

**NORTHERN MINERALS LIMITED**  
ABN 61 119 966 353

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**NOTICE OF ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

**AND**

**EXPLANATORY MEMORANDUM**

**AND**

**PROXY FORM**

**10.00 AM (PERTH TIME), 30 NOVEMBER 2017**

**AT**

**LEVEL 1  
675 MURRAY STREET  
WEST PERTH  
WESTERN AUSTRALIA 6005**

**Please read the Notice and Explanatory Memorandum carefully.  
If you are unable to attend the meeting please complete and return the  
enclosed proxy form in accordance with the specified instructions**

Notice is hereby given that the Annual General Meeting of shareholders of Northern Minerals Limited ABN 61 119 966 353 ("**Northern**" or "**Company**") will be held at Level 1, 675 Murray Street, West Perth, Western Australia 6005 at 10:00am (Perth time) on 30 November 2017.

## **AGENDA**

### **ANNUAL ACCOUNTS**

To receive and consider the financial report of the Company and the reports of the Directors and the Auditor for the financial year ended 30 June 2017.

### **RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)**

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

***“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report as contained in the Company’s Annual Report (which is available at [www.northernminerals.com.au](http://www.northernminerals.com.au)) be adopted.”***

**Voting Exclusion:** In accordance with section 250R of the Corporations Act, the Company will disregard any votes cast on this Resolution by, or on behalf of, a member of the Key Management Personnel or a KMP’s Closely Related Party. However, the Company need not disregard a vote if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the voter is the chair of the Meeting and the appointment of the chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

### **RESOLUTION 2 – ELECTION OF MR NAN YANG**

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

***“That Mr Nan Yang, who retires in accordance with rule 8.2 of the Company’s constitution, be elected as a Director with effect from the close of the Meeting.”***

### **RESOLUTION 3 – RE-ELECTION OF MR ADRIAN GRIFFIN**

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

***“That Mr Adrian Griffin, who retires by rotation in accordance with the Company’s constitution, be re-elected as a Director with effect from the close of the Meeting.”***

### **RESOLUTION 4 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY**

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

***“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of (or the agreement to issue) Equity Securities representing up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms set out in the Explanatory Memorandum.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under the Additional 10% Placement Facility and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any associate (as defined in the Listing Rules) of those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Important note:** The proposed allottees of any Equity Securities under the Additional 10% Placement Facility are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), no votes will be excluded and Shareholders should consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted.

#### **RESOLUTION 5 – RATIFICATION OF PREVIOUS ISSUE OF SHARES**

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

***“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 2,693,966 Shares, for the purposes and on the terms set out in the Explanatory Memorandum.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who participated in the issue of Shares, or any associates (as defined in the Listing Rules) of those persons.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **RESOLUTION 6 – RATIFICATION OF PREVIOUS ISSUE OF SHARES**

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

***“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 25,000,000 Shares, for the purposes and on the terms set out in the Explanatory Memorandum.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who participated in the issue of Shares, or any associates (as defined in the Listing Rules) of those persons.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **RESOLUTION 7 – ISSUE OF SHARES TO LIND**

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

***“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 9,500,000 Shares to Lind Asset Management X, LLC (or its nominee), for the purposes and on the terms set out in the Explanatory Memorandum.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the Resolution is passed, and any of their associates.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **RESOLUTION 8 – ISSUE OF SHARES TO JFMAG**

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

***“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 14,000,000 Shares to Lianyungang Zeyu New Materials Sales Co., Ltd (or its nominee), for the purposes and on the terms set out in the Explanatory Memorandum.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed and any associates of those persons (as defined in the Listing Rules).

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **RESOLUTION 9 – APPROVAL OF EMPLOYEE SHARE PLAN**

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

***“That, for the purpose of Exception 9 in Listing Rule 7.2, sections 259B(2) and 260C(4) of the Corporations Act, and for all other purposes, the Employee Share Plan (a summary of which is set out in Annexure A), and future issues of securities under that plan, as described in the Explanatory Memorandum, be approved.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of such Directors.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **RESOLUTION 10 – APPROVAL TO ISSUE SECURITIES UNDER PERFORMANCE RIGHTS PLAN**

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

***“That, for the purpose of Exception 9 in Listing Rule 7.2, and for all other purposes, future issues of securities under the Performance Rights Plan (a summary of which is set out in Annexure B), as described in the Explanatory Memorandum, be approved.”***

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associates of such Directors.

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

#### **RESOLUTION 11 – APPROVAL TO PROVIDE TERMINATION BENEFITS UNDER PERFORMANCE RIGHTS PLAN**

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

***“That, for the purposes of sections 200B and 200E of the Corporations Act and for all other purposes, approval be given to provide benefits to any current or future Eligible Participants under the Performance Rights Plan in connection with the loss of that person’s position or office with the Company, as further described in the Explanatory Memorandum.”***

**Voting Exclusion:** A vote must not be cast on this Resolution (in any capacity) by or on behalf of a current or proposed participant in the Performance Rights Plan, or their associates. However, a vote may be cast by such person if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of such a person or an associate of such person.

#### **RESOLUTION 12 – REINSTATEMENT OF PROPORTIONAL TAKEOVER PROVISIONS**

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

***“That, for the purposes of sections 136 and 648G of the Corporations Act, the proportional takeover provisions contained in Annexure C to the Explanatory Memorandum be inserted as rule 163 of the Company’s Constitution.”***

#### **OTHER BUSINESS**

To transact any other business that may be legally brought before the Meeting.

#### **CHAIRMAN AND CHAIRMAN’S VOTING INTENTIONS FOR UNDIRECTED PROXIES**

It is proposed that the chairman of the Meeting be Mr Colin McCavana. It is the chairman’s intention as chairman of the Meeting to vote undirected proxies (i.e. open proxies) which he holds as proxy in favour of all Resolutions.

#### **SNAPSHOT DATE**

It has been determined that in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the date to determine who are the Shareholders in the Company for the purposes of the AGM is at **4.00 pm WST on 28 November 2017**. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Holders of Options or other convertible securities issued by the Company who are not Shareholders but who wish to vote as Shareholders at the AGM are required to lodge valid exercise notices with the Company no later than 1 week before the AGM to allow sufficient time for the Shares to be issued by the Company.

#### **PROXIES**

In accordance with Section 249L(d) of the Corporations Act, Shareholders are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and

- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified then in accordance with section 249X(3) of the Corporations Act each proxy may exercise one half of the votes.

In accordance with Section 250BA of the Corporations Act the Company specifies the following details for the purposes of receipt of proxy appointments:

**Share Registry** (Security Transfer Registrars Pty Ltd): PO BOX 535,  
APPLECROSS  
WA 6953  
OR  
770 Canning Highway,  
APPLECROSS  
WA 6153

Facsimile Number: +61 8 9315 2233

**Company's Registered Office:** LEVEL 1  
675 MURRAY STREET  
WEST PERTH WA 6005

Facsimile Number: +61 8 9481 5929

The instrument appointing the proxy must be received by the Company as provided in its constitution no later than 48 hours prior to the time of the commencement of the AGM. The Proxy Form may be sent by facsimile transmission to the number identified on the Proxy Form.

#### **CORPORATE REPRESENTATIVE**

Any corporate Shareholder who has appointed a person to act as its corporate representative at the AGM should provide that person with a certificate or letter executed in accordance with section 250D of the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the AGM or handed in at the AGM when registering as a corporate representative. An appointment of corporate representative form is enclosed if required.

#### **VOTING PROHIBITION BY PROXY HOLDERS (REMUNERATION OF KEY MANAGEMENT PERSONNEL)**

To the extent required by section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolutions 1, 9, 10 or 11, if the person is either a member of Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify the way the proxy is to vote on the Resolution. However, the proxy may vote if the proxy is the chair and the appointment expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

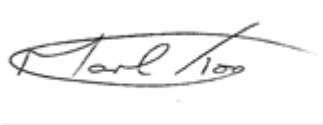
If the chair is appointed as your proxy and you have not specified the way the chair is to vote on Resolutions 1, 9, 10 or 11 by signing and returning the Proxy Form, you are considered to have provided the chair with an express authorisation for the chair to vote the proxy in accordance with the chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

**OTHER**

Words which are defined in the Explanatory Memorandum have the same meaning when used in this Notice of Meeting unless the context requires otherwise. For assistance in considering the Notice of Meeting and the Explanatory Memorandum, please refer to the Glossary on page 8.

Dated this 23<sup>rd</sup> October 2017

By order of the Board



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Mark Tory  
Company Secretary



## GLOSSARY

**Additional 10% Placement Facility** is defined in the Explanatory Memorandum for Resolution 4.

**Additional 10% Placement Period** is defined in the Explanatory Memorandum for Resolution 4.

**AGM** or **Annual General Meeting** or **Meeting** is the meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice.

**Annual Report** is the Company's Annual Report for the financial year ended 30 June 2017, comprising the financial report, the Director's report and the Auditor's report for the financial year ended 30 June 2017.

**ASX** is ASX Limited ACN 008 624 691 or the securities exchange operated by it, as the context requires.

**Board** is the Board of Directors of the Company.

**Closely Related Party** has the meaning given to that term in section 9 of the Corporations Act.

**Committee** has the meaning given in Annexure B.

**Company** or **Northern Minerals** is Northern Minerals Limited ABN 61 119 966 353.

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

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

**Eligible Participant** has the meaning given in Annexure B.

**Eligible Person** means:

- (a) in the case of the Employee Share Plan, an Employee and in the case of the Performance Rights Plan, an Eligible Participant;
- (b) an Immediate Family Member of the Employee;
- (c) a company whose members comprise no persons other than individuals from categories (a) and (b) above; or
- (d) a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth)) where the Employee is a director of the trustee.

