



ACN 116 420 378

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**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

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**Date of Meeting**

5<sup>th</sup> November 2021

**TIME OF MEETING**

10.00 am

**PLACE OF MEETING**

Walker Wayland – Boardroom  
Level 3, 1 Preston Street  
Como WA 6252

**As this is an important document, please read it carefully.**

**This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their stockbroker or licensed professional adviser without delay.**

**TRUSCOTT MINING CORPORATION LIMITED**  
**ACN 116 420 378**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Truscott Mining Corporation Limited ACN 116 420 378 (“**Company**”) will be held at Walker Wayland Boardroom, Level 3, 1 Preston Street Como, WA 6252 on 5<sup>th</sup> November 2021 commencing at 10.00 am.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Meeting. Terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning as given to them in the Glossary as contained in the Explanatory Memorandum.

**AGENDA**

**BUSINESS**

**Financial Statements and Reports**

To receive and consider the financial statements of the Company and the Reports of the Directors and Auditor for the financial year ended 30 June, 2021.

**RESOLUTIONS**

**Resolution 1 – Adoption of Remuneration Report**

To consider, and if thought fit to pass, with or without amendment, the following resolution as an ordinary, non-binding resolution.

*“That, for the purposes of section 250R of the Corporations Act 2001 and for all other purposes, the company adopts the Remuneration Report as contained in the annual financial report of the Company for the financial year ended 30 June 2021.”*

**Voting exclusions**

In accordance with the Corporations Act 2001, the company will disregard any votes cast on this resolution:

- by or on behalf of a member of key management personnel (KMP) named in the Remuneration Report for the year ended 30 June 2021, or that KMP’s closely related party, regardless of the capacity in which the vote is cast
- as a proxy by a member of the KMP at the date of the meeting, or that KMP’s closely related party,

unless the vote is cast as a proxy for a person who is entitled to vote on this resolution:

- in accordance with their directions on how to vote as set out in the proxy appointment or
- by the Chairman pursuant to an express authorisation on the Voting Form.

Please note that if a member directs their proxy vote on Resolution 1 to be at the discretion of the Chairman that vote will not be counted. If a member wants to cast a valid proxy vote on

Resolution 1 then the member must indicate their voting intention by marking the appropriate box.

### **Resolution 2 – Re-election of Director**

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

*“That Dr Ewan E Smith, being a director of the Company, who retires by rotation in accordance with Rule 11.3 of the Company’s Constitution and, being eligible for re-election, is hereby re-elected a director of the Company.”*

### **Voting exclusion statement**

The Company will disregard any votes cast **in favour of** the resolution by or on behalf of:

- the Ewan E Smith or class of persons excluded from voting; or
- an associate of that person.

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

### **Resolution 3 – Issue of Class M Performance Rights in lieu of director’s fees to director – Mr Michael J Povey**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 960,000 Class M Performance Rights to Michael J Povey in lieu of Director Fees and superannuation for the year ended 30 June 2021. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”*

### **Voting exclusion statement**

The Company will disregard any votes cast **in favour of** the resolution by or on behalf of:

- Michael J Povey or class of persons excluded from voting; or

- and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or
- an associate of that person or 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 the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chairman of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Resolution 4 – Issue of Class M Performance Rights in lieu of director’s fees to director – Dr Ewan E Smith**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 960,000 Class M Performance Rights to Ewan E Smith in lieu of Director fees and superannuation for the year ended 30 June 2021. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”*

**Voting exclusion statement**

The Company will disregard any votes cast **in favour of** the resolution by or on behalf of:

- Ewan E Smith or class of persons excluded from voting; or
- and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or
- an associate of that person or 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 the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chairman of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chairman decides; or

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

**Resolution 5 – Issue of Class M Performance Rights in lieu of director’s fees to managing director – Mr Peter N Smith**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 1,280,000 Class M Performance rights to Peter N Smith in lieu of Director fees and superannuation for the year ended 30 June 2021. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”*

**Voting exclusion statement**

The Company will disregard any votes cast **in favour of** the resolution by or on behalf of:

- Peter N Smith or class of persons excluded from voting; or
- and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or
- an associate of that person or 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 the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chairman of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Short explanation for Resolutions 3 – 5:** The directors agreed not to receive cash for their 2021 directors’ fees and superannuation entitlements, but instead to receive Class M Performance Rights, subject to shareholder approval. The purpose is to increase the incentive of the directors to work towards increasing shareholder value and to enable more cash for working capital and for the Company’s research and exploration programs. If Resolutions 3 to 5 do not get shareholder approval, the Directors’ remuneration for the year ended 30 June

2021 will revert to being paid in cash. If this occurs the directors have agreed to defer payment until the Company has the cash resources to be able to pay.

For total remuneration payable to each director, please refer to pages 22 to 24 in the Explanatory Memorandum accompanying this Notice of Meeting.

The Explanatory Memorandum accompanying this Notice of Meeting also includes details of Listing Rule 10.11 that should be read in conjunction with this short explanation.

#### **Resolution 6 – Issue of Class N Performance Rights to managing director – Mr Peter N Smith**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 1,500,000 Class N Performance rights to Peter N Smith. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”*

#### **Voting exclusion statement**

The Company will disregard any votes cast **in favour of** the resolution by or on behalf of:

- Peter N Smith or class of persons excluded from voting; or
- and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or
- an associate of that person or 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 the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chairman of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Resolution 7 – Issue of Class N Performance Rights to director – Mr Michael J Povey**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 500,000 Class N Performance Rights to Michael J Povey. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”*

### **Voting exclusion statement**

The Company will disregard any votes cast **in favour of** the resolution by or on behalf of:

- Michael J Povey or class of persons excluded from voting; or
- and any other person who will obtain a material benefit as a result of the issue of securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or
- an associate of that person or 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 the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- the chairman of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Short explanation for Resolutions 6 & 7:** The Executive Directors have not received a director fee increase, nor a consulting rate increase for over 10 years. In addition, the Executive Directors, Peter N Smith and Michael J Povey have agreed to assist the Company by deferring payment, without interest, to them of consulting fees owing as at 30 June 2021 for services rendered (net of GST) of \$715,084 and \$137,340 respectively. In recognition of these sacrifices the Shareholders are being asked to approve this issue of Class N Performance Rights to these Directors. This issue will also act to increase the incentive of the directors to work towards increasing shareholder value.

For total remuneration payable to each director, please refer to pages 22 to 24 in the Explanatory Memorandum accompanying this Notice of Meeting.

