

# Alara Resources

## Notice of Extraordinary General Meeting and Explanatory Statement

### To Shareholders

**Date and Time of Meeting:** 1:00 PM (Australian Western Standard Time or Perth time)  
on Thursday, 21 September 2023

**Place of Meeting:** Fortuna Advisory Group  
Suite 2, 110 Erindale Road  
Balcatta Western Australia  
AUSTRALIA

#### **Purpose of this Document**

This Notice of Extraordinary General Meeting and Explanatory Statement has been prepared for the purpose of providing Shareholders with all information known to the Company that is material to Shareholders' decision on how to vote on the proposed Resolutions at the Extraordinary General Meeting (EGM). Shareholders should read this Notice of Extraordinary General Meeting and Explanatory Statement in full to make an informed decision as to how to vote on the Resolutions to be considered at this Extraordinary General Meeting.

The Chairman of the Extraordinary General Meeting will vote open proxies received *in favour* of all Resolutions to be considered at the Extraordinary General Meeting, except where not permitted to do so by a voting exclusion.

This Notice of Extraordinary General Meeting and Explanatory Statement is dated 18 August 2023.

#### **ASX and ASIC**

A copy of this Notice of Meeting and Explanatory Statement has been lodged with ASX. Neither ASX nor any of its officers take any responsibility for the contents of this document. There was no requirement to lodge a copy of the Notice of Meeting or Explanatory Statement at ASIC for this EGM.

#### **Enquiries**

If you have any questions regarding the matters in this Notice of Extraordinary General Meeting and Explanatory Statement, please contact the Company or your professional advisors.



Alara Resources Limited  
ABN 27 122 892 719

#### **Registered and Principal Office:**

Suite 2, 110 Erindale Road  
Balcatta Western Australia 6021  
AUSTRALIA

T | +61 8 9240 4211  
F | +968 2449 2491  
E | [info@alararesources.com](mailto:info@alararesources.com)  
W | [www.alararesources.com](http://www.alararesources.com)

#### **Share Registry:**

Advanced Share Registry Services  
10 Stirling Hwy  
Nedlands Western Australia 6009  
AUSTRALIA

T | +61 8 9389 8033  
T | Local Call Rate: 1300 113 25 (within Australia)  
E | [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
W | [www.advancedshare.com.au](http://www.advancedshare.com.au)

## Notice of Extraordinary General Meeting

An Extraordinary General Meeting of Shareholders of Alara Resources Limited ABN 27 122 892 719 (**Alara** or the **Company**) will be held at the office of **Fortuna Advisory Group, Suite 2, 110 Erindale Road, Balcatta, Western Australia, AUSTRALIA** at 1:00 pm (Australian Western Standard Time or Perth time) on **Thursday, 21 September 2023**.

### Agenda

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1. **Resolution 1 – Approve prior issue of 107,713,131 Options to Trafigura Pte Ltd**

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

*“For the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders approve the issue of 107,713,131 options to Trafigura Pte Ltd (**Trafigura**) pursuant to a Warrant Deed between the Company and Trafigura dated 26 July 2023, on the terms and conditions set out in the Explanatory Statement accompanying this Notice, which were issued on 26 July 2023”.*

A **Voting Exclusion** applies to this Resolution, on the terms specified in the Explanatory Statement.

2. **Resolution 2 – Approve proposed issue of 71,808,754 Options to Trafigura Pte Ltd**

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

*“For the purposes of ASX Listing Rule 7.1 and all other purposes, Shareholders approve the issue of 71,808,754 options to Trafigura Pte Ltd (**Trafigura**) pursuant to a Warrant Deed between the Company and Trafigura dated 26 July 2023, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

A **Voting Exclusion** applies to this Resolution, on the terms specified in the Explanatory Statement.

Dated: 18 August 2023



By Order of the Board  
**Stephen Gethin, Chairman**

# Explanatory Statement

This Explanatory Statement is provided to the Shareholders of Alara Resources Limited (**Alara** or the **Company**) pursuant to and in satisfaction of the *Corporations Act (Cth) 2001* (**Corporations Act**) and the Listing Rules (**Listing Rules**) of the Australian Securities Exchange (**ASX**). This Explanatory Statement is intended to be read in conjunction with the Notice of Extraordinary General Meeting.

## 1. Resolution 1 – Approve the prior issue of 107,713,131 options to Trafigura Pte Ltd

Resolution 1 seeks Shareholders' approval of the *prior* issue by the Company of 107,713,131 Options ("**Tranche 1 Options**") to Trafigura Pte Ltd (**Trafigura**) under a deed between Alara and Trafigura dated 26 July 2023 (**Warrant Deed**). The key commercial terms of the Warrant Deed are set out below. (A "warrant", to which the title "Warrant Deed" refers, is the same as an option under ASX Listing Rules.)