**Employee** has the meaning given in Annexure A.

**Employee Share Plan** means the Northern Minerals Limited Share Plan, the terms of which are summarised in Annexure A.

**Equity Security** means equity securities as defined in the Listing Rules, being a share, unit, right to a share or unit or option, a convertible security, any security that ASX decides is an equity security but not a security ASX decides to classify as a debt security.

**Explanatory Memorandum** or **Memorandum** is the Explanatory Memorandum accompanying the Notice of Meeting.



**Funding Agreement** has the meaning given in the Explanatory Memorandum for Resolution 5.

**JFMAG** has the meaning given in the Explanatory Memorandum for Resolution 8.

**Key Management Personnel** or **KMP** is a member of the key management personnel as disclosed in the Remuneration Report contained in the Annual Report.

**Listing Rules** is the Listing Rules of the ASX.

**Lind** has the meaning given in the Explanatory Memorandum for Resolution 5.

**Notice of Meeting** or **Notice** is this Notice of AGM.

**Participant**, in relation to

- (a) Resolution 9, has the meaning given in Annexure A; and
- (b) Resolution 10, has the meaning given in Annexure B.

**Performance Rights Plan** means the Northern Minerals Limited Performance Rights Plan, the terms of which are summarised in Annexure B.

**Proxy Form** is the form of proxy accompanying this Notice of Meeting.

**Remuneration Report** means the remuneration report of the Company contained in the annual Directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**Resolution** is a resolution proposed to be passed at the Meeting and contained in the Notice of Meeting.

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

**Shareholder** is a person entered in the Company's register as a holder of a Share.

**EXPLANATORY MEMORANDUM TO SHAREHOLDERS**  
**NORTHERN MINERALS LIMITED**  
**ABN 61 119 966 353**

This Memorandum sets out information about the business to be considered by the Shareholders at the Annual General Meeting. A short explanation of the business to be considered by the Shareholders is set out below.

**BUSINESS OF THE MEETING**

**Annual Report 2017**

Section 317 of the Corporations Act requires the Directors to lay before the AGM the financial report, Directors' report (including the Remuneration Report) and the Auditor's report for the last financial year that ended before the AGM.

Shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to these reports or the management of the Company but no formal resolution to adopt the reports will be put to Shareholders at the AGM (save for Resolution 1 for the adoption of the Remuneration Report). Shareholders will also be given an opportunity to ask the Auditor or the Auditor's representative questions relating to the conduct of the audit, the preparation and content of the Auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the Auditor in relation to the conduct of the audit.

Shareholders may also submit written questions for the Auditor if the questions are relevant to the content of the audit report or the conduct of the audit of the Company's financial report for the period ended 30 June 2017. Relevant written questions for the Auditor must be received by mail at the registered office of the Company or by facsimile (facsimile number +61 8 9481 5928) no later than the fifth business day before the date of the Meeting.

A list of the relevant written questions together with responses will be made available to Shareholders attending the Meeting. They will also be placed on the Company's website.

The following details should be included with written questions:

- the **Shareholder's Name**; and
- either the Shareholder's **Security Reference Number (SRN)** or **Holder Identification Number (HIN)**.

**ORDINARY BUSINESS – RESOLUTIONS**

**RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING RESOLUTION)**

Pursuant to section 250R of the Corporations Act, the Company is required to put the Remuneration Report to a vote of Shareholders. The Annual Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors, the Managing Director and other Key Management Personnel.

The Annual Report is available on the Company's website at [www.northernminerals.com.au](http://www.northernminerals.com.au)

The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders. However, in addition, the Corporations Act provides that if the Company's remuneration report resolution receives a "no" vote of 25% or more of votes cast at the Meeting, the Company's subsequent remuneration report must explain the Board's proposed action in response or, if the Board does not propose any action, the Board's reasons for not making any changes. The Board will take into account the outcome of the vote when considering the remuneration policy, even if it receives less than a 25% "no" vote.

In addition, the Corporations Act sets out a 'two strikes' re-election process. Under the 'two strikes' re-election process, if the Company's remuneration report receives a 'no' vote of 25% or more of all votes cast at two consecutive annual general meetings (that is, 'two strikes'), a resolution (the 'spill resolution') must be put to the second annual general meeting, requiring Shareholders to vote on whether the Company must hold another general meeting (known as the 'spill meeting') to consider the appointment of all of the Directors who stand for re-appointment (other than the Managing Director). If the spill resolution is approved by a simple majority of 50% or more of the eligible votes cast, the 'spill meeting' must be held within 90 days of that second annual general meeting (unless none of the Directors, other than the Managing Director, stand for re-appointment).

Further information will be provided on the 'spill resolution' and 'spill meeting' for any annual general meeting at which the Company may face a 'second strike'. The Company's 2016 Remuneration Report was passed by more than 75% of the votes cast.

The remuneration levels for directors, officers and senior managers are competitively set to attract and retain appropriate directors and Key Management Personnel. The chairman of the Meeting will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

#### **RESOLUTION 2 – ELECTION OF MR NAN YANG**

Mr Nan Yang was initially appointed as a Director to fill a casual vacancy on 18 November 2016.

In accordance with Listing Rule 14.4 and rule 8.2 of the Company's constitution, Mr Nan Yang is required to be put forward for re-election at the Meeting.

Accordingly, Mr Nan Yang, being eligible, offers himself for election as a Director.

A biography of Mr Nan Yang is included in the Annual Report.

The Board (except Mr Nan Yang) unanimously recommends that Shareholders vote in favour of Resolution 2.

#### **RESOLUTION 3 – RE-ELECTION OF MR ADRIAN GRIFFIN**

In accordance with Listing Rule 14.4 and rule 5.1 of the Company's constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election.

The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if such Directors have been in office for an equal length of time, by drawing lots or by agreement.

Accordingly, Mr Adrian Griffin is required to retire by rotation at the AGM, and being eligible, offers himself for re-election as a Director.

A biography of Mr Adrian Griffin is included in the Annual Report.

The Board (except Mr Adrian Griffin) unanimously recommends that Shareholders vote in favour of Resolution 3.

## **RESOLUTION 4 – APPROVAL OF ADDITIONAL 10% PLACEMENT FACILITY**

### **Background**

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12 month period following the entity's annual general meeting (**Additional 10% Placement Facility**). The Additional 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less, as at the time of the entity's annual general meeting. The Company is an eligible entity as at the date of the Notice of Meeting and is expected to be an eligible entity as at the time of the Annual General Meeting.

The resolution seeks Shareholder approval to enable the Company to issue Equity Securities under the Additional 10% Placement Facility throughout the 12 months after the Annual General Meeting. The effect of Resolution 3 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the Additional 10% Placement Period.

This Resolution is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote at the Annual General Meeting (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The exact number of Equity Securities that the Company may issue under the Additional 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to the description in this Explanatory Memorandum below).

The Company is seeking approval to issue securities under the Additional 10% Placement Facility as it provides additional flexibility and capacity to the fund raising alternatives that would otherwise normally be available to the Company.

### **Regulatory Requirements**

In compliance with the information requirements of Listing Rule 7.3A, Shareholders are advised of the following information:

#### **(a) Minimum Issue Price**

Any Equity Securities issued under the Additional 10% Placement Facility must be in the same class as an existing class of quoted Equity Securities of the Company. As at the date of the Notice of Meeting, the Company has on issue one class of Equity Securities quoted on ASX, being Shares.

The issue price of Equity Securities issued under the Additional 10% Placement Facility must not be lower than 75% of the volume-weighted average market price for securities in the same class calculated over the 15 trading days on which trades in that class were conducted immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

#### **(b) Dilution**

As at the date of the Notice of Meeting, the Company has 794,892,803 Shares on issue and Variable "A" for the purposes of Listing Rule 7.1, 7.1A and the examples set out in the table below, is 766,198,837 Shares.

The precise number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the following formula:

**(A x D) – E**

- A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:
- a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
  - b) plus the number of partly paid shares that became fully paid in the 12 months;
  - c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
  - d) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

- D** is 10%.

- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below to the extent Shareholders do not participate in the issue.

There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of the Notice of Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		50% decrease in issue price	Issue price	50% increase in issue price
		0.06	0.12	0.18
<b>Current Variable A</b>	<b>Voting Dilution</b>	10%	10%	10%
<b>766,198,837</b>	<b>Number of Shares</b>	<b>76,619,884</b>	<b>76,619,884</b>	<b>76,619,884</b>
	<b>Funds raised (\$)</b>	<b>\$4,597,193</b>	<b>\$9,194,386</b>	<b>\$13,791,579</b>
<b>50% increase in current Variable A</b>	<b>Voting Dilution</b>	10%	10%	10%
<b>1,149,298,256</b>	<b>Number of Shares</b>	<b>114,929,826</b>	<b>114,929,826</b>	<b>114,929,826</b>
	<b>Funds raised (\$)</b>	<b>\$6,895,790</b>	<b>\$13,791,579</b>	<b>\$20,687,369</b>
<b>100% increase in current Variable A</b>	<b>Voting Dilution</b>	10%	10%	10%
<b>1,532,397,674</b>	<b>Number of Shares</b>	<b>153,239,767</b>	<b>153,239,767</b>	<b>153,239,767</b>
	<b>Funds raised (\$)</b>	<b>\$9,194,386</b>	<b>\$18,388,772</b>	<b>\$27,583,158</b>

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the Additional 10% Placement Facility.
2. No Options (including any Options issued under the Additional 10% Placement Facility) and no performance rights are exercised into Shares before the date of issue of the Equity Securities.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
6. The issue of Equity Securities under the Additional 10% Placement Facility consists only of Shares.
7. The issue price variable is 12 cents, being the closing price of the Shares on ASX on 16 October 2017.
8. The Company's ability to issue securities under Listing Rule 7.1A is in addition to its ability to issue securities under Listing Rule 7.1.