The Explanatory Memorandum accompanying this Notice of Meeting also includes details of Listing Rule 10.11 that should be read in conjunction with this short explanation.

### **Resolution 8 – Ratify Previous Issue of Shares and Options to Sophisticated and/or Professional investors**

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

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment on 12 November 2020 of 5,000,000 fully paid ordinary shares at an issue price of 2.0 cents per share and for the 2,500,000, 1 for 2 free attached unlisted options with an exercise price of 4 cents and an expiry of 25*

*September 2023. Further details of which are set out in the Explanatory Statement accompanying this Notice of General Meeting.”*

**Voting exclusion statement**

The Company will disregard any votes cast **in favour of** the resolution by or on behalf of:

- Any person or entity that participated in the issue; or
- a person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an associate of that person or those persons or entity,

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

**Resolution 9 – Ratify Previous Issue of Shares to Sophisticated and/or Professional investors**

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

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment on 9 July 2021 of 6,000,000 fully paid ordinary shares at an issue price of 3.5 cents per share. Further details of which are set out in the Explanatory Statement accompanying this Notice of General Meeting.”*

**Voting exclusion statement**

The Company will disregard any votes cast **in favour of** the resolution by or on behalf of:

- Any person or entity that participated in the issue; or
- a person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an associate of that person or those persons or entity,

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

**By Order of the Board of Directors**



Michael J Povey  
Company Secretary Truscott Mining Corporation Limited  
23 September 2021

## **PROXIES**

A member of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote for the member at the meeting, or any adjournment thereof. A proxy need not be a member of the Company.

A proxy form is attached. If required it should be completed, signed and returned to the company's registered office in accordance with the proxy instructions on that form.

In accordance with Regulation 7.11.37 of the Corporations Regulations, the directors have determined that the identity of those entitled to attend and vote at the meeting is to be taken as those persons who were registered as holding shares in the Company as at 5.00 p.m. on 2nd November 2021.

**TRUSCOTT MINING CORPORATION LIMITED**  
**ACN 116 420 378**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the Shareholders of Truscott Mining Corporation Limited in connection with the business to be conducted at the forthcoming Annual General Meeting of the Company, or any adjournment thereof and should be read in conjunction with the accompanying notice of meeting.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the Resolutions.

**Annual Financial Report**

The financial report of the Company for the financial year ended 30 June 2021 (including the financial statements, directors' report and auditors' report) was included in the 2021 Annual Report of the Company. The Annual Report is available on the ASX website at [www.asx.com.au/asx/statistics/announcements.do](http://www.asx.com.au/asx/statistics/announcements.do)

**Resolution 1 – Remuneration Report**

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

Voting consequences

Under the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (Spill Resolution) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to the vote. If required, the Spill Resolution must be put to the vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

#### Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

#### Proxy voting restrictions

Members of key management personnel, including the directors, of the Company will be excluded from voting on Resolution 1. In accordance with section 250R of the Corporations Act 2001 if a member directs their proxy vote on Resolution 1 to be at the discretion of the Chairman that vote will not be counted. If a member wants to cast a valid proxy vote on Resolution 1 then the member must indicate their voting intention by marking the appropriate box. If you abstain, your votes will not be counted in calculating the required majority if a poll is called on the resolution.

### **Resolution 2 – Re-Election of Director**

#### **Dr Ewan E Smith**

Pursuant to rule 11.3 of the Company's Constitution, at each Annual General Meeting, one third of the Directors, other than the Managing Director, (or, if their number is not a multiple of 3, then the number nearest to one third) must retire from office. The Directors retire by rotation, with the Directors who have been the longest in office since being appointed or re-appointed being the Directors who must resign in any year. If 2 or more persons became directors (or were re-elected) on the same day, those to retire must be determined by lot unless they otherwise agree among themselves. All Directors are entitled to offer themselves for re-election as a Director at the Annual General Meeting which coincides with their retirement.

Dr Ewan E Smith will retire in accordance with the requirements of the Company's Constitution at the Annual General Meeting. As he is entitled and is eligible for re-election, he seeks re-election as a director of the Company at the meeting.

Dr EE Smith B. Com (Man), BSC, MBBS is a significant shareholder in the Company and has tertiary qualifications in commerce, science and medicine. He has operational experience in geophysics data acquisition, logistics and exploration activities and has the capability to make professional contributions to operational health and safety management.

#### Directors' recommendation:

Your Directors have reviewed the necessary competencies of the Board members and each candidate's contribution to the Board and, with Dr EE Smith abstaining, unanimously recommend Dr Smith's re-election.

### Resolutions 3 to 5 – Issue of Performance Rights to the Directors

Under Resolutions 3 to 5, the Company proposes to issue 3,200,000 Class M Performance Rights (**Class M Right**) to the Directors as follows:

Name	Position	Number	
Peter N Smith	Executive Chairman / Managing Director	1,280,000	Class M Rights
Michael J Povey	Executive Director / Company Secretary	960,000	Class M Rights
Ewan E Smith	Non-Executive Director	960,000	Class M Rights

On meeting the conditions of issue as disclosed in Annexure A, each Class M Right will convert to 1 fully paid ordinary share that will rank equally with all other ordinary shares then on issue.

The issue of the Class M Rights is to replace Directors' fees and superannuation payable as cash for the year ended 30 June 2021. The issue of Class M Rights encourages the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through the prospect of increased share ownership. The issue of Class M Rights in lieu of cash also greatly assists the company in retaining cash for working capital as well as for use in research and exploration activities without the need to go to the market to raise additional capital and with no capital raising costs, other than ASX listing fees. As outlined in Annexure A, these Class M Rights will only convert to ordinary shares if the performance milestone is met before they expire. If the shareholders agree to the issue of these Class M Rights and the performance milestone is not met before the expiry date, the Class M Rights will expire, and the Directors would not have received any Directors' remuneration for the year ended 30 June 2021. The amounts of directors' fees and superannuation that the Class M Rights and shares replace are:

	Directors' fees & superannuation foregone \$	Class M Rights to be issued	Deemed value of the rights at 2.40 cents
Mr PN Smith	57,600	1,280,000	30,984
Mr MJ Povey	43,200	960,000	23,238
Dr EE Smith	43,200	960,000	23,238
	144,000	3,200,000	77,460

**Table 1 – Class M Rights**

The number of Class M Rights to be issued to the Directors is considered reasonable given the deemed value of 2.40 cents being the average closing price of the Company's shares traded on the ASX in the year ended 30 June 2021, that they do not vest until 1 July 2022, and before they can be issued the share price of the Company's listed shares must satisfy the Milestone as specified in Annexure A. Do also note that if the Class M Rights are approved and issued and the Milestone is not reached in the 4 years to expiry, the Class M Rights lapse and the Directors would not have received any amount for their 2020/21 Directors' fees.

