordance with Listing Rule 7.1A.3, any Equity Securities issued under the 10% Placement Facility will be issued for at least 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities is agreed; or
- if the Equity Securities are not issued within ten (10) Trading Days of the above date, the date on which the Equity Securities are issued.

(b) Risk of economic and voting dilution

Any issue of Equity Securities under the 10% Placement Facility will dilute Shareholders who do not participate in the issue. The table below shows the potential economic and voting dilution of existing Shareholders as a result of the Company issuing Shares under the 10% Placement Facility, based on different issue prices and values for variable 'A' in the formula above.

Variable 'A' (Shares on issue)	Issue price		
	\$0.01 (50% decrease)	\$0.021 (Current) ²	\$0.042 (50% increase)

418,069,600 (Current)¹	Shares issued	41,806,970	41,806,970	41,806,970
	Funds raised	\$418,070	\$877,946	\$1,755,892
627,104,548 (50% increase)	Shares issued	62,710,454	62,710,454	62,710,454
	Funds raised	\$627,104	\$1,316,919	\$2,633,839
836,139,398 (100% increase)	Shares issued	83,613,940	83,613,940	83,613,940
	Funds raised	\$836,139	\$1,755,892	\$3,511,785

Notes:

- 1 The current variable 'A' is assumed to be the number of Shares on issue as at the date of this Notice. The number of Shares on issue could increase as a result of, for example, an issue that does not require Shareholder approval (e.g. a pro rata offer to Shareholders) or an issue with Shareholder approval under Listing Rule 7.1.
- 2 The current price of Shares is the closing price on the ASX on 18 September 2020.
- 3 The table assumes that no Options or other convertible securities are exercised or converted into Shares prior to an issue under the 10% Placement Facility.
- 4 The table assumes that the Company issues the maximum number of Shares available under the 10% Placement Facility.
- 5 The table assumes that issues of Equity Securities under the 10% Placement Facility consist only of Shares.
- 6 The table does not show examples of dilution that may be caused to a particular Shareholder by reason of issues under the 10% Placement Facility. Shareholders should consider the potential dilution caused in the context of their own circumstances.
- 7 The table only shows the effect of issues under Listing Rule 7.1A, and not issues under the 15% placement capacity under Listing Rule 7.1.

Shareholders should further note that:

- the market price for the Equity Securities may be significantly lower on the date of issue than on the date of the Annual General Meeting; and
- the Equity Securities may be issued at a price that is at a discount to the market price for the Equity Securities on the date of issue.

(c) Date by which the securities may be issued

In accordance with Listing Rule 7.1A.1, any Equity Securities issued under the 10% Placement Facility will be issued during the 10% Placement Period. The 10% Placement Facility will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

(d) Purposes for which the securities may be issued

Any Equity Securities issued under the 10% Placement Facility may only be issued for cash consideration to raise funds. In such circumstances, the Company may apply the funds raised towards the exploration activities at its existing projects

and/or for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

(e) **Allocation policy for issues of securities**

The Company's allocation policy for any Equity Securities issued under the 10% Placement Facility will depend on the prevailing market conditions at the relevant time, however, recipients will not be related parties of the Company. The identity of recipients of Equity Securities will otherwise be determined on a case by case basis having regard to the following factors (without limitation):

- the purpose of the issue;
- alternative methods for raising funds that are available to the Company including rights issues or other issues in which existing Shareholders can participate;
- the effect of the issue on the control of the Company;
- the financial situation and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issuing any Equity Securities.

(f) **Previous issues of securities**

There have been no issues of securities since the previous annual general meeting of the Company.

Directors' recommendations

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

3.5 Resolutions 4(a) & (b) – Approval for Issue of Consideration Shares

Resolutions 4(a) & (b) are an ordinary resolution which seeks to approve the issue of 60,000,000 Stage 1 Consideration Shares (which will be issued within three (3) months of the date of the Meeting) and 100,000,000 Stage 2 Consideration Shares at an issue price of \$0.0055 to the Vendor (or their respective nominees).

The issue of the of 60,000,000 Stage 1 Consideration Shares and 100,000,000 Stage 2 Consideration Shares requires Shareholder Approval for the purposes of Listing Rule 7.1 by way of ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's fifteen percent (15%) capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolutions 4(a) & (b) seek approval for the issue of 60,000,000 Stage 1 Consideration Shares and 100,000,000 Stage 2 Consideration Shares at an issue price of \$0.0055 to the Vendor (or their respective nominees). If Resolution 4 is approved, the Consideration Shares issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolutions 4(a) & (b):

(a) **Maximum Number of Securities the Entity is to Issue**

60,000,000 Stage 1 Consideration Shares and 100,000,000 Stage 2 Consideration Shares.