**(c) Issue Period**

If Shareholders approve this Resolution, the Company will have approval to issue Equity Securities under the Additional 10% Placement Facility under Listing Rule 7.1A from the date of the Annual General Meeting until the earlier of the following to occur:

- (i) the date that is 12 months after the date of the Annual General Meeting; and
- (ii) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(the **Additional 10% Placement Period**).

The approval will cease to be valid in the event that Shareholders approve a transaction under Listing Rules 11.1.2 or 11.2.

The Company will only issue Equity Securities during the Additional 10% Placement Period.

**(d) Purpose of Issues**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration for the acquisition of the new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards development of the Company's Browns Range Pilot Plant, acquisition of new assets or investments (including expense associated with such acquisition), continued exploration at the Browns Range John Galt and Boulder Ridge projects, scoping and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will provide further information at the time of issue of any Equity Securities under the Additional 10% Placement Facility in compliance with its disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A.

**(e) Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the Additional 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice of Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resource assets or investments, the allottees under the 10% Placement Facility may be the vendors of the new resource assets or investments.

**(f) Previous issues of Equity Securities under Listing Rule 7.1A**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 30 November 2016. The Company has not issued any Equity Securities under that Shareholder approval.

In accordance with Listing Rule 7.3A.6 the total number of Equity Securities issued in the 12 months preceding the date of the Notice of Meeting is 312,996,601 Equity Securities representing a 49.3% increase on the number of the Equity Securities on issue at the commencement of the 12 month period.

The Company has issued the following Equity Securities in the 12 months preceding the date of the Notice of Meeting:

	Date	Allottee	Number and class of Equity Security	Price (and discount if applicable)	Key Terms	Amount Raised / Consideration Value
1.	3 Nov 16	Huatai Mining Pty Ltd	66,666,667 fully paid ordinary shares (NTU)	\$0.135	Ordinary shares. As for existing class of quoted securities	\$9,000,000  Funds were spent on development of the Browns Range Project and working



	Date	Allottee	Number and class of Equity Security	Price (and discount if applicable)	Key Terms	Amount Raised / Consideration Value
						capital.
2.	3 Nov 16	Lind Asset Management III, LLC	1,784,585	\$0.111	Ordinary shares. As for existing class of quoted securities	\$198,089  The Company did not raise any funds through the issue of the Shares as those Shares were issued for the purposes of repaying loans made to the Company (plus interest) under the Funding Agreement.
3.	1 Dec 16	Board and Management	27,500,000 Performance Rights	nil	Performance Rights with performance conditions attached	Nil amount raised  Value as at 20/10/17 calculated by the board in accordance with the principles of AASB 2 \$2,587,500.
4.	8 Dec 16	Lind Asset Management III, LLC	1,819,662	\$0.107	Ordinary shares. As for existing class of quoted securities	\$194,704  The Company did not raise any funds through the issue of the Shares as those Shares were issued for the purposes of repaying loans made to the Company (plus interest) under the Funding Agreement.
5.	22 Dec 16	Mr Bin Cai	3,000,000	\$0.115	Ordinary shares. As for existing class of quoted securities	Nil amount raised  Value as at 20/10/17 is \$345,000 based on Company's share price on that date.
6.	12 Jan 17	Huatai Mining Pty Ltd	40,740,741	\$0.135	Ordinary shares. As for existing class of quoted securities	\$5,500,000  Funds were spent on development of the Browns Range Project and working capital.
7.	12 Jan 17	Lind Asset Management III, LLC	1,997,059	\$0.102	Ordinary shares. As for existing class of quoted securities	\$203,700  The Company did not raise any funds through the issue of the Shares as those Shares were issued for the purposes of

	Date	Allottee	Number and class of Equity Security	Price (and discount if applicable)	Key Terms	Amount Raised / Consideration Value
						repaying loans made to the Company (plus interest) under the Funding Agreement
8.	18 Jan 17	Huatai Mining Pty Ltd	14,814,815	\$0.135	Ordinary shares. As for existing class of quoted securities	\$2,000,000  Funds were spent on development of the Browns Range Project and working capital.
9.	18 Jan 17	Lind Asset Management III, LLC	3,949,684	\$0.102	Ordinary shares. As for existing class of quoted securities	\$402,868  The Company did not raise any funds through the issue of the Shares as those Shares were issued for the purposes of repaying loans made to the Company (plus interest) under the Funding Agreement
10.	17 Mar 17	Sophisticated and professional investor	14,814,814	\$0.135	Ordinary shares. As for existing class of quoted securities	\$2,000,000  Funds were spent on development of the Browns Range Project and working capital.
11.	18 May 17	Jaru People (Native Title)	5,000,000	\$0.12	Ordinary shares. As for existing class of quoted securities	Nil amount raised  Value at as at 20/10/17 is \$575,000 based on Company's share price on that date.
12.	20 Jun 17	Lind Asset Management X, LLC	12,500,000	\$0.11	Ordinary shares. As for existing class of quoted securities	Nil amount raised  Value at as at 20/10/17 is \$1,437,500 based on Company's share price on that date.
13.	20 Jun 17	Argonaut	2,609,578	\$0.115	Ordinary shares. As for existing class of quoted securities	\$300,000  Fund were used for development at the Browns Range Project and working capital.
14.	20 Jun 17	Lind Asset	22,500,000 options	nil	Options	Nil amount raised

	Date	Allottee	Number and class of Equity Security	Price (and discount if applicable)	Key Terms	Amount Raised / Consideration Value
		Management X, LLC			exercisable at 25 cents by 20 June 2020	Value as at 20/10/17 (using the Black Scholes pricing model) is \$607,500.
15.	3 Jul 17	Nan Yang	2,500,000 Performance Rights	nil	Performance Rights with performance conditions attached	Nil amount raised Value as at 20/10/17 calculated by the board in accordance with the principles of AASB 2 is \$287,500.
16.	1 Aug 17	Sophisticated and professional investors	21,000,000	\$0.10	Ordinary shares. As for existing class of quoted securities	2,100,000 Funds were spent on development of the Browns Range Project and working capital.
17.	1 Aug 17	Management	1,800,000 Performance Rights	nil	Performance Rights with performance conditions attached	Nil amount raised Value as at 20/10/17 calculated by the board in accordance with the principles of AASB 2 is \$207,000.
18.	1 Aug 17	Argonaut	3,000,000 Options	nil	Options exercisable at 15 cents by 24 May 2021	Nil amount raised Value as at 20/10/17 (using the Black Scholes pricing model) is \$177,000.
19.	4 Aug 17	Lind Asset Management X, LLC	3,551,136	\$0.088	Ordinary shares. As for existing class of quoted securities	\$312,500 The Company did not raise any funds through the issue of the Shares as those Shares were issued for the purposes of repaying loans made to the Company (plus interest) under the Funding Agreement.
20.	18 Aug 17	Sophisticated and professional investors	20,833,333	\$0.12	Ordinary shares. As for existing class of quoted securities	\$2,500,000 Funds not yet utilised Intended use is for development at the Browns Range Project and working capital.
21.	29 Aug 17	Lind Asset	10,000,000	\$0.135	Ordinary	Nil amount raised

	Date	Allottee	Number and class of Equity Security	Price (and discount if applicable)	Key Terms	Amount Raised / Consideration Value
		Management X, LLC			shares. As for existing class of quoted securities	Value at 20/10/17 is \$1,150,000 based on Company's share price on that date.
22.	6 Sept 17	Lind Asset Management X, LLC	2,693,966	\$0.116	Ordinary shares. As for existing class of quoted securities	\$312,500  The Company did not raise any funds through the issue of the Shares as those Shares were issued for the purposes of repaying loans made to the Company (plus interest) under the Funding Agreement.
23.	4 Oct 17	Lind Asset Management X, LLC	2,920,561	\$0.107	Ordinary shares. As for existing class of quoted securities	\$312,500  The Company did not raise any funds through the issue of the Shares as those Shares were issued for the purposes of repaying loans made to the Company (plus interest) under the Funding Agreement.
24.	10 Oct 17	Sophisticated and professional investor	25,000,000	\$0.12	Ordinary shares. As for existing class of quoted securities	\$3,000,000  Funds not yet utilised.  Intended use is for development at the Browns Range Project and working capital.

**(g) Voting exclusion statement**

A voting exclusion statement for this Resolution is included in the Notice of Meeting accompanying this Explanatory Memorandum. At the date of the Notice of Meeting, the Company has not approached any particular existing security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice of Meeting.

**Board Recommendation**

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's

share capital during the next 12 months. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution. A voting exclusion is set out in the Notice.

#### **RESOLUTION 5 – RATIFICATION OF PREVIOUS ISSUE OF SHARES**

The Company has issued a total of 2,693,966 Shares to Citicorp Nominees Pty Ltd (as nominee for Lind Asset Management X, LLC (**Lind**)) in accordance with the funding agreement with Lind, an entity controlled by The Lind Partners in New York, that was announced to the market on 14 June 2017 (**Funding Agreement**).