Alara entered the Warrant Deed in fulfilment of a condition precedent to a loan agreement which it also entered into with Trafigura, under which Trafigura advanced USD 3.45 million (AUD 5.083 million<sup>1</sup>) to Alara (**Loan Agreement**). The Company is required to issue the Tranche 1 Options as part of its obligation to provide security for its obligations under the Loan Agreement. (Alara's remaining obligation to provide security under the Loan Agreement will be satisfied by issuing the Tranche 2 Options, explained in further detail in connection with Resolution 2 in this Explanatory Statement, below). The key commercial terms of the Loan Agreement are set out below.

### Loan Agreement – key commercial terms

<b>Loan Amount</b>	USD 3.45 million (AUD 5.083 million <sup>1</sup> ).
<b>Interest Rate:</b>	SOFR <sup>2</sup> (a variable rate) plus a margin of 5.15% per annum. At the date of this notice of EGM, the total interest rate (subject to future variation consequent on any variation in SOFR) is 10.45% per annum.
<b>Maturity Date:</b>	30 June 2029.
<b>Grace Period</b>	Repayments of the Loan Amount commence on 30 September 2025.
<b>Repayments:</b>	The Loan Amount is to be repaid in 16, equal quarterly instalments commencing on the expiry of the Grace Period.
<b>Security</b>	The issue by the Company of 179,521,885 options (referred to as "warrants" in the Warrant Deed) to Trafigura ( <b>Options</b> ), in two (2) Tranches specified in the section titled "Warrant Deed – Key Commercial Terms", below. The key commercial terms of the Options are set out below. The Company is not required to grant Trafigura any security interest in any of its assets other than issuing the Options.
<b>Events of Default<sup>3</sup></b>	<ul style="list-style-type: none"> <li>• Failing to obtain Shareholders' approval to the issue of the Tranche 2 Options (defined below); and</li> <li>• Other events of default common for a loan facility of this kind, including, without limitation: <ul style="list-style-type: none"> <li>○ non-payment of an amount due by its due date.</li> <li>○ failure to comply with appropriate anti-bribery, anti-money laundering and sanctions policies</li> <li>○ misrepresentation to the lender.</li> <li>○ the Company does not pay any other financial indebtedness within any applicable grace period, or other indebtedness is cancelled or declared due and payable before maturity<sup>4</sup>.</li> <li>○ Al Hadeetha Resources LLC (<b>AHRL</b>) breaches an obligation under the offtake agreement with Trafigura<sup>5</sup>.</li> <li>○ insolvency of Alara or Alara Oman Operations Pty Ltd (<b>AOOPL</b>)<sup>6</sup>.</li> <li>○ a change of control of Alara or AHRL occurs.</li> <li>○ the Company suspends or ceases to carry on any material part of its business or it becomes unlawful for it to perform its obligations under the Loan Agreement or the Warrant Deed.</li> <li>○ breach of obligation to report to the lender on construction and mining activities at the Wash-hi – Majaza copper-gold mine.</li> <li>○ an event or circumstance occurs which the Lender, acting reasonably, believes has or is reasonably likely to have a material adverse effect on the business, operations, affairs, financial condition, property or assets of the Company which impairs its ability to perform its payment obligations under the Loan Agreement.</li> </ul> </li> </ul>

<sup>1</sup> Equivalent to AUD 5.083 million at a USD:AUD exchange rate of 1.4735 on the date on which Alara gave the drawdown request under the Loan Agreement, 26 July 2023.

<sup>2</sup> The "Secured Overnight Financing Rate" published by the Federal Reserve Bank of New York. At the date of this notice SOFR was 5.3% per annum.

<sup>3</sup> Events which entitle the lender to declare the entire loan due and payable immediately. The events of default listed are summaries of more detailed provisions of the Loan Agreement.

<sup>4</sup> Subject to a materiality threshold.

<sup>5</sup> The offtake agreement is an agreement under which AHRL agrees to sell copper concentrate from the Wash-hi – Majaza copper-gold mine to Trafigura, detailed in Alara's ASX announcement dated 26 July 2023.

<sup>6</sup> AOOPL is a 100% owned subsidiary of Alara through which it holds its 51% interest in AHRL, which is constructing the Wash-hi – Majaza copper-gold mine.

