



ACN 146 035 690

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting

Wednesday, 29 November 2017

Time of Meeting

11:30 am (AWST)

Place of Meeting

Level 1, Office E
1139 Hay Street
WEST PERTH WA 6005

ANNUAL REPORT

The 2017 Annual Report is available from the Company's website via the following link
<http://www.audalia.com.au/files/2017-Annual-Report.pdf>

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Audalia Resources Limited (**Company** or **ACP**) is to be held at Level 1, Office E, 1139 Hay Street, West Perth, Western Australia 6005 on Wednesday, 29 November 2017 commencing at 11:30 am (AWST).

The Explanatory Memorandum that accompanies and forms part of this Notice describes the matters to be considered at this meeting.

BUSINESS

Financial and Other Reports – Year Ended 30 June 2017 (no resolution required)

To receive and consider the Financial Report, the declaration of Directors, the Remuneration Report and the reports of the Directors and of the Auditor for the year ended 30 June 2017.

Resolution 1 – Non-Binding Resolution to Adopt Remuneration Report

To consider and, if thought fit, to pass with or without amendment the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given to adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2017."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

The Company will disregard any votes cast on Resolution 1 by, or on behalf of, any of the following persons:

- (a) a member of the Key Management Personnel, as disclosed in the Remuneration Report; or
- (b) a Closely Related Party (such as close family members and any controlled companies) of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy 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 this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Resolution 2 – Re-election of Director – Mr Xu (Geoffrey) Han

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

"That Mr Han, being a director of the Company who retires by rotation in accordance with Clause 13.2 of the Company's Constitution, Listing Rule 14.4 and for all other purposes, and being eligible and offering himself for re-election, be re-elected as a director of the Company."

Resolution 3 – Re-election of Director – Mr Brent Butler

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

"That Mr Butler, being a director of the Company who retires by rotation in accordance with Clause 13.2 of the Company's Constitution, Listing Rule 14.4 and for all other purposes, and being eligible and offering himself for re-election, be re-elected as a director of the Company."

Resolution 4 – Re-election of Director – Datuk Siew Swan Ong

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

"That Datuk Ong, being a director of the Company who retires by rotation in accordance with Clause 13.2 of the Company's Constitution, Listing Rule 14.4 and for all other purposes, and being eligible and offering himself for re-election, be re-elected as a director of the Company."

EXPLANATORY MEMORANDUM

The Explanatory Memorandum is incorporated in and comprises part of this Notice. Shareholders are referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice and the Explanatory Memorandum.

PROXIES

Please note that:

- A member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the member.
- A proxy need not be a member of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (e.g. "the Company Secretary").
- Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If no such proportion is specified, each proxy may exercise half of the member's votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. Completed Proxy Forms (together with any authority under which the proxy was signed or a certified copy of the authority) must be returned before 11:30 am (AWST) on 27 November 2017.

VOTING ENTITLEMENTS

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that members holding ordinary shares as set out in the Company's share register at 4:00 pm (AWST) on 27 November 2017 will be entitled to attend and vote at the Annual General Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with an original (or certified copy) certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the

Company in advance of the meeting or handed in at the meeting when registering as a corporate representative. The appointment must comply with section 250D of the Corporations Act 2001.

ATTORNEYS

If an attorney is to attend the meeting on behalf of a Shareholder, a properly executed original (or originally certified copy) of an appropriate power of attorney must be received by the Company by the deadline for the receipt of Proxy Forms, being no later than 11:30 am (AWST) on 27 November 2017. Previously lodged powers of attorney will be disregarded by the Company.

**DATED THIS 30TH OF OCTOBER 2017
BY ORDER OF THE BOARD**



Karen Logan
Company Secretary

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Audalia Resources Limited (**Company** or **ACP**).

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Financial Statements and Report

Under the Corporations Act, the directors of the Company must table the Financial Report, the Directors' Report and the Auditor's Report for ACP for the year ended 30 June 2017 (**2017 Annual Report**) at the Meeting.

These reports, together with the declaration of Directors, are set out in the 2017 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2017 Annual Report with this Notice of Annual General Meeting. In accordance with section 314 (1AA)(c) of the Corporations Act, the Company advises the 2017 Annual Report is available from the Company's website: (<http://www.audalia.com.au/files/2017-Annual-Report.pdf>).

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the 2017 Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2017.