The Funding Agreement was entered into to provide further funds for the Company to utilise towards construction of the Browns Range Pilot Plant Project. The loan facility offered under the Funding Agreement has a 30 month term which commenced on 14 July 2017 and can be drawn down up to \$14,000,000.

The 2,693,966 Shares were issued in repayment of loan amounts due (being principal and interest) to Lind under the Funding Agreement.

Listing Rule 7.1 restricts the number of Equity Securities a company may issue (or agree to issue) in any 12 month period without shareholder approval to 15% of the number of ordinary securities on issue at the commencement of that 12 month period (subject to specified exceptions).

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issue of Shares to Lind under Listing Rule 7.1 so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.5 requires the following specific information to be provided to Shareholders in relation to this Resolution:

- (a) 2,693,966 Shares were issued in total.
- (b) The issue prices for the Shares was \$0.116 per Share.
- (c) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares.
- (d) The Shares were issued to Citicorp Nominees Pty Ltd (as nominee for Lind).
- (e) The Company did not raise any funds through the issue of the Shares as those Shares were issued for the purposes of repaying loans made to the Company (plus interest) under the Funding Agreement.

The Board unanimously recommends that Shareholders vote in favour of Resolution 5.

A voting exclusion applies to Resolution 5 in the terms set out in the Notice of Meeting.

#### **RESOLUTION 6 – RATIFICATION OF PREVIOUS ISSUE OF SHARES**

On 10 October 2017, the Company issued 25,000,000 Shares at \$0.12 per Share to a sophisticated investor without disclosure under the exceptions provided in section 708 of the Corporations Act to raise \$3,000,000 (before costs).

Please refer to the Explanatory Statement for Resolution 5 for information about Listing Rules 7.1 and 7.4.

Under this Resolution, the Company seeks from Shareholders approval for, and ratification of, the issue of the Shares under Listing Rule 7.1 so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.5 requires the following specific information to be provided to Shareholders in relation to this Resolution:

- (a) 25,000,000 Shares were issued in total.
- (b) The issue prices for the Shares was \$0.12 per Share.
- (c) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing shares.
- (d) The Shares were issued to a sophisticated investor without disclosure under the exceptions provided in section 708 of the Corporations Act under a placement carried out by the Company.
- (e) The Company raised \$3,000,000 (before costs) from the issue of Shares.

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

A voting exclusion applies to Resolution 6 in the terms set out in the Notice of Meeting.

#### **RESOLUTION 7 – ISSUE OF SHARES TO LIND**

Please refer to the Explanatory Memorandum for Resolution 5 for information about the Funding Agreement and information about Listing Rule 7.1.

Under the Funding Agreement, the Company will be required to make principal and interest repayments to Lind for any amounts drawn down under the loan facility provided. These repayments will be satisfied by the Company issuing Shares to Lind in accordance with the terms of the Funding Agreement.

The Company anticipates that over the next 3 months, it will be required to issue up to 9,500,000 Shares to Lind under the Funding Agreement.

Accordingly, under this Resolution, the Company seeks from Shareholders approval for the issue of up to 9,500,000 Shares to Lind (or its nominee) to allow the Company to issue those Shares to Lind (or its nominee) without using the Company's placement capacity under Listing Rule 7.1 so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Given the long term nature of the Funding Agreement, the Company will consider whether it will seek similar approvals from Shareholders at future general meetings.

Listing Rule 7.3 requires the following information to be provided in relation to this Resolution:

- (a) Up to 9,500,000 Shares may be issued.
- (b) The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and will be issued progressively as and when required during that period in accordance with the terms of the Funding Agreement.
- (c) The Shares will be issued at a price per Share that is at least 80% of the volume weighted average market price for Shares, calculated over the last 5 trading days before the day the issue is made.
- (d) The Shares to be issued will be fully paid ordinary shares in the capital of the Company.
- (e) The Shares will be issued to Lind (or its nominee).
- (f) The Company will not raise any funds through the issue of the Shares as those Shares were issued for the purposes of repaying loans made to the Company (plus interest) under the Funding Agreement.

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.

A voting exclusion applies to Resolution 7 in the terms set out in the Notice of Meeting.

## **RESOLUTION 8 – ISSUE OF SHARES TO JFMAG**

The Company is seeking Shareholder approval for the issue of 14,000,000 Shares to Lianyugang Zeyu New Materials Sales Co., Ltd (**JFMAG**) or its nominee.

As announced on 6 April 2017, the Company executed an agreement with JFMAG in relation to the sale of all planned production from the Company's Browns Range Pilot Plant (**Offtake Agreement**). The terms of the Offtake Agreement provide that the Company will issue JFMAG (or its nominee) 14,000,000 Shares following execution the Offtake Agreement.

The Company obtained Shareholder approval for the purposes of Listing Rule 7.1 to issue the Shares to JFMAG at a general meeting held on 27 June 2017, which meant that if the issue of the Shares occurred within 3 months of that meeting (under Listing Rule 7.3), the issue would fall outside the Company's 15% placement capacity under the Listing Rules.

However, the Shares have not yet been issued and the 3 month issue period 3 has now lapsed.

Please refer to the Explanatory Memorandum for Resolution 5 for information about Listing Rule 7.1.

Accordingly, the Company is seeking fresh approval for the issue of 14,000,000 Shares to JFMAG (or its nominee) under the terms of the Offtake Agreement so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of securities by the Company in the next 12 months.

Listing Rule 7.3 requires the following specific information to be provided:

- (a) 14,000,000 Shares will be issued.
- (b) The Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and will be issued in full (not progressively).
- (c) The Shares will be issued at a price per Share that is at least 80% of the volume weighted average market price for Shares, calculated over the last 5 trading days before the day the issue is made.
- (d) The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (e) The Shares will be issued to JFMAG (or its nominee).
- (f) The Company will not raise any funds from the issue of the 14,000,000 Shares.

The Board unanimously recommends that Shareholders vote in favour of Resolution 8.

A voting exclusion applies to Resolution 8 in the terms set out in the Notice of Meeting

## **RESOLUTION 9 – EMPLOYEE SHARE PLAN**

Unless otherwise defined, capitalised terms used in this section are defined in the Glossary on page 8.

Resolution 9 seeks Shareholder approval of the Company's Employee Share Plan, a summary of which is set out in Annexure A.

The main purposes of the plan are to give an incentive to the Employees to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees and Shareholders and for the Company to reward Participants for their efforts. The plan will also enable the Company to attract and retain skilled and experienced personnel and align their interests with the Company's. The plan contemplates the issue of Shares to full-time, part-time and casual employees of the Company (including an executive Director). Persons that are not employees of the Company (or any subsidiary) are unable to participate in the Employee Share Plan.



In order to fund the acquisition of Shares, the Company may offer Participants an interest free loan (**Loan**) to be used to subscribe for Shares pursuant to the terms of the Employee Share Plan. The Loan will be non-recourse except against the plan Shares to which the Loan relates. Further details of the Loan terms under the plan are set out in the summary in Annexure A.

The issue price for each Share will be determined in accordance with paragraph 4 of the summary set out in Annexure A.

### ***Overview of Listing Rule and Corporations Act Approvals sought***

The Board is seeking a number of Shareholder approvals under the Listing Rules and certain sections of the Corporations Act in relation to the Employee Share Plan. Further details of the Shareholder approvals sought are set out below.

#### ***Listing Rule 7.1 and Listing Rule 7.2, Exception 9***

Listing Rule 7.1 places restrictions on the number of Equity Securities which a listed company may issue in any 12 months. However, certain issues are exempt from this Listing Rule and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where Shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the Notice contains or is accompanied by certain prescribed information. This exemption is contained in Listing Rule 7.2, exception 9.

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the Employee Share Plan as an exemption from Listing Rule 7.1 to allow the Company greater flexibility to issue the Shares within the exemption from Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date of the passing by Shareholders of Resolution 7.

Accordingly, the Directors wish to propose the Employee Share Plan to allow the Company greater flexibility to issue the Rights within the exemption from Listing Rule 7.1.

For the purposes of Listing Rule 7.2, Exception 9(b):

- (a) No Rights have been issued under the Employee Share Plan.
- (b) A summary of the terms of the Employee Share Plan is set out in Annexure A.

#### ***Exemption for security over shares – section 259B(2) of the Corporations Act***

Under the terms of the Employee Share Plan, the Company will have a lien over any Shares in respect of which a Loan amount is outstanding and will be entitled to sell those Shares in accordance with the terms of the Employee Share Plan in order to recover any amounts owed under a Loan.

Section 259B(1) of the Corporations Act prohibits a company from taking security over its own shares, except as permitted by section 259B(2). Section 259B(2) states that a company may take security over shares in itself under an 'employee share scheme' that has been approved by a resolution passed at a general meeting of the company. The Employee Share Plan falls within the definition of 'employee share scheme' for the purposes of the Corporations Act. Accordingly, the Board is seeking Shareholder approval for the purposes of section 259B(2) in Resolution 9.

*Financial Assistance – Part 2J.3 of the Corporations Act*

The provision of a Loan to Participants to fund the acquisition of Shares issued under the terms of the Employee Share Plan will constitute 'financial assistance' for the purposes of Part 2J.3 of the Corporations Act.

Section 260A of the Corporations Act states that a company may financially assist a person to acquire shares in the company only if:

- (i) giving the assistance does not materially prejudice the interests of the company or its shareholders or the company's ability to pay its creditors;
- (ii) the assistance is approved by the shareholders under section 260B; or
- (iii) the assistance is exempt under section 260C.