**Warrant Deed – Key Commercial Terms**

- Number of options to be issued:** 179,521,885 options, in two (2) Tranches referred to below (together, the **Options**):
- Tranche 1 – 107,713,131 options (**Tranche 1 Options**). The Tranche 1 Options were issued on 26 July 2023. (These options are the subject of this Resolution 1).
  - Tranche 2 – 71,808,754 options (**Tranche 2 Options**). These options will be issued immediately after this meeting, if Shareholders approve their issue by passing Resolution 2 at this EGM. (These options are *not* the subject of this Resolution 1).

**Tranche 2 Options to be approved** Alara must obtain its Shareholders' approval to the issue of the Tranche 2 Options.

**Expiry Date:** 30 June 2029.

**Conditions Entitling Holder to Exercise:** The Options are exercisable only if an event of default occurs under the Loan Agreement (**Event of Default**). If an Event of Default occurs and all the Options (that is, the Tranche 1 Options and the Tranche 2 Options) are exercised, the ordinary shares in Alara issued as a result would represent 20% of the total, post-exercise voting power in Alara.

Because the Options are issued solely as security for Alara's obligations under the Loan Agreement, in the case of an Event of Default Trafigura may exercise only that number of Options as is equal to the total of the Loan Amount, unpaid interest and any enforcement expenses outstanding under the Loan Agreement at the time the Options are exercised, divided by the Exercise Price for a single Option. For clarity:

- the Options may not be exercised unless there is an Event of Default; and
- the number of Options which may be exercised if an Event of Default occurs is limited to the number determined by dividing the total amount of outstanding principal, interest and enforcement expenses due by Alara under the Loan Agreement at the time of the Event of Default by the exercise price of a single Option.

**Consequences of Exercise** Each Option, if exercised, entitles Trafigura to be issued with one, fully paid ordinary share in Alara. Each Option has an exercise price, detailed below. If an Option is exercised Trafigura will not pay the exercise price to Alara in cash. Instead, Alara's liability to Trafigura under the Loan Agreement for outstanding principal, interest and enforcement expenses would be reduced by the exercise price of a single Option multiplied by the number of Options exercised.

**Exercise Price** If an Event of Default occurs, the Options are exercisable at a 10% discount to the volume-weighted average price of Alara shares traded on ASX over the 30-day period prior to the date of the Event of Default which triggered the exercise (**Exercise Price**). This Exercise Price is not payable by Trafigura to Alara in cash on the exercise of an Option, however, as specified in the section "Consequences of exercise", above.

**Purpose of Loan Agreement**

Alara borrowed the Loan Amount under the Loan Agreement for the principal purpose of enabling it to introduce further capital into its 51% owned joint-venture company, Al Hadeetha Resources LLC (**AHRL**). AHRL is a company registered in the Sultanate of Oman which is building the Wash-hi – Majaza copper gold project in that country. The remainder of the amount raised by borrowing the Loan Agreed amount will be used for by Alara for general working capital.

**Reason for seeking Shareholders' approval**

In general terms, and subject to a number of exceptions, Listing Rule 7.1 limits the number of Equity Securities (which includes options) which a listed company may issue without its Shareholders' approval over any 12-month period to the number equal to 15% of the fully paid, ordinary shares which it had on issue at the start of that period.

Listing Rule 7.4, however, provides that an issue of securities made without Shareholders' approval under rule 7.1 is treated as having been made with that approval if both of the following conditions apply:

- the issue did not breach Listing Rule 7.1; and
- the holders of the entity's ordinary securities subsequently approve it.

The issue of the Tranche 1 Options did not breach Listing Rule 7.1.

Resolution 1 seeks Shareholders' approval to the prior issue of the Tranche 1 Options under and for the purposes of Listing Rule 7.4.

**Information required by Listing Rules**

Listing Rule 7.5 specifies matters which must be included in a notice of meeting requesting Shareholders' approval under Listing Rule 7.4 to a prior issue of Equity Securities. The Company provides Shareholders with the information below, as well as elsewhere in this section of this Explanatory Statement, in accordance with Listing Rule 7.5, to assist them to decide whether to vote in favour of Resolution 1:

**LR 7.5.1 Name of person to whom Options were issued:** All the Tranche 1 Options were issued to Trafigura Pte Ltd. Trafigura is not an Associate of the Company.

**LR 7.5.2 Number and class of options issued:** 107,713,131 options.

**LR 7.5.3 Summary of material terms of options:** Each Tranche 1 Option entitles Trafigura to require the Company to issue it one, fully paid, ordinary share in the Company in consideration of Trafigura setting off an amount equal to the Exercise Price against Alara's liability for the principal amount of the Loan Amount, unpaid interest and enforcement expenses at the time of exercise of the Options. The Tranche 1 Options may only be exercised in the case of an Event of Default under the Loan Agreement. Full details of the Tranche 1 Options which the Listing Rules require the Company to give Shareholders are set out under the heading "Warrant Deed – key commercial terms", above.