The full terms of the Class M Performance Rights can be found in Annexure A.

### **Listing Rule 10.11**

Unless one of the exceptions in rule 10.12 applies, Listing Rule 10.11 provides that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of its ordinary shareholders:

10.11.1 A related party.

10.11.2 A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the entity.

10.11.3 A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the equity and who has nominated a director to the board of the entity pursuant to a relevant agreement which gives them a right or expectation to do so.

10.11.4 An associate of a person referred to in Rules 10.11.1 to 10.11.3.

10.11.5 A person whose relationship with the entity or a person referred to in rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by the ordinary shareholders.

That the issue of Class M Performance Rights is approved under and for the purposes of Listing Rule 10.11.

In accordance with listing rule 10.13, the following information is provided to shareholders:

- (1) The Class M Rights will be issued to Mr PN Smith, Dr EE Smith and Mr MJ Povey who under Listing Rule 10.11.1 are related parties as they are directors of the Company.
- (2) The total number of Class M Rights to be issued is 3,200,000. The break-down is as per the above Table 1.
- (3) The Class M Rights will be issued in accordance with the agreement of the directors to receive Class M Rights in lieu of cash for directors' fees and superannuation.
- (4) Each Class M Right, once converted to one fully paid ordinary share, will rank pari passu with the Company's then issued shares.
- (5) No funds will be raised by the issue of the Class M Rights, but as stated above, there has been a saving of \$144,000 in the company's cash outflow resulting from the sacrifice of directors' fees and superannuation.
- (6) The Class M Rights will be issued on one day and will be issued no later than one business day after the AGM.

Please see pages 22 to 24 of this explanatory memorandum which sets out the Directors' remuneration for the year ended 30 June 2021.

Further, the Company considers that it is in the interests of Shareholders to align the interest of the Directors and Shareholders by encouraging the Directors, subject to appropriate conditions, to have an equity holding in the Company. However, the Company considers that like other Shareholders, this interest should arise through direct investment by the Directors.

In the event the issue of Class M Rights to the Directors is not approved at the AGM by the shareholders, the above amounts will be payable in cash as part of the normal remuneration of the Directors. If this occurs the directors have agreed to defer payment until the Company has the cash resources to be able to pay.

## **Resolutions 6 and 7 – Issue of Class N Performance Rights to the Executive Directors**

Under Resolutions 6 and 7, the Company proposes to issue 2,000,000 Class N Performance Rights (**Class N Right**) to Peter N Smith and Michael J Povey as follows:

<b>Name</b>	<b>Position</b>	<b>Number</b>
Peter N Smith	Executive Chairman / Managing Director	1,500,000
Michael J Povey	Executive Director / Company Secretary	500,000

### **Listing Rule 10.11**

Unless one of the exceptions in rule 10.12 applies, Listing Rule 10.11 provides that an entity must not issue or agree to issue equity securities to any of the following persons without the approval of its ordinary shareholders:

10.11.1 A related party.

10.11.2 A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the entity.

10.11.3 A person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the equity and who has nominated a director to the board of the entity pursuant to a relevant agreement which gives them a right or expectation to do so.

10.11.4 An associate of a person referred to in Rules 10.11.1 to 10.11.3.

10.15.5 A person whose relationship with the entity or a person referred to in rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by the ordinary shareholders.

On meeting the conditions of issue as disclosed in Annexure B, each Class N Right will convert to 1 fully paid ordinary share that will rank equally with all other ordinary shares then on issue.

The Executive Directors have not received a director fee increase, nor a consulting rate increase for over 10 years. In addition, the Executive Directors, Peter N Smith and Michael J Povey have agreed to assist the Company by deferring payment, to them of consulting fees earned over the year ended 30 June 2021 for services rendered totalling \$99,880 (net of GST) and continuing to defer consulting fees earned over the previous six years totalling \$752,544, for a total of \$852,424 (net of GST) over the seven years. These directors have not asked for any interest to be paid on these deferred amounts. This deferral is to last until the Company can make payment. These directors have further agreed to continue deferring part payment of their consulting fees under the same terms. In recognition of these sacrifices and the continuing support to the Company, the Shareholders are being asked to approve this issue of Class N Rights to these Directors. The issue of Class N Rights encourages the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through the prospect of increased share ownership. As outlined in Annexure B, these Class N Rights will only convert to ordinary shares if the performance milestone is met before they expire. If the shareholders agree to the issue of these Class N Rights and the performance milestone is not met before the expiry date, the Class N Rights will expire.

The full terms of the Class N Performance Rights can be found in Annexure B.

The number of Class N Rights to be issued to the Directors is considered reasonable. Based on the average closing price of the Company's shares traded on the ASX in the year ended 30 June 2021 being 2.40 cents, these rights would have a deemed value of:

Director	Number of rights	Deemed value of rights at 2.40 cents
PN Smith	1,500,000	\$36,310
MJ Povey	500,000	\$12,103
Totals	2,000,000	\$48,413

The actual value of these rights will be independently determined on the date of issue.

### **Table 2 Class N Rights**

In accordance with listing rule 10.13, the following information is provided to shareholders:

- (1) The Class N Rights will be issued to Mr PN Smith and Mr MJ Povey
- (2) The total number of Class N Rights to be issued is 2,000,000. The break-down is as per the above Table 2.
- (3) The Class N Rights will be issued in consideration of the sacrifices the directors have made as stated above.
- (4) Each Class N Right, once converted to one fully paid ordinary share, will rank pari passu with the Company's then issued shares.
- (5) No funds will be raised by the issue of the Class N Rights.
- (6) The Class N Rights will be issued on one day and will be issued no later than one business day after the AGM.

Please see pages 22 to 24 of this explanatory memorandum which sets out the Directors' remuneration for the year ended 30 June 2021.

Further, the Company considers that it is in the interests of Shareholders to align the interest of the Directors and Shareholders by encouraging the Directors, subject to appropriate conditions, to have an increased equity holding in the Company. However, the Company considers that like other Shareholders, this interest should arise through direct investment by the Directors.

If Resolutions 6 and 7 are not passed the executive directors will not be issued with any Class N performance rights and will therefore not have received any benefit for the above sacrifices made.