Section 260C(4) provides that financial assistance is exempt from section 260A if it is given under an 'employee share scheme' that has been approved by a resolution passed at a general meeting of the company. The Employee Share Plan falls within the definition of an 'employee share scheme' for the purposes of the Corporations Act. Accordingly, the Board is seeking Shareholder approval of the Employee Share Plan under section 260C(4) as an exemption from section 260A of the Corporations Act in Resolution 9.

A voting exclusion statement is set out in the Notice for this Resolution.

**RESOLUTION 10 – APPROVAL TO ISSUE SECURITIES UNDER PERFORMANCE RIGHTS PLAN**

Unless otherwise defined, capitalised terms used in this section are defined in the Glossary on page 8.

Resolution 10 seeks Shareholder approval in accordance with Listing Rule 7.2, Exception 9(b) for the approval of the issue of securities under the Performance Rights Plan, a summary of which is set out in Annexure A.

Resolution 10 is an ordinary resolution.

The main purposes of the plan are to give an incentive to the Eligible Participants to provide dedicated and ongoing commitment and effort to the Company aligning the interests of both employees and Shareholders and for the Company to reward Eligible Participants for their efforts. The plan will also enable the Company to attract and retain skilled and experienced personnel and align their interests with the Company's. The plan contemplates the issue to Eligible Participants of Performance Rights which carry the entitlement to be issued Shares on satisfaction of performance conditions determined by the Board.

The definition of Eligible Participant under the plan includes employees and Directors (executive and non-executive). Invitations may be renounced in favour of Eligible Persons in relation to the Eligible Participants approved by the Committee.

Listing Rule 7.1 places restrictions on the number of Equity Securities, including rights, which a listed company may issue in any 12 months. However, certain issues are exempt from this Listing Rule and are effectively disregarded for the purposes of counting the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where Shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue where the Notice contains or is accompanied by certain prescribed information. This exemption is contained in Listing Rule 7.2, exception 9.

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company greater flexibility to issue securities, Shareholders are requested to approve the plan as an exemption from Listing Rule 7.1.

This approval will be effective for a period of 3 years from the date of the passing by Shareholders of Resolution 7.

The Directors have decided to update the Performance Rights Plan in light of changes to the legislative and regulatory regime that governs employee incentive schemes and will use this plan for the issue of Performance Rights to Eligible Persons.

For the purposes of Listing Rule 7.2, Exception 9(b):

- (a) No Rights have been issued under the Performance Rights Plan.
- (b) A summary of the terms of the Performance Rights Plan is set out in Annexure B.
- (c) A voting exclusion statement is set out in the Notice for this Resolution.

#### **RESOLUTION 11 – APPROVAL TO PROVIDE TERMINATION BENEFITS UNDER PERFORMANCE RIGHTS PLAN**

In general terms, Part 2D.2 of the Corporations Act prohibits payment by the Company of a benefit to a director or any employee holding a managerial or executive office in the Company (each a **Relevant Person**) on retirement or where that relevant person ceases to hold an office with, or be employed by, the Company, unless a specific statutory exemption applies, or the payment of the benefit is approved by Shareholders.

Under the Corporations Act, the payment of a benefit that would exceed 12 months' average base salary of a Relevant Person is prohibited, unless prior shareholder approval is obtained.

The Performance Rights Plan provides that, in certain circumstances of termination of employment or office, unvested awards will continue to vest and be payable to the Relevant Person post-cessation of their employment or engagement. This entitlement may constitute a 'termination benefit' for the purposes of the Corporations Act.

##### *Description of the termination benefit*

The Performance Rights Plan provides that, in certain circumstances after a person ceases to be an Eligible Person under the Performance Rights Plan prior to their Performance Rights vesting, unvested awards will continue to vest and be payable to an Eligible Person within one month (or such longer period as determined by the committee established under the Performance Rights Plan) after that person ceases to be an Eligible Person (that is, when such person ceases to be employed or engaged by the Company). However, if the reason that the person ceased to be an Eligible Person is due to any of the following events, the Performance Rights held will continue to vest and be payable to a Relevant Person within six months (or such longer period as determined by the Committee, after the relevant event):

- (a) retirement or retrenchment of the Participant, or if the Participant is not an Eligible Participant, the retirement or retrenchment of the Eligible Participant by virtue of whom a Participant holds rights;
- (b) bankruptcy or commencement of winding up or deregistration procedures in respect of the Participant; or
- (c) death of the Participant, or if the Participant is not an Eligible Participant, the death of the Eligible Participant by virtue of whom a Participant holds rights.

The exercise of the Committee's discretion in relation to the above to extend the period by which unvested Rights may vest may also be a termination benefit.

Generally speaking, the termination benefits will comprise of the benefits resulting from the vesting of Rights following termination of the employment or engagement. Performance Rights will vest subject to

the satisfaction of certain conditions relating to a Relevant Person's performance (which may be subject to the passage of a period of time).

The method of calculating the value of the termination benefit is subject to the terms of each invitation issued to participants under the Performance Rights Plan. In general terms, the maximum value will be calculated as follows:

$$A \times B = \text{Value}$$

*Where:*

*A = The number of unvested Performance Rights held by, or on behalf of, the Relevant Person as at the date of termination of their employment or office; and*

*B = The Share price as at the vesting date specified in the invitation in respect of that Performance Right.*

The value of the termination benefits cannot be determined with any certainty in advance. This is because various matters, events and circumstances will or are likely to affect the calculation of the value, including:

- (a) the Company's Share price at the time of vesting of the relevant Performance Rights;
- (b) the status of any performance conditions in relation to Performance Rights; and
- (c) the number of unvested Performance Rights that the Relevant Person holds at the time they cease employment with or engagement by the Company.

Notwithstanding this, the Directors consider that the value of the termination benefits under the Performance Rights Plan could potentially exceed 12 months' average base salary of each Relevant Person and may therefore require approval for the purposes of the Corporations Act.

#### *Shareholder approval sought*

Shareholder approval of Resolution 11 is being sought for the purposes of sections 200B and 200E of the Corporations Act, for any 'termination benefit' that may be provided to a Relevant Person under the Performance Rights Plan, in addition to any payments or amounts that may be provided to that person which are excluded from the operation of section 200B, such as statutory entitlements to accrued annual leave and long service leave, amounts required to be paid by law and amounts falling within the 12 months average base salary limit.

The amount and value of the termination benefit for which the Company is seeking approval is the maximum benefit that could be provided under the Performance Rights Plan.

If Shareholder approval of this Resolution 11 is obtained, it is the Board's intention that no other termination benefits will be provided to a Relevant Person in connection with their ceasing to hold a managerial or executive office, other than those termination benefits which have been or are subsequently approved by Shareholders, or which are exempt from the operation of section 200B of the Corporations Act (including as a result of falling within the 12 months average base salary limit).

The Performance Rights Plan complies with Listing Rules 10.18 and 10.19 and is otherwise consistent with the Listing Rules.

## **RESOLUTION 12 – REINSTATEMENT OF PROPORTIONAL TAKEOVER PROVISIONS**

The Corporations Act permits a company to include in its constitution provisions prohibiting the registration of a transfer of securities resulting from a proportional takeover bid unless the relevant holders in a general meeting approve the bid.

It is a requirement of the Corporations Act that such provisions in a company's constitution apply for a maximum period of three years, unless renewed earlier. In the case of the Company, the Constitution contained such provisions when it was adopted in 2006.

Those provisions were contained in rule 163 of the Constitution.

The provisions were then re-inserted into the Constitution on 2 February 2011. By operation of section 648G(1)(a) of the Corporations Act, the provisions expired 3 years from the date the provisions were last re-inserted and were deemed to be omitted from the Constitution from that date (being 2 February 2014). The provisions have not been renewed or re-inserted since.

A company may renew its proportional takeover provisions by altering its constitution to insert the relevant provisions.

Accordingly, a special resolution is being put to Shareholders under sections 136 and 648G of the Corporations Act to re-insert rule 163 into the Constitution. Rule 163 (as set out in Annexure C) is the same as was originally contained in rule 163 when the Constitution was adopted, other than references to 'ASTC Settlement Rules' which have been replaced with 'ASX Settlement Operating Rules' to reflect a change to their name.

If Resolution 12 is approved by Shareholders at the Meeting, rule 163 of the Constitution will operate for three years from the date of the Meeting (i.e. until 30 November 2020), unless renewed earlier.

The Corporations Act requires the Company to provide Shareholders with an explanation of the proposed proportional takeover bid provisions so that Shareholders can make an informed decision on whether or not to vote in favour of the Resolution. Accordingly, the Company provides the following information:

*(a) What is a proportional takeover bid?*

A proportional takeover bid is an off-market takeover offer sent by the bidder to all shareholders, but only in respect of a specified portion of each shareholder's shares. Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified proportion of their shares in the Company and retain the balance of the shares.

*(b) Effect of the proportional takeover bid provisions*

The effect of rule 163, if inserted, will be that where a proportional takeover bid is made for securities in the Company (i.e. a bid is made for a specified proportion, but not all, of each holder's bid class securities), the Board must convene a meeting of holders of the relevant securities to vote on a resolution to approve the bid. The meeting must be held, and the resolution voted on, at least 15 days before the offer period under the bid closes.

To be passed, the resolution must be approved by a majority of votes at the meeting, excluding votes by the bidder and its associates. However, the Corporations Act also provides that, if the meeting is not held within the time required, then a resolution to approve the proportional takeover bid will be deemed to have been passed.

If the resolution to approve the proportional takeover bid is passed, or deemed to have been passed, the transfer of securities resulting from acceptance of an offer under that bid will be permitted, and the transfers registered, subject to the Corporations Act and the Constitution of the Company.