(b) **Date by which the Entity will Issue the Securities**

The Stage 1 Consideration Shares will be issued upon satisfaction (or waiver) of the Transaction Conditions and nonetheless within three (3) months of the date of the Meeting.

The Stage 2 Consideration Shares will be issued on, or prior to, the Stage 2 Consideration Date.

The Company has applied to ASX for a waiver with respect to the issue of the Stage 2 Consideration Shares from a date that is after three (3) months from the date of the Meeting. The Company will inform Shareholders as soon as practicable after receiving ASX's decision if the waiver has or has not been granted.

(c) **Issue Price of the Securities**

The issue price for the Consideration Shares is \$0.0055 each.

(d) **Names of the Persons to whom the Entity will Issue the Securities (if known) or basis upon those Persons will be Identified or Selected**

The Consideration Shares will be issued to the Vendor.

(e) **Terms of the Securities**

The Consideration Shares will rank equally in all respects with existing Shares on issue.

(f) **Intended Use of the Funds Raised**

No funds will be raised from the issue of the Consideration Shares.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 4(a) & (b).

3.6 Resolutions 5(a) & (b) – Ratification of Issue of Shares under the Placement

Resolutions 5(a) & (b) are ordinary resolutions which seeks to approve the ratification of the issue of 63,000,000 Shares at an issue price of \$0.0055 to the Exempt Investors (or their respective nominees) under the Placement.

The ratification of issue of the 63,000,000 Shares under the Placement requires approval for the purposes of Listing Rule 7.4 by way of an ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

Under the Placement, the Company plans to issue prior to the meeting a total of 63,000,000 Shares utilising the Company's available capacity under Listing Rule 7.1 (62,710,440 Shares) and Listing Rule 7.1A (289,560 Shares).

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

The issue of the Shares under the Placement does not fall within any of those exceptions and, as it has not been approved by the Company's 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 months following the date of issue of the Placement Shares.

Listing Rule 7.4

Listing Rule 7.4 provides that an issue of Shares or Options made without prior approval under Listing Rule 7.1 can be treated as having been made with that approval if Shareholders subsequently approve it and the issue did not breach Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rule 7.1.

If Resolutions 5(a) and (b) are approved, it will have the effect of refreshing the Company's ability to issue further Shares without the need to obtain further Shareholder approval (subject to the Listing Rules and the Corporations Act).

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

(a) **Maximum Number of Securities Issued**

63,000,000 Shares. 62,710,440 under Listing Rule 7.1 and 289,560 under Listing Rule 7.1A.

(b) **Issue Price of the Securities**

The issue price for the Shares is \$0.0055 each.

(c) **Terms of the Issue**

The Shares will rank equally in all respects with existing Shares on issue.

(d) **Recipients of the Issued Securities**

The Shares will be issued to Exempt Investors (or their respective nominees) which are not related parties of the Company.

(e) **Intended Use of the Funds Raised**

Funds raised by the issue of the Shares under Resolution 5 will be used in accordance with the table set out in section 2.10.

Directors Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 5(a) & (b).

3.7 Resolution 6 – Approval of Issue of Shares under the Placement

Resolution 6 is an ordinary resolution which seeks to approve the issue of the remainder of the Placement Shares (e.g. up to 300,636,363 Shares) at an issue price of \$0.0055 to the Exempt Investors (or their respective nominees).

The issue of the remaining Shares requires Shareholder Approval for the purposes of Listing Rule 7.1 by way of special resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's fifteen percent (15%) capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 6 seeks approval for the issue of up to 300,636,363 Shares under the Placement at an issue price of \$0.0055 to the Exempt Investors (or their respective nominees). If Resolution 6 is approved, the Shares issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 6:

(a) **Maximum Number of Securities the Entity is to Issue**

300,636,363 Shares.

(b) **Date by which the Entity will Issue the Securities**

The Shares will be issued within seven (7) days of the date of the Meeting, subject to the Company receiving shareholder approval under the Notice for the issue of these Shares.

(c) **Issue Price of the Securities**

The issue price for the Shares is \$0.0055 each.

(d) **Names of the Persons to whom the Entity will Issue the Securities (if known) or basis upon those Persons will be Identified or Selected**

The Shares will be issued to the Exempt Investors.

(e) **Terms of the Securities**

The Shares will rank equally in all respects with existing Shares on issue.

(f) **Intended Use of the Fund Raised**

Funds raised by the issue of the Shares under Resolution 6 will be used in accordance with the table set out in section 2.10.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

3.8 Resolutions 7(a), (b) & (c) – Right for Directors to participate in Placement

Resolutions 7(a), (b) & (c) are ordinary resolutions which seek to approve the issue of up to 3,636,363 Shares to each of Mr Grant Mooney, Mr Scott Cuomo and Mr Alexander Sutherland (and/or their nominees) at an issue price of \$0.0055 under the Placement.