**LR 7.5.4 Date of issue:** The Company issued the Tranche 1 Options on 26 July 2023.

**LR 7.5.5 Price or other consideration for the issue:** The Tranche 1 Options were not issued for a current or deferred cash or other purchase price. The Company issued the Tranche 1 Options as part of its obligation to provide security to Trafigura for a loan of USD 3.45 million (AUD 5.083 million<sup>7</sup>) made by Trafigura to Alara on or about 27 July 2023. Full commercial details of the Loan Agreement are set out under the heading “Loan Agreement – key commercial terms”, above. (The Company is also required to issue the Tranche 2 Options – which are explained in full detail in the section of this Explanatory Statement on Resolution 2, below – as the remaining part of its obligation to provide security for the Loan Agreement.)

The Tranche 1 Options were issued for the purpose of enabling the Company to derive a benefit, namely the ability to borrow the Loan Amount under the Loan Agreement. If an Event of Default occurs under the Loan Agreement and Trafigura exercises any of the Tranche 1 Options, the amount of the exercise price per Option, multiplied by the number of Options exercised, will reduce the amount which Alara owes Trafigura under the Loan Agreement for outstanding principal, interest and enforcement expenses. The Company entered the Loan Agreement for the purpose referred to under the heading “Purpose of Loan Agreement”, above.

**LR 7.5.6 Purpose of the issue and intended use of funds raised:** The Company issued the Tranche 1 Options in part satisfaction of its obligation to provide security to Trafigura under the Loan Agreement. (The remaining part of Alara’s obligation to provide security to Trafigura under the Loan Agreement is to issue the Tranche 2 Options, as explained in the section on LR 7.5.5, above). The Company entered the Loan Agreement to enable the Company to derive a benefit, namely the ability to borrow the Loan Amount under the Loan Agreement. The Company borrowed the Loan Amount for the purpose referred to under the heading “Purpose of Loan Agreement”, above.

**LR 7.5.7 Summary of terms of agreement under which Options issued:** The Tranche 1 Options were issued under agreements – the Warrant Deed and the Loan Agreement. The material terms of the Warrant Deed and the Loan Agreement are fully disclosed above, in the introductory part of the section of this Explanatory Memorandum relating to this Resolution 1.

#### **Consequences if Resolution 1 is passed**

If Resolution 1 *is passed*, the issue of the Tranche 1 Options will be excluded from the calculation of the number of Equity Securities that Alara may issue without Shareholders’ approval under Listing Rule 7.1.

#### **Consequences if Resolution 1 is not passed**

If Resolution 1 *is not passed*, the issue of the Tranche 1 Options will not fall within any of the exceptions to Listing Rule 7.1 from the need to obtain Shareholders’ approval. Alara had 718,087,541 fully paid ordinary shares on issue on 27 July 2022, 12 months before the date of issue of the Tranche 1 Options. 15% of that number is 107,713,131 – the same as the number of Tranche 1 Options which were issued.

Although the issue of the Tranche 1 Options did not exceed the 15% limit in Listing Rule 7.1, and therefore did not require Shareholders’ approval under rule 7.1 when they were issued, Alara’s Board of Directors considers that the Company should retain as much flexibility as possible to issue additional Equity Securities in future without the requirement to first obtain Shareholders’ approval under Listing Rule 7.1. To give Alara the flexibility to do this, it is seeking Shareholders’ approval under Listing Rule 7.4 of the prior issue of the Tranche 1 Options, so that that issue will not be counted against the 15% limit on the Company’s ability to issue Equity Securities without Shareholders’ approval in the 12 month period which commenced on 26 July 2023.

The Company’s ability to issue Options up to a number equal to 15% of the fully paid, ordinary shares which the Company had on issue at the date 12 months before the issue of the Tranche 1 Options without first obtaining Shareholders’ approval was critical to its ability to raise the Loan Amount within the timeframe required.

If Resolution 1 *is not passed*, the Tranche 1 Options will still have been validly issued, but Alara will have no further capacity to issue Equity Securities (i.e. options or shares) without Shareholders’ approval under Listing Rule 7.1 for 12 months from 26 July 2023, the date of issue of the Tranche 1 Options.