If the resolution is rejected, then all offers under the bid that have not, as at the end of the relevant day, been accepted, and all offers under the bid that have been accepted and from whose acceptance

binding contracts have not resulted, must be treated as withdrawn and a person who has accepted an offer made under the bid is entitled to rescind the contract (if any) resulting from that acceptance.

Rule 163 of the Constitution will not apply to full takeover bids (for 100% of each Shareholder's shares).

*(c) Reasons for proposing the resolution*

In the Board's view, the relevant Shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest. As a result, the relevant Shareholders may not have the opportunity to dispose of their securities, and risk being part of a minority interest in the Company or suffering loss if the takeover bid causes a decrease in the market price of the securities or makes the shares less attractive and, accordingly, more difficult to sell. Rule 163 of the Constitution would only permit this to occur with the approval of a majority of the relevant holders.

*(d) Potential advantages and disadvantages*

For the relevant Shareholders, the potential advantages of the provisions in rule 163 are that it will provide them with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a proportional takeover bid should be approved and proceed. This affords the relevant Shareholders an opportunity to have a say in the future ownership and control of the Company and helps the Shareholders avoid being locked into a minority. The Board believes this will encourage any proportional takeover bid to be structured so as to be attractive to at least a majority of the relevant Shareholders. It may also discourage the making of a proportional takeover bid that might be considered opportunistic.

On the other hand, a potential disadvantage for the relevant Shareholders arising from rule 163 of the Constitution is that proportional takeover bids may be discouraged by the further procedural steps that the provisions will entail and, accordingly, this may reduce any takeover speculation element in the price of the Company's securities. Shareholders may be denied an opportunity to sell a portion of their securities at an attractive price where the majority rejects the offer from persons seeking control of the Company. The Directors do not consider that there are any advantages or disadvantages specific to the Directors in relation to the provisions in rule 163 of the Constitution.

*(e) No knowledge of present acquisition proposals*

As at the date of this Notice, none of the Directors is aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company by way of a proportional takeover bid or otherwise.

*Directors' recommendation*

The Board unanimously recommends that Shareholders vote in favour of Resolution 12.



## **Annexure A**

### **Summary of Employee Share Plan**

Set out below is a summary of the terms and conditions of the Northern Minerals Limited Share Plan.

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#### **1. Eligibility**

The Company's board of directors (**Board**) may from time to time determine that an Employee may participate in the Plan and the extent of that participation. The Board will have regard to, amongst other things, the seniority and position of the Employee, the length of service of the Employee, the record of employment, the potential contribution of the Employee to the growth of the profitability of the Group and any other matters which the Board considers relevant.

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#### **2. Invitations**

The Board may issue invitations to Employees (**Invitation**), inviting applications for up to the number of Shares specified in the Invitation. The Invitation will set out, amongst other things, the number of Shares, the issue price of the Shares, and if applicable, the loan amount, the loan term, restriction conditions, the acceptance period and any matter required by any applicable ASIC Class Order.

Subject to compliance with the Corporations Act (including any applicable ASIC class order) and the ASX Listing Rules, Shares under the Share Plan may be renounced in favour of an Eligible Person in relation to the Employee that is approved by the Company.

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#### **3. Number of Shares**

The number of Shares that may be offered to an Employee is entirely within the discretion of the Board.

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#### **4. Issue Price**

Except insofar as is necessary to comply with the provisions of an employment contract or other contract approved by the Board whereby executive or technical services are provided to the Company, the issue price for each Share will be not less than:

- (a) if there was at least one transaction in the Shares on ASX during the 5 day trading period immediately before the date on which an offer was made, the volume weighted average trading price of the Shares on ASX during that period; or
- (b) if there were no transactions in the Shares on ASX during that 5 day trading period immediately before the date on which an offer was made, the last price at which an offer was made on ASX to purchase a Share.

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#### **5. Loan**

An Applicant who is invited to subscribe for Shares under the Share Plan may also be invited to apply for a loan (**Loan**) up to the amount payable in respect of the Shares, on the following terms:

- (a) Loans must be made solely to the Participant and in the name of the Participant.



- (b) The Loan will be interest free.
- (c) Any Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares to be acquired under the Share Plan.
- (d) The term of the Loan, the time in which repayment of the Loan must be made by the Participant and the manner for making such payments shall be determined by the Board and set out in the Invitation.
- (e) The amount repayable on the Loan by the Participant will be the lesser of:
  - the issue price of the Shares, less any cash dividends paid in respect of the Shares and applied by the Company in accordance with paragraph (g) below and any amount of the Loan repaid by the Participant; and
  - the last sale price of the Shares on ASX on the date of repayment of the Loan or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.
- (f) A Participant must repay the Loan in full prior to expiry of the term of the Loan but may elect to repay the Loan amount in respect of any or all of the Shares (in multiples representing not less than 1,000 Shares) at any time prior to expiry of the term of the Loan.
- (g) Cash dividends which are paid in respect of Shares the subject of a Loan (**Loan Shares**) will be applied by the Company on behalf of the Participant to repayment of the amount outstanding under the Loan and any surplus of the cash dividend will be paid to the Participant. The Participant irrevocably authorises the Company to apply cash dividends which are paid in respect of Loan Shares to the repayment of the amount outstanding under the Loan.
- (h) The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Share Plan.
- (i) A Share issued under the Share Plan may not be transferred, assigned, mortgaged, charged or otherwise encumbered by a Participant until the Loan amount in respect of that Share has been repaid and the Company:
  - will retain the share certificate (if any) in respect of the Loan Shares and an executed Share transfer form in respect of the Loan Shares;
  - may apply a holding lock; and
  - may refuse to register a transfer of Loan Shares, until the Loan amount has been repaid.

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## **6. Termination of the Loan prior to the Repayment Date**

If, prior to repayment in full of a Loan by a Participant the Participant dies (or if the Participant is not an Employee, the Employee by virtue of whom a Participant holds the Shares dies), suffers an Event of Insolvency, breaches any condition of the Loan or the Rules or ceases to be an Employee (or if the Participant is not an Employee, the Employee by virtue of whom a Participant holds the Shares ceases to be an Employee), then the Participant (or his or her personal representative) shall elect, by serving written notice on the Company within seven days of such event occurring, one of the following two alternatives. If such notice is not served within seven days of the event occurring, the Participant shall be deemed to have elected Alternative 1.

**Alternative 1**

To have the Company either:

- (a) if so required by section 707 of the Corporations Act, place the relevant Shares to persons who are excluded offerees for the purpose of section 708 of the Corporations Act, at a price not less than 80% of the weighted average of the prices at which Shares were traded on ASX over the 5 days prior to the sale; or
- (b) sell the relevant Shares on ASX,

and apply the proceeds of the sale in repayment of the Loan. If the proceeds exceed the amount of the Loan, the Company will then apply the balance to pay all reasonable expenses, including an administration fee of \$30 or such higher amount as may be fixed by the directors (having regard to increases in administration costs, any stamp duty and brokerage) and refund the surplus, if any, after the sale of the Shares to the Participant.

**Alternative 2**

To repay the Loan:

- (a) within 12 months in the event of the death or Event of Insolvency of the Employee or Participant (as applicable) or in the event that the Employee ceases to be an Employee as a result of retirement or retrenchment; or
- (b) within one month in the event that the Employee resigns, is terminated or otherwise ceases to be an Employee for any reason other than one set out above at paragraph (a),

and, upon repayment in full of the Loan, have the relevant Shares fully vested in their name.

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**7. Restrictions on dealing in Shares and Holding Lock**

Subject to the Rules, a Participant may not sell, transfer, assign, mortgage, charge or otherwise encumber a Share until the end of any applicable Restriction Period.

Until the expiry of any applicable Restriction Period in respect of the Shares, the Company:

- (a) will retain the share certificate (if any) and an unexecuted share transfer form in respect of the Shares;
- (b) may apply a holding lock; and
- (c) may refuse to register a transfer of those Shares.

If the Company applies a holding lock (or requests the application of a holding lock) in respect of the Shares or refuses to register a transfer of the Shares, the Company must (in accordance with ASX Listing Rules 8.10.2 and 8.10.3) inform the Participant in writing of such request or refusal and the reason(s) for it within 5 business days of the request or date on which the transfer was lodged.

Following the expiry of the Restriction Period, a Participant may deal with its Shares as it sees fit, subject to compliance with the Company's 'Policy for Trading in Company Shares by Directors and Employees' and to compliance with legal requirements including the 'insider trading' rules.

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**8. Rights attaching to Shares issued under the Share Plan**

Shares which are issued under the Share Plan will rank equally in all respects (other than with respect to any restriction on dealing referred to in paragraph 7 above or otherwise imposed by the Board) with all Shares on issue.

The Company will apply for quotation for each Share issued under the Share Plan on ASX within the time prescribed by the ASX Listing Rules. The Company need not do so, however, if the Shares are not in a class of securities traded on ASX.

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## 9. Plan Limit

- (a) If, when making an offer (or offers) of Shares under the Share Plan, the Company does so in reliance on Class Order 14/1000, it must, at the time of making the offer(s), have reasonable grounds to believe that the number of Shares in a class of Shares that have been, or may be, issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of Shares in that class on issue:
  - (i) shares that may be issued under the offer(s) (to the extent offered in reliance on Class Order [CO 14/1000]); or
  - (ii) shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
    - (A) the Plan or any other employee incentive scheme in reliance on Class Order [CO 14/1000] or its predecessors; or
    - (B) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
- (b) Offers of Shares issued other than in reliance on Class Order [CO 14/1000] or its predecessors or an ASIC exempt arrangement (such as offers received outside of Australia or under an exception in section 708 of the Corporations Act) will not be included in calculating the 5% limit in paragraph (a) above.