### **Resolution 8 – Ratify Previous Issue of Shares and Options**

Pursuant to section 708 of the Corporations Act, the offer of the Shares under the 12 November 2020 placement did not require the issue of a prospectus as they were made either to professional investors under section 708(11) of the Corporations Act, or to sophisticated investors under section 708(8) of the Corporations Act.

On 12 November 2020 the Company announced to the ASX that it had issued on the same day, by way of placements to sophisticated and/or professional investors, a total of 5,000,000 fully paid ordinary shares at 2.0 cents per share for a total consideration of \$100,000 before



costs. The shares were issued together with 2,500,000, 1 for 2 free attached unlisted options with an exercise price of 4 cents and an expiry date of 25 September 2023.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.4 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 shares it had on issue at the start of that period.

Resolution 8 seeks the required shareholder approval to the Issue and for the purposes of Listing Rule 7.4.

#### Listing Rule 7.4

Under Listing Rule 7.4 an issue of, or agreement to issue, shares made without approval under rule 7.1 is treated as having been made with approval for the purpose of rule 7.1 if each of the following apply.

7.4.1 The issue or agreement did not breach rule 7.1.

7.4.2 The holders of the entity's ordinary shares subsequently approve it.

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

While the Issue did not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval under Listing Rule 7.4. To do this, the Company is asking shareholders to approve the Issue under Listing Rule 7.4 so that it does not use up any of the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

If resolution 8 is passed, the issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the issue date.

If resolution 8 is not passed, the Issue will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity it can issue without shareholder approval over the 12 month period following the Issue date.

The number of Shares and options issued, subject to resolution 8, represented approximately 6.10% of the Company's issued share capital immediately prior to the issue of the placement Shares and Options. This issue did not breach the 15% threshold set by Listing Rule 7.1. The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 5,000,000 shares were allotted together with 2,500,000 options (as per resolution 8).
- (b) The shares were issued for 2.0 cents per share.
- (c) The shares are fully paid ordinary shares that rank equally in all respects with existing Shares.

- (d) The unlisted options have an exercise price of 4 cents and have a last exercise date of 25 September 2023. Any option not validly exercised by 5.pm (WST) on that date lapses with immediate effect and is no longer capable of exercise. Each option may only be exercised by the registered holder of the option by delivering an exercise notice to the Company at its registered office specifying the number of options being exercised. An exercise notice may be delivered at any time during the exercise period and may be delivered by email, post, courier, or by hand. Once delivered, an exercise notice cannot be withdrawn or revoked by the Optionholder. In order for an exercise notice to be valid, the Company must receive cleared funds before the end of the exercise period. Payment to be equal to the exercise price for the number of options to which the exercise notice relates. If the amount of money received is less than the exercise price for the number of options to which the exercise notice relates, the Company may in its discretion elect to treat the exercise notice as an exercise notice for such lower amount of options. Upon being exercised each option will convert to one fully paid ordinary share and will rank equally with all other fully paid ordinary shares then on issue. The shares subject to the exercise notice will be issued no later than two trading days after receipt of the exercise notice and the cleared funds. The Company will apply for official quotation on ASX of all fully paid ordinary shares resulting from the exercise of options on or before the date of issue of the shares.

The options are not transferrable.

The holding of an option does not confer any right to dividends, nor to receive notices of meetings nor financial reports, nor the right to attend meetings of shareholders nor to participate in the surplus or assets of the Company upon a winding up of the company.

The rights of an option holder will be changed to the extent necessary to comply with the listing rules applying to a reorganisation of capital at the time of the reorganisation. An option holder is not entitled to participate in new issues without exercising the option. The option does not confer the right to a change in exercise price, or a change to the number of underlying securities over which it can be exercised.

- (e) The names of the allottees to whom the shares and options were allotted were (as per resolution 8):

	Shares	Options
WW Capital Pty Ltd	1,000,000	500,000
Capricorn Fascia & Roofing Pty Ltd	1,000,000	500,000
Lemuel Investments Ltd	1,000,000	500,000
Neil Francis Stuart	1,000,000	500,000
Grozs Pty Ltd	1,000,000	500,000
	<u>5,000,000</u>	<u>2,500,000</u>

- (f) The allottees are not:
- related parties of the Company;
  - key management personnel of the Company;
  - substantial shareholders of the Company;
  - an advisor to the Company; and
  - not associates of any of the above.

- (g) The funds raised by the issue of the Shares, the subject of Resolution 8, have been, or will be used for Research and Exploration Activities on the Company's tenements in the Northern Territory, and for working capital, including ASX listing fees of nearly \$2,000 for these issues, ASIC fee of \$802 for review of this notice of meeting, broker fee of \$5,000 for the placement and other costs for the day to day running of the Company.

### **Resolution 9 – Ratify Previous Issue of Shares**

Pursuant to section 708 of the Corporations Act, the issue of the Shares under the 9 July 2021 placement did not require the issue of a prospectus as they were made either to professional investors under section 708(11) of the Corporations Act, or to sophisticated investors under section 708(8) of the Corporations Act.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.4 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 shares it had on issue at the start of that period.

Resolution 9 seeks the required shareholder approval to the Issue and for the purposes of Listing Rule 7.4.

On 9 July 2021 the Company announced to the ASX that it had issued on the same day, by way of placement to sophisticated and/or professional investors, a total of 6,000,000 fully paid ordinary shares at 3.5 cents per share for a total consideration of \$210,000 before costs.

#### Listing Rule 7.4

Under Listing Rule 7.4 an issue of, or agreement to issue, shares made without approval under rule 7.1 is treated as having been made with approval for the purpose of rule 7.1 if each of the following apply.

7.4.1 The issue or agreement did not breach rule 7.1.

7.4.2 The holders of the entity's ordinary shares subsequently approve it.

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

While the Issue did not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval under Listing Rule 7.4. To do this, the Company is asking shareholders to approve the Issue under Listing Rule 7.4 so that it does not use up any of the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

If resolution 9 is passed, the issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the issue date.

If resolution 9 is not passed, the Issue will be included in calculating the Company’s 15% limit in Listing Rule 7.1, effectively decreasing the number of equity it can issue without shareholder approval over the 12 month period following the Issue date.