The issue of Shares to the Directors requires approval for the purposes of Listing Rule 10.11 by way of an ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

If Resolutions 7(a), (b) & (c) are approved, and each Director were to apply for, and be issued, 3,636,363 Shares under the Placement, then this would raise approximately \$60,000 for the Company.

The Directors are related parties of the Company for the purposes of section 228 of the Corporations Act as they are all directors of the Company.

Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

As noted above, the Directors are related parties of the Company under section 228 of the Corporations Act. However, the Company considers that the proposed issues of Shares under Resolutions 7(a), (b) and (c) fall within the 'arm's length' exception in section 210 of the Corporations Act for the following reasons and, therefore, Shareholder approval is not required:

Directors who wish to participate in the Placement will only be entitled to apply for Shares under the Placement on the same terms (including the offer price of \$0.0055 per Share) as those that apply to other applicants who are not related parties of the Company;

- the ability of the Directors to participate in the Placement may facilitate the Company's ability to complete the Proposed Transaction;
- the dilutionary impact on existing Shareholders would be the same irrespective of whether the Shares are issued to Directors or any other person under the Placement;
- the issue of Shares to the Directors under the Placement would be reasonable in the circumstances if the Company were dealing at arm's length; and
- there are benefits to the Directors holding or otherwise having an interest in Shares in the Company as this will help to incentivise their performance as Directors and, in doing so, further align their interests with those of Shareholders.

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a related party without the approval of holders of ordinary securities. Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

As set out above, each Director is a related party of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Shares to the Directors under the Placement.

Resolutions 7(a), (b) and (c) seek approval for the issue of up to 3,636,363 Shares to each Director for the purpose of satisfying the requirements of Listing Rule 10.11. If Resolutions 7(a), (b) and (c) are approved, the Shares issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 7(a), (b) and (c):

(a) **Names of the Persons**

Mr Grant Mooney, Mr Scott Cuomo and Mr Alexander Sutherland (and/or their nominees).

(b) **Maximum Number of Securities to be Issued**

The maximum number of securities that may be issued pursuant to Resolutions 7(a), (b) and (c) is as follows:

Recipient	Shares
Mr Grant Mooney	3,636,636 Shares
Mr Scott Cuomo	3,636,636 Shares
Mr Alexander Sutherland	3,636,636 Shares
Total	10,909,908 Shares

(c) **Date by which the Entity will Issue under the Securities**

Any Shares to be issued to the Directors under the Placement will be issued at the same time as Shares are issued to other applicants under the Placement, which is anticipated to be on or about 30 October 2020. In any event, however, no Shares will be issued to the Directors (and/or their nominees) later than one (1) months after the Meeting or such longer period as permitted by ASX.

(d) **Relationship that requires Shareholder Approval**

Mr Grant Mooney, Mr Scott Cuomo and Mr Alexander Sutherland (are related parties of the Company under section 228 of the Corporations Act by virtue of being Directors.

(e) **Issue Price of the Securities**

The issue price for the Shares is \$0.0055 each.

(f) **Terms of the Issue**

The Shares will rank equally in all respects with existing Shares on issue.

(g) **Intended Use of the Funds Raised**

Funds raised under the Public Offer will be used in accordance with the table set out in section 2.10.

Directors' Recommendation

Other than to the extent that a Director has a material personal interest in the outcome of Resolutions 7(a), (b) and (c) as the proposed recipient of Shares, the Directors unanimously recommend that Shareholders approve Resolutions 7(a), (b) and (c).

3.9 Resolution 8 –Approval of Issue of Options to Flagstaff

Resolution 8 is an ordinary resolution which seeks to approve the issue of 100,000,000 Options at an exercise price of \$0.0125 and expiry date of three (3) years from the date of issue to Flagstaff or the nominees of Flagstaff (or their respective nominees).

The issue of the Options requires Shareholder Approval for the purposes of Listing Rule 7.1 by way of ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous twelve (12) months, exceed fifteen percent (15%) of the number of shares on issue at the commencement of that twelve (12) month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's fifteen percent (15%) capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 8 seeks approval for the issue of the 100,000,000 Options at an exercise price of \$0.0125 and expiry date of three (3) years from the date of issue to Flagstaff or the nominees of Flagstaff (or their respective nominees). If Resolution 8 is approved, the Options issued will not affect the capacity of the Company to issue securities in the next twelve (12) months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 8:

(a) Maximum Number of Securities the Entity is to Issue

100,000,000 Options.

(b) Date by which the Entity will Issue the Securities

The Options will be issued within seven (7) days of the date of the Meeting, subject to the Company receiving shareholder approval under the Notice for the issue of these Options.

(c) Issue Price of the Securities

The Options will be issued for nil consideration, however, if exercised, will have an exercise price of \$0.0125 each.

(d) Names of the Persons to whom the Entity will Issue the Securities (if known) or basis upon those Persons will be Identified or Selected

The Options will be issued to Flagstaff or the nominees of Flagstaff (or their respective nominees).