There is no requirement for Shareholders to approve the 2017 Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the 2017 Annual Report which is available online;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the Auditor questions about:
 - (i) the conduct of the audit;
 - (ii) the preparation and contents of the Auditor's Report;
 - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (iv) the independence of the Auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Auditor about:

- (a) the content of the Auditor's Report; and
- (b) the conduct of the audit of the Annual Report,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

1. Resolution 1 – Adoption of Remuneration Report

1.1 General

Under the Corporations Act, the Company is required to include, in the Directors' Report, a detailed Remuneration Report setting out the prescribed information in relation to the remuneration of directors and executives of ACP and the Company's remuneration practices.

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the Remuneration Report.

Under section 250R(2) of the Corporations Act, the Remuneration Report is required to be submitted for adoption by a resolution of Shareholders at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

1.2 Voting consequences

Under the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted

against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

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

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

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

1.3 Previous voting results

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

1.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

¹ Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

² Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member.

³ Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

⁴ The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

1.5 Voting Intention

The Chair of the Meeting intends to vote all available proxies in favour of the Resolution.

2. Background to Resolutions 2, 3 and 4 – Re-election of Directors

ASX Listing Rule 14.4 provides that other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

Clause 13.2 of the Constitution requires that at the annual general meeting, one third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt) shall retire from office, provided always that no Director other than the Managing Director shall hold office for more than 3 years or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election. In determining the number of Directors to retire by rotation, no account is to be taken of a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution. A retiring director is eligible for re-election.

The Directors have resolved to implement best practice and to request that Shareholders consider the re-election of all directors at each annual general meeting. This practice provides Shareholders with an opportunity to vote on the re-election of each of the Company's directors each year and ask questions about their proposed re-appointment.

3. Resolution 2 – Re-election of Director – Mr Xu (Geoffrey) Han

Mr Han, who has served as a director since 30 June 2016 and was last re-elected at the Company's 2016 Annual General Meeting held on 25 November 2016, retires in accordance with the Company's Constitution and the current practice of the Board and, being eligible, offers himself for re-election.

Mr Han holds a Masters in Chemical Engineering from Curtin University and has held senior engineering positions

with a number of WA resource companies over the last 10 years. Mr Han specialises in mining project development of all stages from scoping study through to construction and has managed a number of mining projects during his career.

The Board has considered Mr Han's independence and considers that he is not an independent Director.

3.1 Board Recommendation

The Board (other than Mr Han) recommends Shareholders vote in favour of the Resolution.

3.2 Voting Intention

The Chair of the meeting intends to vote undirected proxies in favour of the Resolution.

4. Resolution 3 – Re-election of Director – Mr Brent Butler

Mr Butler, who has served as a director since 16 February 2011 and was last re-elected at the Company's 2016 Annual General Meeting held on 25 November 2016, retires in accordance with the Company's Constitution and the current practice of the Board and, being eligible, offers himself for re-election.

Mr Butler is a geologist with over 30 years' experience in the resource industry. He has a geology degree from Otago University and is a member of the Australasian Institute of Mining and Metallurgy. Mr Butler is also a Fellow of the Society of Geology (USA), Fellow member of the Geological Society of London (UK) and a member of the Prospectors and Developers Association of Canada. He is currently the CEO and Director of Superior Mining International Corporation (TSX) and a past Director of Millennial Lithium Corp. (TSX) (formerly Redhill Resources Corp.). He has significant international exploration and mining experience in the gold industry, having worked in the United States, Brazil, Chile, Argentina, Africa and Australia.

The Board has considered Mr Butler's independence and considers that he is not an independent Director.

4.1 Board Recommendation

The Board (other than Mr Butler) recommends Shareholders vote in favour of the Resolution.

4.2 Voting Intention

The Chair of the Meeting intends to vote undirected proxies in favour of the Resolution.

5. Resolution 4 – Re-election of Director – Datuk Siew Swan Ong

Datuk Ong, who has served as a director since 9 October 2010 and was last re-elected at the Company's 2016 Annual General Meeting held on 25 November 2016, retires in accordance with the Company's Constitution and the current practice of the Board and, being eligible, offers himself for re-election.

Datuk Ong holds a Bachelor of Law degree from Bond University, Australia. He is an advocate and Solicitor for more than 20 years, including managing his own legal practice in the areas of Banking Law, Commercial Law, Land and Mining Law. He was appointed as Legal Adviser and Justice of Peace by the XIV King of Malaysia, Tuanku Halim Mu'adzam Shah.

Datuk Ong is also involved in the business of property investments & developments; security products, services and solutions, solid waste management and solutions for State Government of Malaysia.