The number of Shares issued, subject to resolution 9, represented approximately 4.55% of the Company’s share capital on issue immediately prior to the issue of the placement Shares. This issue did not breach the 15% threshold set by Listing Rule 7.4. The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 6,000,000 shares were allotted, as per resolution 9.
- (b) The shares were issued for 3.5 cents per share.
- (c) The shares are fully paid ordinary shares that rank equally in all respects with existing Shares.
- (d) The names of the allottees to whom the shares and options were allotted were (as per resolution 9):

Neil Francis Stuart	1,000,000
MPS Staff Super Pty Ltd	900,000
Nelson Enterprises Pty Ltd	750,000
Kerry Denise Peacock	500,000
Lemuel Investments Limited	500,000
Serenella Tonello	450,000
Mutual Trust Pty Ltd	300,000
The Maclean Motor Company	300,000
Forestcorp Australia Pty Ltd	250,000
Halcyon and Hirst Pty Ltd	200,000
P Ewart Investments Pty Ltd	200,000
Adequity Pty Ltd	150,000
Milray Superannuation Pty Ltd	150,000
Mark Andrew Worthington	100,000
Allan Bert Major	100,000
Grapevine Information Technology Pty Ltd	100,000
Sonia Louise Owen	<u>50,000</u>
	<u>6,000,000</u>

- (e) The allottees are not:
  - related parties of the Company;
  - key management personnel of the Company;
  - substantial shareholders of the Company;
  - an advisor to the Company; and
  - not associates of any of the above.
- (f) The funds raised by the issue of the Shares, the subject of Resolution 9, have been, or will be used for Research and Exploration Activities on the Company’s tenements in the Northern Territory, and for working capital, including ASX listing fees of nearly \$2,000 for these issues, ASIC fee of \$802 for review of this notice of meeting, broker fee of \$5,500 for the placement and other costs for the day to day running of the Company.

## **Corporations Act Requirements**

Chapter 2E of the Corporations Act prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party of the company without prior shareholder approval.

The Directors, Peter N Smith, Michael J Povey and Ewan E Smith (the parties to which Resolutions 3 to 7 relate), are considered "related parties" for this purpose, and the issue of Class M Rights and Class N Rights to PN Smith and MJ Povey and the issue Class M Rights to EE Smith constitutes a "financial benefit" for this purpose.

The purpose of the Class M Rights issue is to remunerate the Directors for past services, i.e. for the year ended 30 June 2021 for Directors' fees and superannuation. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company can attract and retain people of the highest calibre.

The Directors considered that receiving the Class M Rights in lieu of directors' fees and superannuation conserved cash resources and allowed additional funds to be spent on research and exploration.

The purpose of the Class N Rights issue is to compensate the Executive Directors as they have not received a director fee increase, nor a consulting rate increase for over 10 years. In addition, the Executive Directors, Peter N Smith and Michael J Povey have agreed to assist the Company by deferring payment to them of consulting fees earned over the year ended 30 June 2021 for services rendered totalling \$99,880 (net of GST) and continuing to defer consulting fees earned over the previous six years for services rendered totalling \$752,544 (net of GST), a total of \$852,424 (net of GST) over the seven years. These directors have not asked for any interest to be paid on these deferred amounts. This deferral is to last until the Company can make payment. These directors have further agreed to continue deferring part payment of their consulting fees under the same terms. In recognition of these sacrifices and their continuing support to the Company, the Shareholders are being asked to approve this issue of Class N Rights to these Directors. The issue of Class N Rights encourages these Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through the prospect of increased share ownership.

The Class M and Class N Rights referred to in Resolutions 3 to 7 will be issued within one month of approval by the Shareholders. The full terms of the Class M and Class N Performance Rights can be found in Annexures A and B respectively.

In accordance with section 219 of the Act, the following information is provided to Shareholders to allow them to assess whether or not it is in the Company's interests to pass Resolutions 3 to 7:

- (a) The related parties to whom the proposed Resolutions would permit the financial benefits to be given are the Directors, Peter N Smith, Michael J Povey and Ewan E Smith, and are the related parties to whom the proposed Resolutions 3 to 7 would

permit a financial benefit to be given. They are related parties of the Company by virtue of section 228 of the Corporations Act.

- (b) The nature of the financial benefit proposed to be given:

The nature of the financial benefit to be given to the related parties is the issue of Class M Rights in lieu of their directors' fees and superannuation for the year ended 30 June 2021, and the issue of Class N Rights in view of financial sacrifices made to the Company for the seven years to 30 June 2021 and are still ongoing.

- (c) The combined number of Class M and Class N Rights to be issued to the Directors represents approximately 3.42% of the Company's share capital on issue immediately prior to the issue of the Rights. This is made up of: Mr PN Smith 1.83%; Mr MJ Povey 0.96%; and Dr EE Smith 0.63%.

### Details of Directors' remuneration

The remuneration for each director of the company during the year ended 30 June 2021 was as follows:

Name	Deferred benefits		Short-term benefits	Class L Rights issued as approved at 2020 AGM \$	Totals \$
	Directors' fees not yet paid and to be issued Class M Rights in lieu of \$	Consulting fees not yet paid \$	Consulting fees paid / payable \$		
<u>Executive directors</u>					
PN Smith	57,600	85,380	71,040	41,353	255,373
MJ Povey	43,200	14,500	19,200	31,015	107,915
<u>Non-executive director</u>					
EE Smith	43,200	0	0	0	43,200
<b>Totals</b>	<b>144,000</b>	<b>99,880</b>	<b>90,240</b>	<b>72,368</b>	<b>406,488</b>

**Table 3 Directors' Remuneration**

For the above consulting fees not yet paid in Table 3, the directors have agreed to defer payment, free of interest, until the Company has the necessary funding to move onwards with exploration of the Company's projects:

The actual value of the Class M and Class N Performance Rights will be independently determined on the date of issue.

The consulting fees were payable either to the director or to entities associated with the respective directors. The directors' fees are the subject of resolutions 3 to 5 and have not yet been paid. If resolutions 3 to 5 are approved the Company will issue 3,200,000 Class M Performance Rights in lieu of the directors' fees and superannuation entitlements.

5,250,000 Class L Performance Rights were issued to the Executive Directors at the 2020 AGM in recognition of sacrifices made to the Company for the year ended 30 June 2020. The

value of these Rights had not been included in the remuneration of the Executive Directors for the year ended 30 June 2020. The value of \$72,368 for the Class L Performance Rights was independently determined on the date of issue.

### **Class M Performance Rights**

In order to conserve cash for research, exploration and working capital purposes the directors agreed to receive “payment” for director fees and superannuation in Class M Performance Rights (**Class M Rights**), subject to shareholder approval.