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## 10. Definitions

**Applicant** means the Employee or an Eligible Person in relation to the Employee, as approved by the Company, in whose favour the Employee renounces an invitation made in accordance with the Rules.

**ASX** means ASX Limited ABN 98 008 624 691, and where the context requires, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Official Listing Rules of ASX.

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

**Casual Employee** means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the Company or any of its subsidiaries.

**Director** means a director of the Company from time to time.

**Eligible Person** means:

- (a) an Employee;
- (b) an Immediate Family Member of the Employee;
- (c) a company whose members comprise no persons other than individuals from categories (a) and (b) above; or
- (d) a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth)) where the Employee is a director of the trustee.

**Employee** means any person who is a full-time or part-time employee of, or in an executive director of, a Group Company; or a Casual Employee.

**Event of Insolvency** means:

- (a) a person is, or is deemed to be, insolvent, or is declared bankrupt; or
- (b) a liquidator, provisional liquidator, receiver, manager or administrator is appointed in respect of the person or any of the person's assets.

**Group** means the Company and its Subsidiaries.

**Group Company** means the Company or any of its Subsidiaries.

**Immediate Family Member** has the meaning given in section 9 of the Corporations Act.

**Participant** means an Eligible Person to whom a Share under the Share Plan has been granted or, following the death of that Eligible Person, their personal representative.

**Restriction Condition** means a condition set out in the Invitation that must be satisfied (unless waived by the Board in its absolute discretion) before the Shares to which the Restriction Condition applies can be sold, transferred, assigned, mortgaged, charged or otherwise encumbered.

**Restriction Period** means, in relation to a Share issued under the Share Plan, the period commencing on the date of issue of the Share and ending on the later of:

- (a) the date all Restriction Conditions that apply to that Share (if any) are satisfied or waived by the Board; and
- (b) the date any Loan in relation to the Shares is repaid in full or otherwise discharged under the Rules.

**Rules** means the rules of the Share Plan, as amended from time to time.

**Share** means a fully paid shares in the capital of the Company.

**Share Plan** means the Northern Minerals Limited Share Plan established in accordance with the Rules.

**Subsidiary** means a subsidiary, as defined in the Corporations Act, of the Company.

## **Annexure B**

### **Summary of Performance Rights Plan**

Set out below is a summary of the terms and conditions of the Northern Minerals Performance Rights Plan:

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#### **1. Eligibility**

The Company's board of directors (**Board**) may from time to time determine that an Eligible Participant may participate in the Plan and the extent of that participation. The Board will have regard to, amongst other things, office or position held by or services provided by the Eligible Participant to the relevant Participating Employer, the length of office, position held or service of the Eligible Participant with the Participating Employer, the record of employment or Engagement of the Eligible Participant with the Participating Employer, the potential contribution of the Eligible Participant, the extent of the existing participation of the Eligible Participant (directly or indirectly) in the Plan, and any other matters which the Board considers relevant.

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#### **2. Invitations**

The Board may issue an invitation to an Eligible Participant (**Invitation**), inviting an application for a grant of Performance Rights up to the number of Performance Rights specified in the Invitation. The Invitation will set out, amongst other things, the number of Performance Rights, the Vesting Date, the Expiry Date (if applicable), the exercise price (if any), any vesting conditions, the acceptance period and any matters required by any applicable ASIC Class Orders.

Performance Rights may be renounced in favour of an Eligible Person in relation to the Eligible Participant, subject to approval by the Committee in whose favour the Eligible Participant renounces an Invitation.

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#### **3. Applications**

Following receipt of an Invitation, an application for the Performance Rights may be made by the Eligible Participant or an Eligible Person in relation to the Eligible Participant, as approved by the Committee, in whose favour the Eligible Participant renounces such Invitation (**Applicant**).

The Applicant may apply for the Performance Rights by sending to the Company (marked for the attention of the Company Secretary) a duly signed and completed application (in the form attached to the Invitation) (**Application**).

The Application must be received by the Company within the acceptance period specified in the Invitation, which cannot be less than 7 days from the date of the Invitation.

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#### **4. Grant of Performance Rights**

Upon acceptance of a duly signed and completed Application in accordance with the Rules, the Company may grant the Performance Rights applied for to the Applicant. Notwithstanding the lodgement of a completed Application, no entitlement to Performance Rights, or, if applicable, Shares to which those Performance Rights relate, accrues to an Applicant until the date on which those Performance Rights are granted to the Applicant by the Company.

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#### **5. Exercise and Lapse of Performance Rights**

- (a) Performance Rights will vest when the vesting conditions prescribed in the relevant Invitation have been satisfied.

- (b) Subject to paragraph (c) below, Performance Rights may be exercised at any time from and including the Vesting Date up to and including the Expiry Date.
- (c) If an Invitation so provides, Performance Rights automatically convert to Shares on the Vesting Date with no exercise price being payable.
- (d) Subject to the below, Performance Rights lapse on the Expiry Date.
- (e) If a Participant ceases to be an Eligible Person prior to the Vesting Date, all such Performance Rights held by that Participant will lapse one month, or such longer period as determined by the Committee at its absolute discretion, after that Participant ceases to be an Eligible Person.
- (f) If a Participant ceases to be an Eligible Person by reason of any of the following events, the Performance Rights held by that Participant will lapse at the expiration of six months, or such longer period as determined by the Committee at its absolute discretion, after the relevant event:
  - (i) the retirement or retrenchment of the Participant, or if the Participant is not an Eligible Participant, the retirement or retrenchment of the Eligible Participant by virtue of whom a Participant holds Performance Rights;
  - (ii) the bankruptcy or commencement of winding up or deregistration procedures in respect of the Participant; or
  - (iii) the death of the Participant, or if the Participant is not an Eligible Participant, the death of the Eligible Participant by virtue of whom a Participant holds Performance Rights.

---

## **6. Exercise procedure**

- (a) Performance Rights that do not automatically convert to Shares upon vesting must be exercised by written notice to the Company.
- (b) Payment in full of the exercise price (if any) must accompany the notice of exercise.
- (c) The Company will issue the number of Shares specified in the notice of exercise to the Participant as soon as possible after the Vesting Date, subject to any necessary consents or approvals required by any competent authority having first been obtained and compliance by the Participant with the terms of its Performance Rights so exercised, the Company's 'Policy for Trading in Company Shares by Directors and Employees' and the Rules.
- (d) If Performance Rights automatically convert to Shares on the Vesting Date specified in an Invitation, the Company will issue one Share for each Performance Right vested (to be rounded to the nearest whole share) as soon as possible after the Vesting Date, subject to any necessary consents or approvals required by any competent authority having first been obtained and compliance by the Participant with the terms of its Performance Rights so exercised, the Company's 'Policy for Trading in Company Shares by Directors and Employees' and the Rules.

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## **7. Takeover bids etc**

All Performance Rights issued under the Plan immediately vest in a Participant (to the extent they have not already vested or lapsed) and are immediately exercisable by that Participant if:

- (a) a takeover bid (as defined in the Corporations Act) to acquire Shares becomes, or is declared to be, unconditional, irrespective of whether or not the takeover bid extends to Shares issued and

allotted after the date of the takeover bid;

- (b) a change of Control of the Company occurs; or
- (c) a merger by scheme of arrangement under the Corporations Act is approved by the court under section 411(4)(b) of the Corporations Act.

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## **8. Withholding**

If the Company is required under relevant tax legislation to make withholdings on account of tax upon:

- (a) the exercise of Performance Rights by a Participant; or
- (b) the automatic conversion of Performance Rights to Shares,

the Board must sell sufficient of the Shares which would otherwise be issued to the Participant so that the net proceeds of sale equal the payment which the Company is required to pay to the appropriate authorities, and must apply the net proceeds towards the payment to the authorities.

This arrangement does not apply if the Participant makes an alternative arrangement to the satisfaction of the Company.

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## **9. Restriction on Dealings, Dividends and Quotation**

- (a) Performance Rights granted under the Plan may not be transferred or hedged.
- (b) Performance Rights carry no right to a dividend and no right to vote.
- (c) Performance Rights will not be quoted on ASX.

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## **10. Amendment and Termination**

- (a) Subject to paragraph (b) below, the Board may amend, vary or supplement the Plan in any respect subject to compliance with the ASX Listing Rules.
- (b) The Board may not amend the provisions of the Plan to reduce the rights of Participants in respect of prior grants, other than an amendment primarily:
  - (i) to comply with, or conform to, present or future State or Commonwealth legislation governing or regulating the maintenance or operation of the Plan or like plans;
  - (ii) to correct any manifest error or mistake; or
  - (iii) to take into consideration possible adverse tax implications in respect of the Plan arising from, amongst others, adverse rulings from the Commissioner of Taxation, changes to tax legislation (including an official announcement by the Commonwealth of Australia) and/or changes in the interpretation of tax legislation by a Court of competent jurisdiction.
- (c) The Board may terminate the Plan at any time in which case no further Performance Rights will be granted.
- (d) The Board may in its absolute discretion:
  - increase or decrease the level of vesting irrespective of performance in relation to a vesting



condition, if the Board forms the view in light of the circumstances that prevail during the period during which rights may vest that either nil vesting or a different level of vesting would be more reasonable in the circumstances; and/or

- vest some or all of the Performance Rights prior to the end of the period during which rights may vest, if, in the circumstances it considers it appropriate to do so.
- (e) Notwithstanding any other provisions of the Plan, the Board may at any time waive in whole or in part any terms or conditions (including any vesting condition) in relation to any Performance Rights granted to any Participant.