The process of calling a Shareholders’ meeting to seek approval for the issue of Equity Securities can take nearly two (2) months. There is a reasonable likelihood that one or more opportunities for Alara to enter into a transaction which is time sensitive will arise over the next 12 months. There is a significant risk that if a time-sensitive opportunity of that kind arises, Alara would be unable to take advantage of it, or would be able to take advantage of it only on less favourable terms, if it was required to delay executing any relevant agreement for a up to the approximately two (2) months required to seek and obtain Shareholders’ approval. The opportunity to enter into the Loan Agreement, to secure further capital which AHRL requires for the construction of its Al Wash-hi – Majaza copper-gold mine in Oman, is itself an example of the type of opportunity for which the Company required the flexibility to issue shares or options without obtaining prior Shareholders’ approval.

#### **Voting Exclusion**

In accordance with Listing Rules 7.5.8 and 14.11, the Company will disregard any votes cast on Resolution 1 by or on behalf of Trafigura Pte Ltd and any of its associates. However, this does not apply to a vote cast in favour of this resolution by:

- a person who is a 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;
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- a shareholder acting solely in a nominee, trustee, custody 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 the directions given by the beneficiary to the holder to vote in that way.

#### **Directors’ Recommendations**

For the reasons stated above in the discussion of the consequences of the passage or non-passage of Resolution 1, Alara’s Board of Directors unanimously consider that a “refreshment” of the Company’s capacity to issue equity securities in number up to 15% of the Company’s fully paid ordinary shares on issue date 12 months before any proposed future issue is in Shareholders’ best interests. The Directors consider that the issue of the Tranche 1 Options, as part of the Company’s obligations to secure the Loan Amount under the Loan Agreement, was in the Company’s best interests. Therefore, the Directors unanimously recommend that Shareholders vote *in favour* of Resolution 1.

<sup>7</sup> See footnote 1.

## 2. Resolution 2 – Approve proposed issue of 71,808,754 Options to Trafigura Pte Ltd

Resolution 2 seeks Shareholders' approval of the proposed issue by the Company of 71,808,754 Options (**Tranche 2 Options**) to Trafigura Pte Ltd (**Trafigura**) pursuant to the Warrant Deed. The "Warrant Deed" is defined in the section of this Explanatory Statement on Resolution 1, above. The key commercial terms of the Warrant Deed are set out in that section of this Expenditure Statement, under the heading "Warrant Deed – Key Commercial Terms".

Alara entered the Warrant Deed in fulfilment of a condition precedent to the Loan Agreement. The "Loan Agreement" is defined in the section of this Explanatory Statement on Resolution 1, above. The key commercial terms of the Loan Agreement are set out in that section of this Explanatory Statement, under the heading "Loan Agreement – Key Commercial Terms".

### Reason for seeking Shareholders' approval

In general terms, and subject to a number of exceptions, Listing Rule 7.1 limits the number of Equity Securities (which includes options) which a listed company may issue without its Shareholders' approval over any 12 month period to the number equal to 15% of the fully paid, ordinary shares which it had on issue at the start of that 12-month period.

Because of the issue of the Tranche 1 Options (as fully detailed in the section of this Explanatory Statement relating to Resolution 1, above) the Company had no ability to issue any further options (or Equity Securities of any kind) without first obtaining Shareholders' approval. As a consequence, the Company requires Shareholders' approval to issue the Tranche 2 Options.

Resolution 2 seeks Shareholders' approval to the proposed issue of the Tranche 2 Options under and for the purposes of Listing Rule 7.1.

### Information required by Listing Rules

Listing Rule 7.3 specifies matters which must be included in a notice of meeting seeking Shareholders' approval to a proposed issue of Equity Securities under Listing Rule 7.1. The Company provides Shareholders with the information below, as well as elsewhere in this section of this Explanatory Statement, in accordance with Listing Rule 7.3 to assist them to decide whether to vote in favour of Resolution 2:

**LR 7.3.1 Name of person to whom Options were issued:** If Shareholders' approval is granted, all the Tranche 2 Options will be issued to Trafigura Pte Ltd. Trafigura is not an Associate of the Company.

**LR 7.3.2 Number and class of options issued:** 71,808,754 options.

**LR 7.3.3 Summary of material terms of options:** Each Tranche 2 Option entitles Trafigura to require the Company to issue it one, fully paid, ordinary share in the Company in consideration of Trafigura setting off an amount equal to the Exercise Price against Alara's liability for the principal amount of the Loan Amount, unpaid interest and enforcement expenses at the time of exercise of the Options. The Tranche 2 Options may only be exercised in the case of an Event of Default under the Loan Agreement. Full details of the Tranche 2 Options which the Listing Rules require the Company to give Shareholders are set out under the heading "Warrant Deed – Key Commercial Terms", in the section of this Expository Statement relating to Resolution 1, above.