The number of performance rights that are proposed to be issued to the Directors and the amount of remuneration that they replace are:

<b>Director</b>	<b>Class M Rights in lieu of directors’ fees &amp; superannuation</b>	<b>Remuneration to be replaced by Class M Rights</b>
PN Smith	1,280,000	\$57,600
MJ Povey	960,000	\$43,200
EE Smith	960,000	\$43,200
<b>Totals</b>	<b>3,200,000</b>	<b>\$144,000</b>

**Table 4 Performance Rights**

### **Class N Performance Rights**

In order to further conserve cash, both Mr PN Smith and Mr MJ Povey have not received any increases in executive director’s fees nor increases in consulting fee rates for over 10 years and also agreed to the postponement of part of their consulting fees until the company has the cash resources and the ability to pay. These directors have not asked for any interest to be paid on these deferred amounts. These directors have further agreed to continue deferring part payment of their consulting fees under the same terms. The amounts of deferred consulting fees for the year ended 30 June 2021 (net of GST) were: \$85,380 for Mr PN Smith and \$14,500 for Mr MJ Povey for a total of \$99,880. The total amounts of deferred consulting fees for the years ended 30 June 2015 to 2020 (net of GST) were: \$629,704 and \$122,840 respectively for a combined total of \$752,544 for the six years. The total deferred amounts over the seven years respectively is \$715,084 and \$137,340 for a combined total of \$852,424. To recognise these sacrifices the Shareholders are asked to approve the issue of the following Class N Rights:

<u>Director</u>	<u>Number of rights</u>	<u>Deemed value</u>
Mr PN Smith	1,500,000	\$ 36,310
Mr MJ Povey	<u>500,000</u>	<u>\$ 12,103</u>
Totals	<u>2,000,000</u>	<u>\$ 48,413</u>

**Table 5 Class N Performance Rights Deemed values**

The deemed value of the rights is based on the average closing price of the Company’s shares traded on the ASX in the year ended 30 June 2021 of 2.40 cents.

Both the Class M and Class N Rights are subject to shareholder approval under resolutions 3 to 7 and will only be issued once the approval has been received at the AGM. If such

approval is not received for the Class M Rights, the deferred Directors' fees totalling \$144,000 become payable in cash under the terms of their appointments. If there is no approval of the Class M Rights the directors have agreed to defer payment until the Company has the cash resources to be able to pay.

**Consultancy agreements**

Remuneration and other terms of employment for Mr PN Smith and Mr MJ Povey are formalised in consultancy agreements. Dr EE Smith's director's fees are covered in his letter of appointment. Each of the above agreements provide for directors' fees, superannuation and the provision of professional services. A summary of the agreements is as follows:

The term of each agreement was for 2 years commencing from 30 June 2011. If not renewed the agreements continue on a monthly basis.

Amounts payable were fixed for the 2 years. There has been no change in the rates since 30 June 2011.

The agreements may be terminated by giving 3 months' notice or the company paying 3 months consultancy fee in lieu of notice.

Upon termination of the agreement the consultant is not entitled to claim any compensation or damages from the Company in respect of the termination.

Annual directors' fees payable, inclusive of compulsory superannuation are:

Mr PN Smith	\$57,600
Mr MJ Povey	\$43,200
Dr EE Smith	\$43,200

Minimum annual consultancy fees payable are:

Mr PN Smith	\$230,400
Mr MJ Povey	\$43,200
Dr EE Smith	\$nil

Each director is entitled to receive additional consultancy fees as specified below once the following number of equivalent days have been worked each year:

Mr PN Smith	120 days	\$2,400 per day
Mr MJ Povey	48 days	\$1,800 per day
Dr EE Smith	36 days	\$1,800 per day

In addition to deferring part payment of their consulting fees and to assist the Company, Mr Smith and Mr Povey waived their rights to receive their minimum annual consultancy fees for the year ended 2021.

Peter N Smith and Ewan E Smith (who do not have an interest in Resolutions 3 and 7) recommend to Shareholders that they vote in favour of Resolutions 3 and 7 for the reasons outlined in this Explanatory Memorandum.



Peter N Smith and Michael J Povey (who do not have an interest in Resolution 4) recommend to Shareholders that they vote in favour of Resolution 4 for the reasons outlined in this Explanatory Memorandum.

Michael J Povey, and Ewan E Smith (who do not have an interest in Resolutions 5 and 6) recommend to Shareholders that they vote in favour of Resolutions 5 and 6 for the reasons outlined in this Explanatory Memorandum.

**Shares held by the Directors**

Number of fully paid ordinary shares held by directors and related entities:

Director	Balance 1 July 2020	Acquired from conversion of rights	Shares purchased on the market	Held directly	Held indirectly	Balance 30 June 2021
PN Smith	24,171,553	3,600,000	415,900	0	28,187,453	28,187,453
EE Smith	15,924,893	2,700,000	295,507	140,000	18,780,400	18,920,400
MJ Povey	5,422,944	2,430,000	0	175,000	7,677,944	7,852,944
Totals	45,521,390	8,730,000	711,407	315,000	54,645,797	54,960,797

**Table 6 Director Shareholdings**

On the assumption that the Class M rights are valued at the amount of directors’ fees and superannuation foregone, then number of Class M Rights to be issued in lieu of directors’ fees and superannuation and the percentage of remuneration that it represents for the year ended 30 June 2021 would be:

Director	Class M Rights in lieu of directors’ fees & superannuation	Deemed remuneration represented by Class M Rights %
PN Smith	1,280,000	22.56
MJ Povey	960,000	40.03
EE Smith	960,000	100.00
Totals	3,200,000	

**Table 7 Deemed percentage of remuneration represented by the Class M Rights**

The actual value of the Class M rights may vary depending on market conditions on the day they are granted.

If the Class M Rights issue is approved and the performance milestone is not reached before the expiry date, the Class M Rights will expire, and no shares will be issued.