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## 11. Plan limit

- (a) If, when making an offer (or offers) of Performance Rights under the Plan, the Company does so in reliance on Class Order 14/1000, it must, at the time of making the offer(s), have reasonable grounds to believe that the number of Shares in a class of Shares that have been, or may be, issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of Shares in that class on issue:
  - (i) shares that may be issued under the offer(s) (to the extent offered in reliance on Class Order [CO 14/1000]); or
  - (ii) shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
    - (A) the Plan or any other employee incentive scheme in reliance on Class Order [CO 14/1000] or its predecessors; or
    - (B) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
- (b) Offers of Performance Rights made or Shares issued other than in reliance on Class Order [CO 14/1000] or its predecessors or an ASIC exempt arrangement (such as offers received outside of Australia or under an exception in section 708 of the Corporations Act) will not be included in calculating the 5% limit in paragraph (a) above.

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## 12. Definitions

**ASX** means ASX Limited ABN 98 008 624 691, and where the context requires, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Official Listing Rules of ASX.

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

**Casual Employee** means an individual who is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with a Participating Employer.

**Committee** means a committee appointed by the Board with responsibility for operation of the Plan, and whose members by majority must be non-executive Directors. If no Committee is appointed, a reference to Committee will be construed as a reference to the Board.

**Contractor** means:

- (a) an individual with whom a Participating Employer has entered into a contract for the provision of services under which the individual performs work for the Participating Employer; or

- (b) a company with whom a Participating Employer has entered into a contract for the provision of services under which an individual, who is a director of the company or their spouse, performs work for the Participating Employer,

where the individual who performs the work under or in relation to the contract is, or might reasonably be expected to be, engaged to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full-time position with the Participating Employer.

**Control** has the meaning given to it in section 50AA of the Corporations Act.

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

**Eligible Participant** means:

- (a) A full-time or part time employee (including an executive director);
- (b) a non-executive director;
- (c) a Contractor;
- (d) a Casual Employee; or
- (e) a Prospective Participant,

in each case of, or in relation to, a Participating Employer.

**Eligible Person** means:

- (a) an Eligible Participant;
- (b) an Immediate Family Member (as defined in section 9 of the Corporations Act) of the Eligible Participant;
- (c) capital company whose members comprise no persons other than individuals from categories (a) and (b) above; or;
- (d) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993* (Cth)) where the Eligible Participant is a director of the trustee.

**Expiry Date**, in relation to a Performance Right, means the date specified in an Invitation in respect of that Performance Right as being the final date that Performance Right can be converted to a Share (failing which, it will expire).

**Participant** means an Eligible Person to whom a Performance Right has been granted or, following the death of that Eligible Person, their personal representative.

**Participating Employer** means the Company or any Subsidiary.

**Performance Right** means a right issued under the Plan to acquire a Share.

**Plan** means the Northern Minerals Limited Performance Rights Plan established in accordance with the Rules.

**Prospective Participant** means a person to whom an Invitation is made on terms that the person can only accept that Invitation if an arrangement has been entered into that will result in the person

becoming covered by one of paragraphs (a) to (d) of the definition of Eligible Participant.

**Rules** means the rules of the Plan, as supplemented and amended from time to time.

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

**Subsidiary** means a subsidiary, as defined in the Corporations Act, of the Company.

**Vesting Date**, in relation to a Performance Right, means (subject to the Rules), the date that Performance Right vests in a Participant as specified in the Invitation in respect of that Performance Right.

**Annexure C**  
**Rule 163 of the Constitution**

**163. Partial takeovers**

*[compare section 648D]*

163.1 In this rule 163:

- (1) **proportional takeover scheme** means a proportional takeover bid as defined in section 9 of the Act and regulated by section 648D of the Act;
- (2) **relevant day** in relation to a takeover scheme means the day that is the 14th day before the end of the period during which the offers under the takeover scheme remain open; and
- (3) a reference to **a person associated with** another person has the meaning given to that expression by Division 2 of Part 1.2 of the Act.

163.2 Where offers have been made under a proportional takeover scheme in respect of shares included in a class of shares in the Company:

- (1) other than where a transfer is effected in accordance with the takeover provisions (if any) under the ASX Settlement Operating Rules, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the takeover scheme is prohibited unless and until a resolution (in this rule 163.2 referred to as an **approving resolution**) to approve the takeover scheme is passed in accordance with this rule 163;
- (2) a person (other than the offeror or a person associated with the offeror) who, as at the end of the day on which the first offer under the takeover scheme was made, held shares in that class is entitled to vote on an approving resolution and, for the purpose of so voting, is entitled to 1 vote for each of the shares;
- (3) an approving resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution; and
- (4) an approving resolution that has been voted on, is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 1/2, and otherwise is taken to have been rejected.

163.3 The provisions of this constitution that apply in relation to a general meeting of the Company apply with any modifications the circumstances require, in relation to a meeting that is convened pursuant to this rule 163 as if the last mentioned meeting were a general meeting of the Company.

163.4 Where takeover offers have been made under a proportional takeover scheme then the directors must ensure that a resolution to approve the takeover scheme is voted on in accordance with this rule 163 before the relevant day in relation to the takeover scheme.

163.5 Where a resolution to approve a takeover scheme is voted on in accordance with this rule 163, the Company must, on or before the relevant day in relation to the takeover scheme:

- (1) give to the offeror; and
- (2) serve on each notifiable securities exchange in relation to the Company;

a notice in writing stating that a resolution to approve the takeover scheme has been voted on and that the resolution has been passed, or has been rejected, as the case requires.

163.6 Where, at the end of the day before the relevant day in relation to a proportional takeover scheme under which offers have been made, no resolution to approve the takeover scheme has been voted on in accordance with this rule 163, a resolution to approve the takeover

scheme must, for the purposes of this rule 163, be treated as having been passed in accordance with this rule 163.

- 163.7 Where a resolution to approve a proportional takeover scheme is voted on in accordance with this rule 163 before the relevant day in relation to the takeover scheme and is rejected, then:
- (1) despite section 652A of the Act, all offers under the takeover scheme that have not, as at the end of the relevant day, been accepted, and all offers under the takeover scheme that have been accepted and from whose acceptance binding contracts have not, at the end of the relevant day, resulted, must be treated as withdrawn at the end of the relevant day; and
  - (2) a person who has accepted an offer made under the takeover scheme is entitled to rescind the contract (if any) resulting from that acceptance.
- 163.8 Nothing in this rule 163 authorises the Company to interfere with any takeover transfer procedures contained in the ASX Settlement Operating Rules.
- 163.9 This rule 163 ceases to have effect on the 3rd anniversary of the date of its adoption or of its most recent renewal.

## Shareholder Details

This is to certify that by a resolution of the Directors of:

..... (Company),  
Insert name of shareholder company

the Company has appointed:

.....,  
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the meeting of the members of Northern Minerals Limited to be held on Wednesday, 30 November 2017 commencing at 10 am (Perth Time) and at any adjournments of that meeting/all meetings of the members of Northern Minerals Limited.

DATED ..... 2017

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### Please sign here

Executed by the Company )  
in accordance with its constituent documents )  
)

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)

.....  
Position of authorised representative (print)

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### Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (e.g. "John Smith" or "each director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (e.g. director) of each company officer who signs this Certificate on behalf of the company.
4. Insert the date of execution where indicated.
5. Send or deliver the Certificate to Northern Minerals Limited registered office at Level 1, 675 Murray Street, West Perth, Western Australia 6005 or fax to the registered office on (08) 9481 5929.



# NORTHERN MINERALS LIMITED

ACN: 119 966 353

## REGISTERED OFFICE:

LEVEL 1  
675 MURRAY STREET  
WEST PERTH WA 6005

## SHARE REGISTRY:

Security Transfer Australia Pty Ltd

### All Correspondence to:

PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

«EFT\_REFERENCE\_NUMBER»



«Post\_zone»  
«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

Code:

NTU

Holder Number:

«HOLDER\_NUM

## 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.

### VOTE ONLINE

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson 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 the Company to be held at 10:00am WST on Thursday 30 November 2017 at Level 1, 675 Murray Street, West Perth, Western Australia 6005 and at any adjournment of that meeting.

**Chairperson authorised to exercise proxies on remuneration related matters:** Where I/we have appointed the Chairperson of the meeting as my/our proxy (or the Chairperson becomes my/our proxy by default), I/we expressly authorise the Chairperson to exercise my/our proxy on Resolutions 1,9,10 and 11 in accordance with his/her intentions as set out in the notice of meeting and this form (except where I/we have indicated a different voting intention below) even though Resolutions 1,9,10 and 11 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairperson.

### 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. 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.

RESOLUTION	For	Against	Abstain*		For	Against	Abstain*
1. Adoption of Remuneration Report (Non-Binding Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Issue of Shares to Lind	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Mr Nan Yang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Issue of Shares to Jfmag	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Mr Adrian Griffin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Approval of Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of Additional 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Approval to Issue Securities under Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Ratification of Previous Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Approval to provide Termination Benefits under Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Ratification of Previous Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Reinstatement of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* 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 or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am WST on Tuesday 28 November 2017.

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NTU

NTUPX2301117

+



Name:

[illegible]

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) 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 contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, 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 of your votes; and
- b) Return both forms in the same envelope.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

**Email** registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.