**LR 7.3.4 Date of proposed issue:** If Shareholders' approval is given, the Company will issue the Tranche 2 Options on the date of this meeting, after the meeting is completed or on the next business day after it at the latest.

**LR 7.3.5 Price or other consideration for the issue:** The Tranche 2 Options were not issued for a current or deferred cash or other purchase price. The Company issued the Tranche 2 Options as part of its obligation to provide security to Trafigura for a loan of USD 3.45 million (AUD 5.083 million<sup>8</sup>) made by Trafigura to Alara on or about 27 July 2023. Full commercial details of the Loan Agreement are set out under the heading "Loan Agreement – Key Commercial Terms", in the section of this Explanatory Statement relating to Resolution 1, above.

(The Company was also required to issue the Tranche 1 Options – which are explained in full detail in the section of this Explanatory Statement on Resolution 1, above – as the other part of its obligation to provide security for the Loan Agreement.) The Company proposes to issue the Tranche 2 Options for the purpose of enabling the Company to derive a benefit, namely to enable it to maintain its borrowing of the Loan Amount under the Loan Agreement without an Event of Default occurring constituted by the failure to obtain Shareholders' approval to the issue of the Tranche 2 Options. If the Tranche 2 Options are not issued, that will constitute an Event of Default. Therefore, if Shareholders do not approve the issue of the Tranche 2 Options, an Event of Default will occur under the Loan Agreement. This will entitle Trafigura to exercise the Tranche 1 Options and demand immediate repayment of the remaining part of the Loan Amount, unpaid interest and enforcement expenses not covered by the exercise of the Tranche 1 Options.

If the Tranche 2 Options are issued and an Event of Default occurs under the Loan Agreement and Trafigura exercises any of the Tranche 2 Options (or the Tranche 1 Options), the amount of the exercise price per Option, multiplied by the number of Options exercised, will reduce the amount which Alara owes Trafigura under the Loan Agreement for outstanding principal, interest and enforcement expenses.

The Company entered the Loan Agreement for the purpose referred to under the heading "Purpose of Loan Agreement", in the section of this Explanatory Statement relating to Resolution 1, above.

**LR 7.3.6 Purpose of the issue and intended use of funds raised:** The Company proposes to issue the Tranche 2 Options in part satisfaction of its obligation to provide security to Trafigura under the Loan Agreement. (The other part of Alara's obligation to provide security to Trafigura under the Loan Agreement was to issue the Tranche 1 Options, which were issued on 26 July 2023 as explained in the section of this Explanatory Statement relating to Resolution 1, above).

The Company entered the Loan Agreement to enable the Company to derive a benefit, namely the ability to borrow the Loan Amount under the Loan Agreement. The Company borrowed the Loan Amount under the Loan Agreement for the purpose referred to under the heading "Purpose of Loan Agreement", in the section of this Explanatory Statement relating to Resolution 1, above.

**LR 7.3.7 Summary of terms of agreement under which Options issued:** If the issue of the Tranche 2 Options is approved by Shareholders, they will be issued under agreements – the Warrant Deed and the Loan Agreement. The material terms of the Warrant Deed and the Loan Agreement are fully disclosed above, in the introductory part of the section of this Explanatory Memorandum relating to Resolution 1, above.

### Consequences if Resolution 2 is passed

If Resolution 2 is passed:

- Alara will be in compliance with its obligation under the Loan Agreement and the Warrant Deed to obtain Shareholders' approval to the issue of the Tranche 2 Options. This will avoid an Event of Default arising under the Loan Agreement which would occur if Shareholders' approval to the issue of the Tranche 2 Options is not given. An Event of Default would, in turn, entitle Trafigura to exercise the Tranche 1 Options as detailed in

<sup>8</sup> See footnote 1.

the section of this Explanatory Statement relating to Resolution 1, above and demand immediate repayment of the remaining part of the Loan Amount, unpaid interest and enforcement expenses not covered by the exercise of the Tranche 1 Options; and

- The issue of the Tranche 2 Options will be excluded from the calculation of the number of Equity Securities that Alara may issue without Shareholders' approval under Listing Rule 7.1.