## Rights held by the Directors

Number of rights held directly by the directors:

Director	Balance 1 July 2020	Issued	Converted to fully paid shares	Expired	Balance 30 June 2021
<b>PN Smith</b>					
Class C Rights	1,500,000	0	0	1,500,000	0
Class D Rights	1,500,000	0	0	1,500,000	0
Class E Rights	2,200,000	0	0	0	2,200,000
Class F Rights	2,200,000	0	0	0	2,200,000
Class G Rights	3,388,000	0	0	0	3,388,000
Class H Rights	3,388,000	0	0	0	3,388,000
Class I Rights	3,600,000	0	3,600,000	0	0
Class J Rights	3,600,000	0	0	0	3,600,000
Class K Rights	0	3,600,000	0	0	3,600,000
Class L Rights	0	3,000,000	0	0	3,000,000
<b>EE Smith</b>					
Class I Rights	2,700,000	0	2,700,000	0	0
Class K Rights	0	2,700,000	0	0	2,700,000
<b>MJ Povey</b>					
Class C Rights	1,100,000	0	0	1,100,000	0
Class D Rights	1,100,000	0	0	1,100,000	0
Class E Rights	1,650,000	0	0	0	1,650,000
Class F Rights	1,650,000	0	0	0	1,650,000
Class G Rights	2,541,000	0	0	0	2,541,000
Class H Rights	2,541,000	0	0	0	2,541,000
Class I Rights	2,700,000	0	2,700,000	0	0
Class J Rights	2,700,000	0	0	0	2,700,000
Class K Rights	0	2,700,000	0	0	2,700,000
Class L Rights	0	2,250,000	0	0	2,250,000
<b>Totals</b>					
Class C Rights	2,600,000	0	0	2,600,000	0
Class D Rights	2,600,000	0	0	2,600,000	0
Class E Rights	3,850,000	0	0	0	3,850,000
Class F Rights	3,850,000	0	0	0	3,850,000
Class G Rights	5,929,000	0	0	0	5,929,000
Class H Rights	5,929,000	0	0	0	5,929,000
Class I Rights	9,000,000	0	9,000,000	0	0
Class J Rights	6,300,000	0	0	0	6,300,000
Class K Rights	0	9,000,000	0	0	9,000,000
Class L Rights	0	5,250,000	0	0	5,250,000

**Table 8 Performance Rights held by the Directors**

Please note terms used in Resolutions 3 to 7 (inclusive) of this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

### **Trade history**

The last trade in the company's shares was for 3.4 cents on 22 September 2021. Over the last 12 months the shares have traded in the range 1.6 cents to 6.0 cents and over the last 3 months the shares have traded in the range 2.8 cents to 4.1 cents.

Yours faithfully



Michael J Povey

Director  
Truscott Mining Corporation Ltd

Date: 23 September, 2021

### **GLOSSARY**

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

<b>AGM</b>	means the annual general meeting of the Company
<b>ASIC</b>	means Australian Securities and Investments Commission.
<b>ASX</b>	means Australian Stock Exchange Limited ACN 008 624 691.
<b>Board</b>	means the board of Directors of the Company.
<b>Business Day</b>	means Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
<b>Company</b>	means Truscott Mining Corporation Limited ACN 116 420 378.
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means Corporations Act 2001.
<b>Corporations Regulations</b>	means Corporations Regulations 2001.
<b>Director</b>	means a director of the Company.
<b>Listing Rules</b>	means the Listing Rules of ASX.
<b>Notice</b>	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
<b>Resolution</b>	means a resolution contained in the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means an ordinary shareholder of the Company;
<b>WST</b>	means Western Standard Time

## **Annexure A – Class M Performance Rights**

### Conditions attaching to the Class M Performance Rights

- (A) A Performance Right is **not** a share in the capital of Truscott Mining Corporation Limited ABN 31 116 420 378 (**the Company**). It is a right, subject to a Milestone being reached, to acquire 1 fully paid ordinary share for each right at no consideration to the holder of the right.
- (B) The Performance Rights shall **not** confer on the holder (**the Holder**) the right to receive notices of general meetings **nor** financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**the Shareholders**). Holders do not have the right to attend general meetings of Shareholders.
- (C) The Performance Rights **do not** entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (D) The Performance Rights **do not** entitle the Holder to any dividends.
- (E) The Performance Rights **do not** participate in the surplus or assets of the Company upon a winding up of the Company.
- (F) The Performance Rights are **not** transferable.
- (G) If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganization.
- (H) The Company shall allot and issue Shares immediately upon conversion of Performance Rights for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.
- (I) The Performance Rights will not be quoted on ASX. However, upon conversion of the Performance Rights into fully paid ordinary shares (the Shares), the Shares will (as and from 5pm WST on the date of allotment) rank equally with and confer rights identical with all other Shares then on issue and the Company must within 2 Business Days after the conversion, apply for official quotation of the Shares arising from the conversion on ASX.
- (J) Shares issued on conversion of the Performance Rights must be free from all encumbrances, securities and third-party interests. The Company must ensure that Shares issued on conversion of the Performance Rights are freely tradeable without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.
- (K) Holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus shares and entitlement issues.
- (L) If, prior to the Expiry Date, a Change in Control Event occurs then each Class M Performance Right will be converted into one Share. The maximum number of Performance Rights that can be converted into Shares and issued under this clause (L) upon a Change in Control Event occurring must not exceed 10% of the issued share capital of the Company (as at the date of the Change in Control Event). The Company shall ensure

a pro-rata allocation of Shares issued under this clause (L) to all Performance Right holders.

(M) The Performance Rights give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(N) As these rights are being issued in lieu of directors' fees that were payable for the year ended 30 June 2021, (i.e. for past services rendered), there is no requirement for the holder of the rights to be employed by the Company on the Issue Date, nor the Conversion Date.

#### Conversion of the Class M Performance Rights

(O) Each Class M Performance Right will automatically convert into one Fully Paid Ordinary Share, as long as the Fully Paid Ordinary Shares have an average last sale price on closing on ASX of at least 7.0 cents on 20 consecutive days (**Milestone**).

(P) Regardless of meeting the Milestone, no right can convert before 1 July 2022.

(Q) If the Milestone has not been achieved by the Expiry Date, then the Performance Rights will automatically expire.

(R) For the purposes of these terms and conditions:

a. "Change in Control Event" means:

1. the occurrence of:

- i. the offeror under a takeover offer in respect of Shares announcing that it has achieved acceptances in respect of 50.0% or more of the Shares; and
- ii. that takeover bid has become unconditional; or

2. the announcement by the Company that:

- i. shareholders of the Company have at a Court-convened meeting of shareholders voted in favour, by the necessary majority of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and
  - ii. the Court, by order, approves the scheme of arrangement, but shall not include a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, subdivision, reduction or return) of the issued capital of the Company.
- b. "Expiry Date" means: In relation to the Class M Performance Rights, 4 years from the date of issue.