(e) Terms of the Securities

Full terms of the Options and are set out in

Annexure A.

(f) **Intended Use of the Fund Raised**

No funds will be raised through the issue of the Options under Resolution 8. Funds raised in the event of exercise of the Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Options will be exercised at any future time.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

3.10 Resolutions 9(a), (b) & (c) – Issue of Options to Directors

Resolutions 9(a), (b) and (c) are ordinary resolutions which seeks to approve the ratification of the issue of:

- (a) 25,000,000 Options to Mr Grant Mooney (and/or his nominee);
- (b) 20,000,000 Options to Mr Scott Cuomo (and/or his nominee);
- (c) 5,000,000 Options to Mr Alexander Sutherland (and/or his nominee),

within one (1) month of the date of the Meeting at an exercise price of \$0.0125 and expiry date of three (3) years from the date of issue to the Directors (or their respective nominees).

The issue of Options to the Directors requires approval for the purposes of Listing Rule 10.11 by way of an ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

The Chair intends to exercise all available proxies in favour of Resolutions 9(a), (b) & (c).

Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issue of securities) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate.

Resolutions 9(a), (b) & (c) therefore requires Shareholder approval under section 208 of the Corporations Act to allow the Directors to issue the Options to the Directors (and/or their nominees), on the terms set out in this Explanatory Statement.

Section 219 of the Corporations Act

Section 219 of the Corporations Act requires the following information be provided to Shareholder for approval to be granted under section 208 of the Corporations Act for Resolutions 9(a), (b) & (c):

(a) **The related parties to whom financial benefits will be given**

The related parties to whom financial benefits will be given are the Directors, being Mr Grant Mooney, Mr Scott Cuomo and Mr Alexander Sutherland (and/or their nominees).

(b) **The nature of the financial benefits**

The financial benefit being obtained by the Directors is as follows:

Director	Financial Benefit
Mr Grant Mooney	25,000,000 Options
Mr Scott Cuomo	20,000,000 Options
Mr Alexander Sutherland	5,000,000 Options

In addition to the issue of the Options, Mr Grant Mooney receives an annual salary of \$30,000, Mr Scott Cuomo receives an annual salary of \$30,000 and Mr Alexander Sutherland receives an annual salary of \$30,000. Mooney & Partners Pty Ltd, a company associated with director Grant Mooney receives \$36,000 per annum plus GST for provision of company secretarial services.

(c) **Valuation of Financial Benefits**

The value of the Options being issued to the Directors is set out in the table below and is determined by the Black-Scholes valuation in accordance with the following assumptions and inputs on 21 October 2020. According to AASB 2 paragraph 19, "Vesting conditions, other than market conditions, shall not be taken into account when estimating the fair value of the shares or share options at the measurement date. Options without market based vesting conditions can be exercised at any time following vesting up to expiry date, and as such are more suitably valued using a Black Scholes option pricing model.

Options	Valuation
Number of Options issued to Mr Grant Mooney	25,000,000
Number of Options issued to Mr Scott Cuomo	20,000,000
Number of Options issued to Mr Alexander Sutherland	5,000,000
Total number of Options issued to Directors	50,000,000
Underlying share price ¹	\$0.018
Exercise price	\$0.0125
Expected volatility	100%
Expiry date (years)	3
Expected dividends	Nil
Interest rate	1.23%
Value per Option	\$0.015
Value of Options issued to Mr Grant Mooney	\$375,000
Value of Options issued to Mr Scott Cuomo	\$300,000
Value of Options issued to Mr Alexander Sutherland	\$75,000
Total value of Options issued to Directors²	\$750,000

Notes:

¹ Assumed VWAP on date of issue (being the volume weighted average price of the shares traded price of Shares on the 5 days the shares traded prior to 21 October 2020).

² Any change in the variables applied in the B&S Model between the date of the valuation and the date that the Options are issued would have an impact on their value.

Accordingly, the total value of Options to be issued to the Directors is \$750,000.

(d) **Directors' Recommendation**

The Directors, in accordance with ASIC Regulatory Guide 76 Table 2 Best Practice in relation to Remuneration do not make any recommendation to the Shareholders in relation to Resolutions 9(a), (b) & (c). Shareholders must decide how to vote on this Resolution based on the contents of the Notice of Meeting, and this Explanatory Statement.

(e) **Interest of Directors**

The Directors, other than Mr Grant Mooney, do not have a material personal interest in the outcome of Resolution 9(a).

The Directors, other than Mr Scott Cuomo, do not have a material personal interest in the outcome of Resolution 9(b).

The Directors, other than Mr Alexander Sutherland, do not have a material personal interest in the outcome of Resolution 9(c).

(f) **Terms of the Financial Benefits**

Full terms of the Options are set out in Annexure A.