### **Consequences if Resolution 2 is not passed**

If this Resolution is not passed:

- Alara will be unable to issue the Tranche 2 Options. As a result, an Event of Default would arise under the Loan Agreement. An Event of Default would, in turn, give Trafigura the ability to exercise the Tranche 1 Options, as detailed in the section of this Explanatory Statement relating to Resolution 1, above and demand immediate repayment of the remaining part of the Loan Amount, unpaid interest and enforcement expenses not covered by the exercise of the Tranche 1 Options. This would be dilutive to Shareholders. If Trafigura becomes entitled to exercise, and exercises, Tranche 1 Options then it would have a voting power of 13.04% in Alara; and
- If Resolution 1 is passed but Resolution 2 is not passed, the Company could still issue the Tranche 2 Options. In that case, due to the passage of Resolution 1, the Tranche 2 Options would then fall within the Company's ability to issue Equity Securities in number up to 15% of the number of fully paid ordinary shares it had on issue 12 months before the date of the proposed issue of Equity Securities, without Shareholders' approval under Listing Rule 7.1 (the **15% Non-Approval Issue Limit**). In this case, however, the Tranche 2 Options would be counted against the 15% Non-Approval Issue Limit in determining the number of Equity Securities which the Company could issue without further Shareholders' Approval for the 12-month period from the date of the issue of the Tranche 2 Options. The section of this Explanatory Statement on Resolution 1 sets out the reason why Directors consider it is in Shareholders' best interests for the Company to have the ability to issue, at any time, Equity Securities which number up to the full 15% Non-Approval Issue Limit.

### **Voting Exclusion**

In accordance with Listing Rules 7.3.9 and 14.11, the Company will disregard any votes cast on Resolution 2 by or on behalf of Trafigura Pte Ltd and any of its associates. However, this does not apply to a vote cast in favour of this resolution by:

- a person who is a 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;
- the Chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- a shareholder acting solely in a nominee, trustee, custody 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 the directions given by the beneficiary to the holder to vote in that way.

### **Directors' Recommendations**

For the reason stated above in the discussion of the consequences of the passage or non-passage of Resolution 2, Alara's Board of Directors unanimously consider that approval of Resolution 2 is in Shareholders' best interests. Therefore, the Company's Directors unanimously recommend that Shareholders vote *in favour* of Resolution 2.

## **Glossary**

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In this Explanatory Statement, the following terms have the following meaning:

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

**ASX** means ASX Limited (ACN 008 724 791) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules, Listing Rules or LRs** means the official Listing Rules of ASX.

**Board** means the Board of Directors of the Company.

**Company** means Alara Resources Limited (ABN 27 122 892 719).

**Constitution** means the Company's constitution.

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

**Director** means a director of the Company.

**Equity Securities** has the meaning given in the Listing Rules.

**Explanatory Statement** means the explanatory statement to this Notice.

**Meeting** means the meeting convened by the Notice.

**Notice or Notice of Meeting** means the notice of meeting accompanying this Explanatory Statement.

**Option** means an option which entitles the holder to be issued with a Share on electing to do so (**Exercising** the Option) within a specified period, which also requires the holder to pay a specified amount. The option holder's right to exercise the option may also be subject to one or more conditions being satisfied which, if they exist, are specified as part of the terms of the Option.

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

**Shareholder** means a shareholder of the Company.

*[The remainder of this page is intentionally blank]*

## Time and Place of EGM and how to Vote

### Venue

The Extraordinary General Meeting of the shareholders of Alara Resources Limited will be held at the office of **Fortuna Advisory Group, Suite 2, 110 Erindale Road, Balcatta, Western Australia at 1:00 pm (Australian Western Standard Time or Perth time) on Thursday, 21 September 2023.**

### Voting Rights

*(subject to the voting exclusions noted in the Notice of EGM)*

- At any meeting of the shareholders, each shareholder entitled to vote may vote in person or by proxy or by power of attorney or, in the case of a shareholder which is a corporation, by representative.
- Every person who is present in the capacity of shareholder or the representative of a corporate shareholder shall, on a show of hands, have one vote.
- Every shareholder who is present in person, by proxy, by power of attorney or by corporate representative shall, on a poll, have one vote in respect of every fully paid share held by him.

### Voting in Person

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

### Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Extraordinary General Meeting as soon as possible and either:

- by mail to Alara Resources Limited, PO Box 963, Balcatta WA 6914;
- by hand delivery to Alara Resources Limited, Office of Fortuna Advisory Group, Suite 2, 110 Erindale Road, Balcatta, Western Australia; or
- by e-mail to [cosec@alararesources.com](mailto:cosec@alararesources.com).

so that it is received **not later than 1:00 pm (Australian Western Standard Time or Perth time) on Tuesday, 19 September 2023.**

Proxies received after that time, or received by fax or other method, will **not** be effective.

### Bodies Corporate

A body corporate may appoint an individual as its authorised corporate representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. A properly executed original (or certified copy) of an appropriate "Appointment of Corporate Representative" should be produced for admission to the meeting. Previously lodged Appointments of Corporate Representative will be disregarded by the Company.