## **Annexure B – Class N Performance Rights**

### Conditions attaching to the Class N Performance Rights

- (A) A Performance Right is **not** a share in the capital of Truscott Mining Corporation Limited ABN 31 116 420 378 (**the Company**). It is a right, subject to a Milestone being reached, to acquire 1 fully paid ordinary share for each right at no consideration to the holder of the right.
- (B) The Performance Rights shall **not** confer on the holder (**the Holder**) the right to receive notices of general meetings **nor** financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**the Shareholders**). Holders do not have the right to attend general meetings of Shareholders.
- (C) The Performance Rights **do not** entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (D) The Performance Rights **do not** entitle the Holder to any dividends.
- (E) The Performance Rights **do not** participate in the surplus or assets of the Company upon a winding up of the Company.
- (F) The Performance Rights are **not** transferable.
- (G) If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganization.
- (H) The Company shall allot and issue Shares immediately upon conversion of Performance Rights for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.
- (I) The Performance Rights will not be quoted on ASX. However, upon conversion of the Performance Rights into fully paid ordinary shares (the Shares), the Shares will (as and from 5pm EST on the date of allotment) rank equally with and confer rights identical with all other Shares then on issue and the Company must within 2 Business Days after the conversion, apply for official quotation of the Shares arising from the conversion on ASX.
- (J) Shares issued on conversion of the Performance Rights must be free from all encumbrances, securities and third party interests. The Company must ensure that Shares issued on conversion of the Performance Rights are freely tradeable without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.
- (K) Holders of Performance Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus shares and entitlement issues.
- (L) If, prior to the Expiry Date, a Change in Control Event occurs then each Class N Performance Right will be converted into one Share. The maximum number of Performance Rights that can be converted into Shares and issued under this clause (L) upon a Change in Control Event occurring must not exceed 10% of the issued share capital of

the Company (as at the date of the Change in Control Event). The Company shall ensure a pro-rata allocation of Shares issued under this clause (L) to all Performance Right holders.

(M) The Performance Rights give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(N) These rights are being issued to the executive Directors as they agreed to defer payment of part of their consulting fees and have agreed to not request consulting rate increases until the Company has the capacity to pay. In addition, they have agreed to not charge interest on the deferred amounts. To recompense these directors for their sacrifice and continued support (i.e. for past services rendered), there is no requirement for the holder of these rights to be employed by the Company on the Issue Date, nor on the Conversion Date.

#### Conversion of the Class N Performance Rights

(O) Each Class N Performance Right will automatically convert into one Fully Paid Ordinary Share, as long as the Fully Paid Ordinary shares have an average last sale price on closing on ASX at least of 8 cents on 20 consecutive days (**Milestone**).

(P) Regardless of meeting the Milestone, no right can convert before 1 July 2022.

(Q) If the Milestone has not been achieved by the Expiry Date, then the Performance Rights will automatically expire.

(R) For the purposes of these terms and conditions:

a. "Change in Control Event" means:

1. the occurrence of:

- i. the offeror under a takeover offer in respect of Shares announcing that it has achieved acceptances in respect of 50.0% or more of the Shares; and
- ii. that takeover bid has become unconditional; or

2. the announcement by the Company that:

- i. shareholders of the Company have at a Court-convened meeting of shareholders voted in favour, by the necessary majority of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and
  - ii. the Court, by order, approves the scheme of arrangement, but shall not include a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, subdivision, reduction or return) of the issued capital of the Company.
- b. "Expiry Date" means in relation to the Class N Performance Rights, 4 years from the date of issue.

## Proxy Form

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR

### Section A: Appointment of Proxy

I/we the above named, being registered holders of Truscott Mining Corporation Ltd and entitled to attend and vote hereby appoint:

	The meeting chairperson	<u>OR</u>	
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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, as the proxy sees fit at the Annual General Meeting of Truscott Mining Corporation Ltd to be held at Walker Wayland, Level 3, 1 Preston Street, WA 6252, on 5<sup>th</sup> November 2021 at 10.00 a.m. and at any adjournment of that meeting.

### Section B: Voting directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in favour of all the resolutions except as indicated on the following page.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

		<b>For</b>	<b>Against</b>	<b>Abstain*</b>
Item 1	To adopt Remuneration Report*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Re-election of Dr Ewan E Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Approve issue of Class M Rights to Mr Michael J Povey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Approve issue of Class M Rights to Dr Ewan E Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Approve issue of Class M Rights to Mr Peter N Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



		<b>For</b>	<b>Against</b>	<b>Abstain*</b>
Item 6	Approve issue of Class N Rights to Mr Peter N Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Approve issue of Class N Rights to Mr Michael J Povey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8	Ratify issue of fully paid shares with free attached options to sophisticated and professional investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 9	Ratify issue of fully paid shares to sophisticated and professional investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\* In accordance with section 250R of the Corporations Act, if a member directs their proxy vote on Resolution 1 to be at the discretion of the Chairman that vote will not be counted. If a member wants to cast a valid proxy vote on Resolution 1 then the member must indicate their voting intention by marking the appropriate box.

\* In accordance with section 224 of the Corporations Act, if a member directs their proxy vote on Resolutions 2 to 7 to be at the discretion of the Chairman that vote will not be counted. If a member wants to cast a valid proxy vote on Resolutions 2 to 7 then the member must indicate their voting intention by marking the appropriate box.

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

**PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions to enable your directions to implemented.

Individual or Securityholder 1

Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

_____	_____	____/____/____
Contact Name	Contact Daytime Telephone	Date

## How to complete the Proxy Form

### 1. Your Name and Address

This is the name and address on the Share Register of the Company as shown on the front of the proxy form.

### 2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting write the full name of that individual or body corporate in the space provided in Section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer or the registered securityholder in the space.

### 3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by emailing the company at [admin@truscottmining.com.au](mailto:admin@truscottmining.com.au) or telephoning the company on 0419 956 232 or you may photocopy this form.

To appoint a second proxy you must:

- (a) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that Form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together in the same envelope.

### 5. Signing Instructions

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

<b>Individual:</b>	where the holding is in one name, the shareholder must sign.
<b>Joint Holding:</b>	where the holding is in more than one name, all of the shareholders must sign.
<b>Power of Attorney:</b>	to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified copy of the Power of Attorney to this form when you return it.
<b>Companies:</b>	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 may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or the Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company or from <https://automic.com.au/forms.html> under Smart Forms.

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting at 10.00 a.m. (WST) on 5<sup>th</sup> November 2021. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged:

BY MAIL      PO Box 2805, West Perth WA 6872 Australia  
BY EMAIL     [admin@truscottmining.com.au](mailto:admin@truscottmining.com.au)