(g) **Related parties existing Interest**

Mr Grant Mooney currently has a relevant interest in 1,438,427 Shares in the Company.

Mr Scott Cuomo currently has a relevant interest in 5,000,000 Options in the Company.

Mr Alexander Sutherland currently has a relevant interest in 1,959,596 Shares and 5,000,000 Options in the Company.

(h) **Effect of issue of securities contemplated by Resolutions 9(a), (b) & (c)**

Mr Grant Mooney

The maximum Voting Power that Mr Grant Mooney may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Options) the subject of Resolution 9(a) is 2.7%.

The maximum Voting Power that Mr Grant Mooney may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Options) the subject of Resolution 9(a) is 5.9% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

The Dilutionary effect as a result of Mr Grant Mooney being issued Shares (assuming the vesting and exercise of all of the Options) the subject of Resolution 9(a) is 5.6% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

Mr Scott Cuomo

The maximum Voting Power that Mr Scott Cuomo may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Options) the subject of Resolution 9(b) is 2.1%.

The maximum Voting Power that Mr Scott Cuomo may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Options) the subject of Resolution 9(b) is 4.5% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

The Dilutionary effect as a result of Mr Scott Cuomo being issued Shares (assuming the vesting and exercise of all of the Options) the subject of Resolution 9(b) is 4.5% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

Mr Alexander Sutherland

The maximum Voting Power that Mr Alexander Sutherland may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Options) the subject of Resolution 9(c) is 1.2%.

The maximum Voting Power that Mr Alexander Sutherland may obtain in the Company as a result of being issued Shares (assuming the vesting and exercise of all of the Options) the subject of Resolution 9(c) is 1.6% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

The Dilutionary effect as a result of Mr Alexander Sutherland being issued Shares (assuming the vesting and exercise of all of the Options) the subject of Resolution 9(c) is 1.1% assuming no further issue of shares (including those contemplated in Resolution 6) or conversion of convertible securities into shares occurs.

(i) Other Information

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not in favour of Resolutions 9(a), (b) and/or (c).

Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) a related party;
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of Securities to the Directors falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of the Company's shareholders under Listing Rule 10.11.

Resolutions 9(a), (b) and (c) seek the required shareholder approval to the issue of Options to the Directors, being Mr Grant Mooney, Mr Scott Cuomo and Mr Alexander Sutherland under and for the purposes of Listing Rule 10.11.

If Resolutions 9(a), (b) and (c) are passed, the Company will be able to proceed with the issue of the Options to Mr Grant Mooney, Mr Scott Cuomo and Mr Alexander Sutherland respectively.

If Resolutions 9(a), (b) and (c) are not passed, the Company will not be able to proceed with the issue of the Options to Mr Grant Mooney, Mr Scott Cuomo and Mr Alexander Sutherland respectively and, as a result, may not be able to retain the service of the Directors.

Further, exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

Technical Information – ASX Listing Rule 10.13

ASX Listing Rule 10.13 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolutions 9(a), (b) and (c) as an exception to ASX Listing Rule 10.11:

(a) The name of the allottee of the securities

The names of the allottees of the securities are, for Resolution 9(a) Mr Grant Mooney, for Resolution 10(b) Mr Scott Cuomo and for Resolution 9(c) Mr Alexander Sutherland and/or their respective nominees.

(b) The maximum number of securities to be allotted and issued

The maximum number of securities to be allotted and issued pursuant to Resolutions 10(a), (b) and (c) respectively are as follows:

Recipient	Options
Mr Grant Mooney	25,000,000 Options
Mr Scott Cuomo	20,000,000 Options
Mr Alexander Sutherland	5,000,000 Options
Total	50,000,000 Options

(c) The date of allotment and issue of the securities

Any Options to be issued to the Directors will be issued at the same time as Options are issued to the nominees of Flagstaff (and/or their nominees). In any event, however, no Options will be issued to the Directors (and/or their nominees) later than one (1) month after the Meeting or such longer period as permitted by ASX.

(d) The relationship that requires Shareholder approval

Mr Grant Mooney, Mr Scott Cuomo and Mr Alexander Sutherland are all related parties of the Company under section 228 of the Corporations Act by virtue of being a Director.

(e) **The issue price of the securities**

The Options will be issued for nil consideration, however, if exercised, will have an exercise price of \$0.0125 each.

(f) **The terms of the securities**

Full terms of the Options and are set out in Annexure A.

(g) **The intended use of the funds**

No funds will be raised through the issue of the Options under Resolutions 9(a), (b) & (c). Funds raised in the event of exercise of the Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Options will be exercised at any future time.

(h) **Director's total remuneration package for the current financial year**

The table below sets out the total remuneration package for the current financial year for each director, including all cash, securities and superannuation payments).