### Voting by Attorney

A shareholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective for the Extraordinary General Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the Extraordinary General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

### Voting Entitlement

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the Extraordinary General Meeting all shares in the Company will be taken to be held by the persons who held them as registered shareholders at 5:00 pm (Australian Western Standard Time or Perth time, being 7:00 pm, Australian Eastern Standard Time or Sydney time) on **Tuesday, 19 September 2023 (Voting Entitlement Time)**. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### No Virtual Participation

There is no facility to Shareholders to participate in the meeting by virtual means.

*[The remainder of this page is intentionally blank]*

Sample Only - Do not complete  
Your personalised proxy will be sent to you

## GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Alara Resources Limited and entitled to attend and vote hereby:

### A. APPOINT A PROXY

The Chair of the Meeting **OR**   **PLEASE NOTE:** If you leave the section blank, the Chair of the Meeting will be your proxy.

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chair of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf, including 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 General Meeting of the Company to be held at Fortuna Advisory Group, Suite 2, 110 Erindale Road, Balcatta, Western Australia, AUSTRALIA on Thursday, 21 September 2023 at 1:00 pm (WST) and at any adjournment or postponement of that Meeting.

STEP 1

#### Important:

The Company encourages Shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, against each resolution in Section B, below.

If you leave Section A, above, blank or if your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy by default.

If the Chair of the Meeting becomes your proxy (by specific appointment or by default) you can direct the Chair of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on, each of the Resolutions by marking the appropriate Voting Direction boxes in Section B below. However, note that under Section A, if the Chair of the Meeting is your proxy and you do not mark a Voting Direction box for any Resolution in Section B below you are, in effect, directing the Chair to vote "For" that Resolution. That is to say, the Chair will vote all undirected proxies on any Resolution *in favour* of that Resolution.

**Chair's voting intentions in relation to undirected proxies:** The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances, the Chair may change his/her voting intentions on any Resolution. In the event this occurs, an ASX announcement will be made immediately disclosing the reasons for the change.

### B. VOTING DIRECTIONS to your proxy/proxies – please mark to indicate your directions

Resolutions	For	Against	Abstain*
1 Approve prior issue of 107,713,131 options to Trafigura Pte Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approve proposed issue of 71,808,754 options to Trafigura Pte Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 2

If (2) two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

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

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)  Joint Shareholder 2 (Individual)  Joint Shareholder 3 (Individual)   
Sole Director and Sole Company Secretary  Director/Company Secretary (Delete one)  Director

STEP 3

This form should be signed by the shareholder. If a joint holding, all the shareholders should sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

Email Address

Please tick here to agree to receive communications sent by the Company via email. This may include meeting notifications, dividend remittance, and selected announcements.

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

### CHANGE OF ADDRESS

This form shows your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

### APPOINTMENT OF A PROXY

If you wish to appoint the Chair as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chair, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate.

### DEFAULT TO THE CHAIR OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chair of the Meeting.

### VOTING DIRECTIONS – PROXY APPOINTMENT

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

**PLEASE NOTE:** If you appoint the Chair as your proxy (or if they are appointed by default) but do not direct them how to vote on a resolution (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that resolution), the Chair may vote as they see fit on that resolution.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each Proxy Form state the percentage of your voting rights or number of shares 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; and
- (b) return both forms together.

### COMPLIANCE WITH LISTING RULE 14.11

In accordance with Listing Rule 14.11, if you hold shares on behalf of another person(s) or entity/entities or you are a trustee, nominee, custodian or other fiduciary holder of the shares, you are required to ensure that the person(s) or entity/entities for which you hold the shares are not excluded from voting on resolutions where there is a voting exclusion. Listing Rule 14.11 requires you to receive written confirmation from the person or entity providing the voting instruction to you and you must vote in accordance with the instruction provided.

By lodging your proxy votes, you confirm to the company that you are in compliance with Listing Rule 14.11.

### CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

### SIGNING INSTRUCTIONS ON THE PROXY FORM

#### Individual:

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

#### Joint Holding:

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

#### Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or 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 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.

### LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 1:00 pm (WST) on 19 September 2023, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled Meeting.



#### BY MAIL

Alara Resources Limited  
PO Box 963, Balcatta WA 6914, Australia



#### BY EMAIL

cosec@alararesources.com



#### IN PERSON

Alara Resources Limited,  
C/- Fortuna Advisory Group  
Suite 2, 110 Erindale Road  
Balcatta Western Australia AUSTRALIA



#### ALL ENQUIRIES TO

+61 8 9420 2411 or cosec@alararesources.com