The Board has considered Datuk Ong's independence and considers that he is not an independent Director.

5.1 Board Recommendation

The Board (other than Datuk Ong) recommends Shareholders vote in favour of the Resolution.

5.2 Voting Intention

The Chair of the Meeting intends to vote undirected proxies in favour of the Resolution.

GLOSSARY

\$ means an Australian dollar.

Annual General Meeting means the annual general meeting the subject of this Notice.

Annual Report has the same meaning as Financial Report.

ASX means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules and **Listing Rules** mean the official listing rules of ASX.

Auditor means the Company's auditor from time to time, at the date of the Notice, being BDO Audit (WA) Pty Ltd.

Auditor's Report means the auditor's report on the Financial Report.

AWST means Australian Western Standard Time.

Board means the board of directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company or **ACP** means Audalia Resources Limited (ACN 146 035 690).

Constitution means the Company's constitution.

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

Director means a Director of the Company and **Directors** means the directors of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Annual General Meeting.

Financial Report means the annual financial report of the Company prepared under Chapter 2M of the Corporations Act 2001.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Meeting means the meeting of Shareholders convened by the Notice of Annual General Meeting.

Notice or **Notice of Meeting** means the notice of annual general meeting accompanying this Explanatory Memorandum.

Proxy Form means a proxy form attached to the Notice.

Remuneration Report means the remuneration report as contained in the Directors' report section of the Company's annual financial report for the year ended 30 June 2017.

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

Shareholder means a shareholder of the Company.



PROXY FORM

MR SAM SAMPLE
UNIT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE WA 6060

1. Appointment of Proxy

I/We being a member/s of Audalia Resources Limited entitled to attend and vote at the Meeting hereby appoint

the Chair of
the Meeting

OR

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at Level 1, Office E, 1139 Hay Street, West Perth, Western Australia 6005 on Wednesday, 29 November 2017 at 11:30 am (AWST), and at any adjournment thereof.

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business in which the Chair is entitled to vote. In exceptional circumstances the Chair may change his voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Authority for Chair to vote undirected proxies on remuneration-related resolutions: Where I/we appoint the Chair of the Meeting as my/our proxy (or where the Chair of the Meeting becomes my/our proxy by default), I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolution 1, (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel of Audalia Resources Limited, which may include the Chair. I/we acknowledge that if the Chair of the Meeting is my/our proxy and I/we have not marked any of the boxes opposite Resolutions 1 to 4, the Chair of the Meeting intends to vote my/our proxy in favour of Resolutions 1 to 4.

2. Items of Business

Please mark ☒ to indicate your voting directions.

	FOR	AGAINST	ABSTAIN
1. Non-Binding Resolution to Adopt Remuneration Report	☐	☐	☐
2. Re-election of Director – Mr Xu (Geoffrey) Han	☐	☐	☐
3. Re-election of Director – Mr Brent Butler	☐	☐	☐
4. Re-election of Director – Datuk Siew Swan Ong	☐	☐	☐

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

If two proxies are being appointed, the proportional voting rights this proxy represents is

_____%

3. Signature of Securityholder(s)

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

Individual or Securityholder 1

Individual/ Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/ Company Secretary

Contact Name

Contact Daytime Telephone

Date

HOW TO COMPLETE THE PROXY FORM

1. Appointment of Proxy

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

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

Appointing a second proxy: If you are entitled to cast two or more votes you may appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. The appointment of a second proxy must be done on a separate copy of the Proxy Form. If a member appoints two proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded.

A duly appointed proxy need not be a securityholder of the company.

Attending the Meeting: Completion of a Proxy Form will not prevent you from attending the Meeting in person if you wish. Where you complete and lodge a valid Proxy Form and attend the Meeting in person, your proxy's authority to speak and vote for you is suspended while you are present at the Meeting.

2. Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities (or such lesser number as indicated by you on the proxy form) will be voted in accordance with your directions. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses subject to relevant laws. If you mark more than one box on an item your vote on that item will be invalid.

3. Signing Instructions

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

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

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

Power of Attorney: Please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

Lodgement of a Proxy

To vote by proxy, please complete and sign this Proxy Form and return by:

- (a) Post to Audalia Resources Limited, PO Box 354, West Perth, WA 6872; or
- (b) Facsimile to the Company on facsimile number +61 8 9321 0721; or
- (c) Email to the Company at admin@audalia.com.au.

This Proxy Form (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting.

Proxy Forms received after this time will be invalid.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from the Company Secretary.