Director	Remuneration for current financial year
Mr Grant Mooney ¹	\$32,850
Mr Scott Cuomo	\$32,850
Mr Alexander Sutherland	\$30,000

Note 1: Mooney & Partners Pty Ltd (ACN 063 795 380), a company associated with Mr Grant Mooney, provides Company secretarial fees for an annual fee of \$36,000 per annum plus GST.

3.11 Resolution 10 – Re-election of Scott Cuomo

In accordance with Listing Rules 14.4, 14.5 and clause 11.1 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for three (3) years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

These requirements for a Director to retire do not apply to a Managing Director (but if there is more than one Managing Director, only one is exempt from retirement).

In determining the number and identity of the Directors to retire by rotation, the Managing Director and any Director seeking election after appointment by the Board to fill a casual vacancy are not considered.

Scott Cuomo retires by rotation at this meeting and, being eligible, offers himself for re-election. Brief background information on Scott Cuomo is set out below.

Mr Scott Cuomo

Mr Cuomo is an experienced non-executive director and a successful entrepreneur in the mobile telecommunications sector. His career spans over twenty-five (25) years and includes establishing Vodafone's largest Australian retail partner. Prior to that he was the national Business development manager of Optus reseller, B Digital Limited, an ASX listed company that was subject to take-over in 2007. He offers valuable experience in strategic planning and risk management.

Mr Cuomo is currently a Director of Oracle Capital Group Pty Ltd. The Board confirms that Scott Cuomo will be considered a non-executive Director.

Directors' recommendations

Other than the Director to whom Resolution 10 relates, who does not make any recommendation in relation to his own re-election, the Directors unanimously recommend that Shareholders vote in favour of Resolution 10.

3.12 Resolution 11 – Appointment of Proposed Director

Resolution 11 is an ordinary resolution which seeks to approve the appointment of Michael Bohm] as a director of the Company with effect from the Stage 1 Commencement Date. The Proposed Director is a nominee of the Sellers.

The appointment of the Proposed Director requires approval for all purposes by way of an ordinary resolution, meaning that at least fifty percent (50%) of votes must be cast in favour of the Resolution in order for it to be passed.

Clause 13.4 of the Constitution provides that a person may be elected to the office of a director at a general meeting by Directors' nomination. The Directors may appoint any natural person to be a director either as an addition to the existing Directors or to fill a casual vacancy.

The appointment of the Proposed Director will become effective from the Stage 1 Commencement Date. A brief profile of the Proposed Director are set out below.

Mr Michael Bohm

Mr Bohm is a graduate of the Western Australian School of Mines. Mr Bohm brings to the Board his extensive experience as a mining professional with extensive corporate and operational management skills in the minerals industry. Michael is currently a director of Ramelius Resources Limited and Mincor Resources NL. Mr Bohm is a shareholder of Flagstaff Minerals.

The Board confirms that Michael Bohm will be considered a Non-Executive Director and shall assume the role of Chairman of the Company.

Directors' Recommendation

The Directors unanimously recommend that Shareholders approve Resolution 11.

DEFINITIONS

In this Notice of Meeting and Explanatory Statement, the following terms have the following meanings:

Annexure means an annexure to this Explanatory Statement.

Annual Report means the annual report of the Company for the financial year ended 30 June 2020.

ASIC means the Australian Securities and Investments Commission.

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

Auditor's Report means the auditor's report contained in the Annual Report.

Board means the board of Directors.

Chair means the chairperson of the Meeting.

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

- a spouse or child of the member; or
- a child of the member's spouse; or
- a dependant of the member or the member's spouse; or
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- a company the member controls; or
- a person prescribed by the regulations for the purposes of this paragraph.

Company means Riedel Resources Limited ACN 143 042 022.

Consideration Shares means the Stage 1 Consideration Shares and the Stage 2 Consideration Shares.

Constitution means the current constitution of the Company.

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

COVID-19 means the coronavirus disease COVID-19.

Definitive Documents means the Share Sale and Purchase Agreement and associated documents between the Company and the Vendor with respect to the operation of Flagstaff and the Kingman Project.

Director means a director of the Company.

Directors means the current directors of the Company, being Mr Grant Mooney, Mr Scott Cuomo and Mr Alexander Sutherland.

Directors' Report means the directors' report contained in the Annual Report.

Equity Securities has the meaning given in the Listing Rules.

Election Notice means the written notice from the Company that they elect to proceed with the Stage 2 earn-in under the Proposed Transaction.

Exempt Investors means a sophisticated and/or professional investor to whom securities may be offered by the Company without disclosure under section 708 of the Corporations Act.

Expend or Expenditure means the expenditure on the Kingman Project undertaken in accordance with an approved program of works and budget as set out in the Definitive Documents. This consists of money actually expended, and liabilities and costs reasonably incurred in respect of exploration on the Kingman Project.

Explanatory Statement means this explanatory statement incorporated in this Notice.

Financial Report means the financial report contained in the Annual Report.

Flagstaff means Flagstaff Minerals (USA) Inc.

Flagstaff Option Agreement means the binding option agreement that Flagstaff entered into to acquire the Kingman Project.

Key Management Personnel or **KMP** 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.

Kingman Project means the seventy (70) Flagstaff mining claims targeting copper, zinc, lead, silver and gold deposits located in Chloride, Mohave County, Arizona.

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

Meeting, General Meeting or Annual General Meeting means the Annual General Meeting of Shareholders to be held at Suite 4, 6 Richardson Street, West Perth, Western Australia on Monday 30 November 2020 commencing at 10:00am (WST).

Non-Executive Director means a non-executive director of the Company.

Notice Date means the date by which the Company must provide the Vendor with the Election Date, being no later than ninety (90) days after the Stage 2 Commencement Date.

Notice of Meeting or Notice of Annual General Meeting means the notice of annual general meeting incorporating this Explanatory Statement.

Option means an option to acquire a Share.

Option Payments means the payments described in section 2.2 of this Notice.

Placement means the placement issue as described in section 2.3, on the terms and conditions set out in the Explanatory Statement.

Proposed Director means Mr Michael Bohm.

Proposed Transaction means the transaction summarised in section 2.2 and described in more detail throughout section 2 of this Notice.

Proxy Form means the proxy form attached to this Notice.

Remuneration Report means the remuneration report contained in the Annual Report.

Resolution means a resolution contained in the Notice.

Share means an ordinary fully paid share in the Company.

Shareholder means a holder of one or more Shares.

Share Sale and Purchase Agreement means the share sale and purchase agreement to be entered into between the Company, the vendor and Flagstaff in relation to the sale and purchase of the issued share capital of Flagstaff.

Stage 1 Consideration Shares means the 60,000,000 stage 1 consideration shares at an issue price of \$0.0055 to the Vendor (or their respective nominees), on the terms and conditions in the Explanatory Memorandum.

Stage 1 Minimum Expenditure Condition means the condition that the Company must Expend at least AUD\$1,500,000 on the Project within the first twelve (12) months from the Stage 1 Commencement Date.

Stage 1 Total Expenditure Condition means the condition that, during Stage 1, the Company must Expend AUD\$5,000,000 on the Kingman Project within the first three (3) years from the Stage 1 Commencement Date to obtain a 51% equity interest in Flagstaff.

Stage 2 Consideration Shares means the 100,000,000 stage 2 consideration shares at an issue price of \$0.0055 to the Vendor (or their respective nominees), on the terms and conditions in the Explanatory Memorandum.

Stage 2 Commencement Date means the commencement date for Stage 2, being upon the Stage 1 Total Expenditure Condition being satisfied.

Stage 2 Total Expenditure Condition means the condition that, if the Company gives an Election Notice by the Notice Date, then the Company must Expend a further AUD\$5,000,000 on the Kingman Project within three (3) years from the Stage 2 Commencement Date.

Stage 3 Equity Payment means the payment of AUD\$3,000,000 by the Company to the Vendor (or its nominee(s)) within thirty (30) days of satisfaction of the Stage 2 Total Expenditure Condition for the Company's acquisition of an additional 10% equity interest in Flagstaff.

Tranche 1 Shares means 63,000,000 Shares being issued within ten (10) days of the execution date of the term sheet entered into by the Company and the Vendor.

Tranche 2 Shares means up to 300,636,363 Shares being issued as tranche 2 within seven (7) days of the date of the Meeting, subject to the Company receiving shareholder approval under this Notice for the issue of these Shares.

Transaction Resolutions means the transaction resolutions under this Notice, being resolutions 4(a) & (b), 5(a) and (b), 6, 7(a), (b) & (c), 8, 9 and 11.

Vendor means the vendor under the Share Sale and Purchase Agreement, being Flagstaff Minerals Limited (ACN 626 330 738).

Vendor's Equity Acquisition Right means the Vendor's right to acquire a 2% equity interest in Flagstaff from the Company by paying \$100,000 to the Company if the Company does not give an

Election Notice by the Notice Date, or if the Company gives an Election Notice but fails to satisfy the Stage 2 Total Expenditure Condition.

Withdrawal Right means the right of the Company to not proceed any further with the acquisition of Flagstaff as described in section 2.2(a) of this Notice.

WST means Western Standard Time, being the time in Perth, Western Australia.

10% Placement Facility means the issue of Equity Securities totalling up to 10% of the issued capital of the Company under and in accordance with Listing Rule 7.1A.

ANNEXURE A – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Expiry Date**

Each Option will expire at 5.00pm (WST) on the date that is three (3) years from the date of issue ("**Expiry Date**").

(c) **Exercise Price**

Each Option will have an exercise price equal to \$0.0125 ("**Exercise Price**").

(d) **Vesting, exercise period and lapsing**

The Options are exercisable at any time on or prior to the Expiry Date ("**Exercise Period**").

(e) **Exercise Notice and payment**

Options may be exercised by notice in writing to the Company ("**Exercise Notice**") together with payment of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Payment in connection with the exercise of Options must be in Australian currency, and made payable to the Company in cleared funds.

(f) **Shares issued on exercise**

Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(g) **Quotation of Shares**

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(h) **Timing of issue of Shares**

Subject to clause (i) (Shareholder and regulatory approvals), within 5 business days after the later of the following:

- (i) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price in cleared funds for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and
- (ii) the date that the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Exercise Notice and payment of the Exercise Price in cleared funds for each Option being exercised by the Company,

the Company will allot and issue the Shares pursuant to the exercise of the Options and, to the extent that it is legally able to do so:

- (iii) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (iv) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options.

If the Company is unable to lodge a notice that complies with section 708A(5)(e) of the Corporations Act then the Company may, in its absolute discretion, issue the Shares after the lodgement of a disclosure document issued by the Company complying with Part 6D.2 of the Corporations Act in respect of an offer of Shares (Cleansing Prospectus) or, if agreed by the holder, issue the Shares after the holder signs an undertaking not to deal in the Shares until the earlier of: (a) the Company issuing a Cleansing Prospectus; and (b) 12 months from issue, and agrees to a holding lock being placed on the Shares for this period.

(i) **Shareholder and regulatory approvals**

Despite any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Option before the record date for the bonus issue and there will be no change made to the Exercise Price.

(l) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) **Quotation**

The Company will not apply for quotation of the Options on ASX.

(o) **Transferability**

Options can only be transferred with the prior written consent of the Company, which consent may be withheld in the Company's sole discretion.

SCHEDULE 1 – PRO-FORMA STATEMENT OF COMPANY POSITION

Annexure 1 – Balance sheet

RIEDEL RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Audited 30 June 2020	Proforma Transactions	Proforma
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	885,629	1,865,000	2,750,629
Trade and other receivables	254,571		254,571
TOTAL CURRENT ASSETS	1,140,200		3,005,200
NON CURRENT ASSETS			
Plant and equipment	-		-
Exploration and evaluation expenditure	780,810	330,000	1,110,810
TOTAL NON CURRENT ASSETS	780,810		1,110,810
TOTAL ASSETS	1,921,010		4,116,010
CURRENT LIABILITIES			
Trade and other payables	23,806		23,806
TOTAL CURRENT LIABILITIES	23,806		23,806
TOTAL LIABILITIES	23,806		23,806
NET ASSETS	1,897,204		4,092,204
EQUITY			
Issued capital	19,237,097	2,195,000	21,432,097
Share based payment reserve	34,800		34,800
Foreign currency translation reserve	(124)		(124)
Accumulated losses	(17,374,569)		(17,374,569)
TOTAL EQUITY	1,897,204		4,092,204

PROXY FORM

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

Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (WST)**
Saturday, 28 November 2020.

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

PARTICIPATING IN THE MEETING

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999
SRN/HIN: I9999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

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



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

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

☐

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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Riedel Resources Limited hereby appoint

☐ the Chairman of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Riedel Resources Limited to be held at Suite 4, 6 Richardson Street, West Perth, Western Australia 6005 on Monday, 30 November 2020 at 10:00am (WST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 9(a), 9(b) and 9(c) (except where I/we have indicated a different voting intention in step 2) even though Items 1, 9(a), 9(b) and 9(c) are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 9(a), 9(b) and 9(c) by marking the appropriate box in step 2.

STEP 2

Items of Business

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

ORDINARY BUSINESS		For	Against	Abstain		For	Against	Abstain	
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7(a)	Right for Directors to participate in Placement - 3,636,363 Shares to Mr Grant Mooney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Change to scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7(b)	Right for Directors to participate in Placement - 3,636,363 Shares to Mr Scott Cuomo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7(c)	Right for Directors to participate in Placement - 3,636,363 Shares to Mr Alexander Sutherland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(a)	Approval for Issue of Consideration Shares - 60,000,000 Stage 1 Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	Approval for Issue of Options to Flagstaff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4(b)	Approval for Issue of Consideration Shares - 100,000,000 Stage 2 Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9(a)	Approval for Issue of Options to Directors - 25,000,000 Options to Mr Grant Mooney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5(a)	Ratification of Issue of Shares under the Placement - 62,710,440 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9(b)	Approval for Issue of Options to Directors - 20,000,000 Options to Mr Scott Cuomo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5(b)	Ratification of Issue of Shares under the Placement - 289,560 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9(c)	Approval for Issue of Options to Directors - 5,000,000 Options to Mr Alexander Sutherland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval for Issue of Shares under the Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	Re-election of Scott Cuomo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
					11	Appointment of Proposed Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

SIGN

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

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /