

# **Longford Resources Limited**

ABN 85 142 366 541

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## **NOTICE OF 2017 ANNUAL GENERAL MEETING**

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**Time:** 11.30am (AWST)

**Date:** Thursday, 30 November 2017

**Location:** The Boardroom, NKH Knight Unit 19, Level 2 Spectrum, 100 Railway Road, Subiaco WA 6008

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**ACTIONS TO BE TAKEN BY SHAREHOLDERS**

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The 2017 Annual General Meeting of Longford Resources Limited to which this Notice of Meeting relates will be held at

Time	11.30am (AWST)
Date	Thursday, 30 November 2017
Location	The Boardroom, NKH Knight Unit 19, Level 2 Spectrum, 100 Railway Road, Subiaco WA 6008

**Your vote is important**

The business of the Annual General Meeting affects your shareholding and your vote is important.

**Eligibility to attend and vote**

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5.00pm (AWST) on Wednesday, 29 November 2017.

**Last date to submit Proxy Form**

Your completed Proxy Form must be received by the Company Secretary no later than 11.30am (AWST) on **Tuesday, 28 November 2017**. Please complete and sign the enclosed Proxy Form, returning:

**By mail** PO Box 1592, Booragoon WA 6954

**By email** [eryn@kestelcorp8.com.au](mailto:eryn@kestelcorp8.com.au)

**In person** Level 2 Spectrum, 100 Railway Road, Subiaco

**Appointing a proxy**

You can appoint a proxy to attend and vote on your behalf as an alternative to attending the meeting in person or casting a direct vote.

To appoint a proxy, please write the name of the appointed proxy in the box on the proxy form denoted by Ω. You can direct your proxy how to vote on Items 1 to 6 by marking "For", "Against" or "Abstain".

A proxy does not need to be a shareholder of the Company. A proxy may be an individual or a company. You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Forms and specify the percentage or number of votes each proxy is appointed to exercise. If you do not specify a percentage or number, each proxy may exercise half of the votes. You must return both Proxy Forms together. If you require additional Proxy Forms, please contact the Company Secretary on +61 (0) 435 905 770.

If you sign the enclosed Proxy Form, and mark the box against the Chairman, the Chairman will be appointed as your proxy. The Chairman currently intends to vote undirected proxies on, and in favour of, all proposed resolutions.

If you appoint a proxy, you may still attend the meeting. However, your proxy's right to vote and speak will be suspended while you are present.

**Attending the meeting in person**

Eligible shareholders may attend the meeting and vote in person.

If you intend to attend the meeting in person, you do not need to submit a Proxy Form.

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will suspend your proxy appointment while you are present at the meeting.

Please bring your Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but the Company will need to verify your identity. Please arrive 20 minutes prior to the start of the Annual General Meeting on the date and at the venue set out above.

**Voting by Corporate Representative**

A shareholder that is a corporation may appoint an individual to act as its representative to vote at the meeting in accordance with section 250D of the Corporations Act 2001 (Cth) (Corporations Act). The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. The appropriate "Appointment of Corporate Representative" form should be completed and produced prior to admission to the meeting. This form may be obtained from the Company's share registry.

**Impact of your proxy appointment on your voting instructions**

If you appoint the Chairman as your proxy and have not directed him how to vote, you are authorising the Chairman to cast your undirected vote on all proposed resolutions in accordance with his intentions set out below.

If you appoint any other member of the Board of directors, a member of senior management who is named in the remuneration report (KMP) or their closely related parties as your proxy, they will not be able to vote your proxy on the Remuneration report unless you have directed them how to vote.

"Closely related party" is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a KMP.

If you intend to appoint a KMP or the Chairman as your proxy, you are encouraged to direct them how to vote by marking "For", "Against" or "Abstain" for each of those items of business.

**The Chairman's voting intentions**

The Chairman intends to vote undirected proxies on, and in favour of, all the proposed resolutions. If there is a change to how the Chairman intends to vote undirected proxies, WSG will make an announcement to the market.

The Chairman's decision on the validity of a vote cast by a proxy or vote cast in person, is conclusive.

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## NOTICE OF 2017 ANNUAL GENERAL MEETING

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Notice is given that the 2017 Annual General Meeting of Longford Resources Limited will be held at 11.30 am (AWST) on Thursday, 30 November 2017 at the offices of NKH Knight at Unit 19, Level 2 Spectrum, 100 Railway Road, Subiaco, WA 6008 for the purpose of transacting the business set out in this Notice.

The business of the Annual General Meeting is to consider the six (6) Resolutions set out below. Full details on the nature of the matters to be considered are set out in the Explanatory Notes.

Capitalised terms are defined in the Glossary to this Notice of Annual General Meeting and Explanatory Notes.

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## AGENDA

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- **Adoption of 2017 Annual Financial Report**

To table and consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2017 which includes the Financial Report, the Directors' and Auditor's Reports.

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## NON-BINDING Resolution

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### 1. Adoption of 2017 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 purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual report for the financial year ended 30 June 2017."*

#### **Voting Exclusion Statement**

In accordance with Section 250R of the Corporations Act, the Company will disregard any vote cast on Resolution 1 by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution **or** the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and 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 Key Management Personnel; and
- (b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. In exceptional circumstances, the Chair of the Meeting may change their voting intention on Resolution 1, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting. If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

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## ORDINARY Resolutions

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### 2. Re-Election of Director by Rotation

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

#### Re-election of Mr Scott Mison

*"That, in accordance with clause 11.3 of the Company's Constitution and for all other purposes, Mr Scott Mison, who retires by rotation in accordance with the Company's Constitution, and being eligible for re-election, is hereby re-elected as a Director of the Company."*

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### 3. Approval to issue Shares

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

*"That in accordance with Listing Rule 7.1, and for all other purposes, the Company is authorised to issue up to US\$50,000 worth of fully paid Ordinary Shares to Columbia Summit LLC on the terms and conditions set out in the Explanatory Notes."*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by Columbia Summit LLC and any of their Associates. However, the Company will not disregard a vote if it is cast by (a) a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or (b) 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.

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### 4. Adoption of Option Plan

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

*"That, for the purposes of Listing Rule 7.2 Exception 9(b), as an exception to Listing Rule 7.1, and for all other purposes, Shareholders approve the "Longford Resources Limited Incentive Option Plan" (**Option Plan**) and the grant of Options (and Shares on exercise of such Options) under the Option Plan, a summary of which is set out in the Explanatory Memorandum."*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by a Director (other than a Director who is not eligible to participate in the Option Plan) and any associates of those persons. However, the Company need not disregard a vote if it is cast by (a) the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or, (b) 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.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolution 5 if:

- (a) the person is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of such a member, and
- (b) the appointment does not specify the way the proxy is to vote on Resolution 5.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and
  - (b) the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 5 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.
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### 5. Approval of grant of Incentive Options to Mr Scott Mison

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

*"That, subject to Resolution 4 being passed, for the purposes of Listing Rule 10.14, and for all other purposes, approval is given for the Company to grant 1,050,000 unlisted Options (comprising 210,000 Tranche A Incentive Options, 210,000 Tranche B Incentive Options, 210,000 Tranche C Incentive Options,*

210,000 Tranche D Incentive Options and 210,000 Tranche E Incentive Options) to Mr Scott Mison (or his nominee/s) under the Option Plan, on the terms and conditions set out in the Explanatory Memorandum."

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a Director (other than a Director who is not eligible to participate in the Option Plan) and any of their associates. However, the Company will not disregard a vote if it is cast by (a) by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or, (b) 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.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote on the basis of that appointment on Resolution 5 if:

- (a) the person is either:
  - (i) a member of the Key Management Personnel of the Company; or
  - (ii) a Closely Related Party of such a member, and
- (b) the appointment does not specify the way the proxy is to vote on Resolution 5.

However, the prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 5 are connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

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### **SPECIAL Resolution**

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#### **6. Approval to Issue an additional 10% of the Issued Capital of the Company pursuant to Listing Rule 7.1A**

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

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, the Company is authorised to issue Equity Securities up to 10% of the issued capital of the Company calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Notes."*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by any person (and any associates of such a person) who may participate in the 10% Placement Capacity and a person who may obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, (b) 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.

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### **General Business**

To consider any other business that may be brought forward in accordance with the Constitution of the Company or the Corporation Act.

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#### **By Order of the Board**



**Eryn Kestel**  
**Company Secretary**  
20 October 2017

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## EXPLANATORY NOTES

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The Explanatory Notes have been prepared for the information of Shareholders relating to the 2017 Annual General Meeting of Longford Resources Limited.

The Explanatory Notes that follow, contains explanations and information to provide Shareholders with sufficient information to assess the merits of the Resolutions to be considered at the Annual General Meeting.

The Explanatory Notes should be read by Shareholders in conjunction with the accompanying Notice and is a brief explanation of the matters for which Shareholder approval is sought in each Resolution.

The Explanatory Notes do not take into account the individual investment objectives, financial situation and needs of individual shareholders or any other person. Accordingly, it should not be relied on solely in determining how to vote on the Resolutions.

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## 2017 ANNUAL FINANCIAL REPORT

The first agenda item is to receive the 2017 Annual Report of the Company for the financial year ended 30 June 2017.

Section 317 of the Corporations Act requires the Directors to lay before the Annual General Meeting the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report for the financial year that ended 30 June 2017. Those Shareholders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice.

In accordance with sections 250S and 250T of the Corporations Act, Shareholders present at the Annual General Meeting will be provided with a reasonable opportunity to

- (a) ask questions of the Directors' present and make comment on the management of the Company and the content of the Remuneration Report; and
- (b) ask questions of the Auditor, or their representatives and make comment about the conduct of the audit and the preparation and content of the Auditor's Report.

No formal resolution to adopt the annual report will be put to the shareholders at the Annual General Meeting.

Shareholders who are unable to attend the Annual General Meeting can submit written questions under Section 250PA of the Corporations Act in relation to:

- (a) The preparation and the content of the 2017 Auditor's Report;
- (b) The conduct of the 2017 audit;
- (c) Accounting policies adopted by the Company in relation to the preparation of the 2017 financial statements; and
- (d) The independence of the Auditor in relation to the conduct of the 2017 audit

The questions will need to be submitted no later than five (5) business days before the Annual General Meeting (no later than Monday, 20 November 2017) to the Company Secretary.

**The Annual Report is now available on the Company's website via the following link:**

[www.longfordresources.com/investors/](http://www.longfordresources.com/investors/)

## **RESOLUTION 1**

### **ADOPTION OF 2017 REMUNERATION REPORT**

In accordance with Section 250R(2) of the Corporations Act at a listed company's Annual General Meeting, the Board is required to table the Company's Remuneration Report to Shareholders for consideration and adoption.

The Remuneration Report is incorporated into the Directors' Report contained in the 2017 Annual Report and in accordance with Section 300A of the Corporations Act sets out the remuneration policy of the Company and reports the current remuneration arrangements for the Directors and senior management of the Company.

The Remuneration Report:

- sets out the remuneration arrangements for each Director and any service agreements;
- explains the Board's policies in relation to the objectives and structure of remuneration paid to Directors; and
- provides details of any equity-based compensation.

The Directors believe that the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate for the size of the Company, its business and objectives.

In accordance with Section 250SA of the Corporations Act, Shareholders will be given an opportunity by the Chairman at the Meeting to ask questions of the Directors or make comment on the 2017 Remuneration Report.

The Remuneration Report is for consideration and adoption by way of a non-binding resolution. The vote on this Resolution is advisory only and does not bind the Directors of the Company to the outcome passed.

A failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However, the Board will consider the outcomes of the votes when considering the future remuneration arrangements of the Company.

Your Directors would like to point out the following matters in the 2017 Remuneration Report which they believe are relevant to Shareholders in considering their vote on this particular Resolution.

These matters are:

- (a) The Remuneration Policy of the Company has been designed to align executive objectives with shareholder and business objectives by providing a fixed remuneration component. Your Board believe the Remuneration Policy to be appropriate.
- (b) The structure of the executive remuneration package remains a key focus of the Board to ensure alignment with the nature of Longford's business as Longford optimises operations and continues to reduce costs.
- (c) The Board resolved not to award any short term incentive payments, long term incentive payments or increase salaries for the 2017 financial year.

These matters are part of the Company's strategy to ensure the remuneration of Directors, executives and all other employees is in line with best practice for a company its size and in keeping with the wishes of the Shareholders.

The Director and Executive Remuneration Act which came into effect on 1 July 2011 provides Shareholders with the opportunity to remove the Board under the two strike rules.

If at least 25% of the votes cast on the Adoption of the Remuneration Report Resolution vote against the Resolution for two (2) years consecutively, the Board Spill provisions will be triggered.



The 2016 Remuneration Report did not receive a vote of more than 25% against its adoption at the Company's last annual general meeting held on 30 November 2016. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

Pursuant to the Corporations Act, if the Chairman, a Key Management Personnel or any Closely Related Party is appointed as a proxy to vote on Resolution 1, ***express instructions/directions must be given so that the proxy knows how to vote*** - if no directions on how to vote on Resolution 1 is provided, the Chairman, a Key Management Personnel or any Closely Related Party is prevented by the Corporations Act from exercising the undirected vote and the vote will not be counted in relation to Resolution 1.

**The Chairman intends to exercise all undirected proxies in favour of Resolution 1.**

***Recommendation of Board***

*The Board of Directors unanimously recommends that Shareholders vote **in favour** of Resolution 1.*

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**RESOLUTION 2**

**Re-Election of Director through Rotation**

Resolution 2 seeks approval for the re-election of Mr Scott Mison as a Non-Executive Director with effect at the conclusion of the Annual General Meeting.

In accordance with ASX Listing Rule 14.4, Directors must retire after the third Annual General Meeting since they were last elected.

Clause 11.3 of the Constitution, sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting - one-third of the directors must retire from office. The Directors to retire at an annual general meeting are those that have been longest in office since their last election.

Longford Resources Limited currently has three (3) Directors – Mr Neville Bassett, Mr Charles William Guy and Mr Scott Mison. Mr Guy holds an executive position within the Company and as per the Constitution is excluded from the rotation policy. Mr Mison has been longest in office since last retiring and standing for re-election and accordingly, is the Director that must retire by rotation.

**Mr Scott Mison**  
**Non-Executive Director**

***Qualifications***  
**B.Bus, CA, ACSA**

***Experience, expertise and directors***

Following the appointment as Non-Executive Director on 2 November 2016, Mr Mison was appointed to the position of Interim Chief Executive Officer on 18 May 2017.

Mr Mison holds a Bachelor of Business degree, majoring in Accounting and Business Law, is a Member of the Chartered Accountants in Australia & New Zealand and Chartered Secretaries in Australia. Mr Mison has more than 18 years of corporate and operational experience across Australia, UK, Central Asia, Africa and the US.

In the three years immediately before the end of the financial year, Mr Mison served as a Director of 1 Page Limited, from 17 January 2013 to 30 June 2016. He is currently a Director of ASX-listed Jupiter Energy Limited and Company Secretary of Rift Valley Resources Limited. He is also a member of the board of Wheelchair Sports WA Inc.

***Recommendation of Board***

The Directors of the Company (with Mr Mison abstaining) recommend that Shareholders vote **in favour** of the Resolution.

## RESOLUTION 3

### Approval to issue Shares

On 21 September 2017, the Company announced that it had entered into an Agreement to acquire 100% interest in two high grade Cobalt-Copper Projects in the USA - the Colson Cobalt-Copper Project (Idaho); and the Goodsprings Cobalt-Copper Project (Nevada).

On the 9 October 2017, the Company further announced the completion of an executed lease agreement that provides the right to explore and mine minerals (including cobalt and copper) within six (6) patented mining claims that encompass the historic high-grade Columbia Copper-Cobalt Mine (Columbia Mine) in the Goodsprings District of Nevada, USA.

The Agreement is with Columbia Summit LLC.

One of the key commercial terms by which Columbia Summit LLC has agreed to lease its six patented (privately-owned) mining claims that encompass the Columbia Mine is the receipt of US\$50,000 worth of shares in Longford.

Resolution 3 seeks Shareholder approval to issue up to US\$50,000 worth of new Shares at an issue price of the VWAP of the Company's shares calculated over the last ten (10) days on which sales in the shares of the Company were recorded before the day on which the Shares are issued to Columbia Summit LLC (and/or their nominees).

At this stage, a specific date has not been set for the issue of Shares to Columbia Summit LLC, nor the price at which the Shares will be issued – so the Company is seeking Shareholder approval to provide the flexibility to undertake the issue within three (3) months following the Annual General Meeting without using the Company's placement capacity pursuant to Listing Rule 7.1 or Listing Rule 7.1A.

#### Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

#### The number of securities to be issued

Fully paid Ordinary Shares to a value of up to US\$50,000 will be issued within three (3) months of the date of the Annual General Meeting (no later than 28 February 2018).

The actual number of Shares that can be issued will be a factor of dividing the base value of US\$50,000 by the issue price of the Shares – as determined by the Directors subject to the parameters detailed below.

#### The issue price of the securities and potential dilution effect

The Shares will be issued at a deemed issue price equal to the VWAP of the Company's shares calculated over the last ten (10) days on which sales in the shares of the Company were recorded before the day on which the Shares are issued to Columbia Summit LLC (and/or their nominees).

The following examples show the potential scenarios of the approximate number of Shares which may be issued under Resolution 3 at various deemed issue prices, and the potential dilution effect on existing Shareholders at those prices:

	Deemed issue price	Shares to be issued (approx.)	Dilution effect
Example 1	\$0.11 (being the closing price for Shares on 20 October 2017)	581,857	0.1980%
Example 2	\$0.055 (being a 50% discount to the price for Shares used in Example 1)	1163714	0.3961%
Example 3	\$0.22 being a 100% increase to the price for Shares used in Example 1)	290928	0.0990%

Note: A USD/AUD exchange rate of 0.781198 has been used in each of the above examples (being the exchange rate on XE Currency Converter on 20 October 2017).

The terms of the securities

The Shares will be fully paid Ordinary Shares and rank equally with existing ordinary shares on issue. The Company will apply to the ASX to have the Shares quoted.

The date on which the Company will issue the securities

The Shares will be issued no later than 3 months after the date of the 2017 Annual General Meeting (or such later date to the extent permitted by ASX pursuant to any waiver or modification of the Listing Rules).

The Shares will be issued on the one day and will not be issued progressively.

The name of the person to whom the Company will issue the securities

The Shares will be issued to Columbia Summit LLC, the current lessor of the six (6) patented (privately-owned) mining claims that encompass the Columbia Mine.

Upon the issue of the Shares to Columbia Summit LLC it is not expected that the issue, and in combination with that recipient's associates, would have a Relevant Interest in excess of 19.99% of the Shares in the Company, unless further Shareholder approval is obtained or the issue of Shares to that recipient otherwise complies with Chapter 6 of the Corporations Act 2001 (Cth).

Use of funds

The Shares are being issued under the terms of a Lease Agreement and can be considered as "consideration" for the right to explore and mine minerals (including cobalt and copper) within the six (6) patented mining claims of Columbia Mine.

**Board Recommendation**

The Board recommends that Shareholders vote **in favour** of Resolution 3 as the ability to explore and mine new minerals will be advantageous to the Company's long term growth strategy and its ability to deliver on increasing the Company's value.

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**Resolution 4**

**Adoption of Option Plan**

Resolution 4 seeks Shareholder approval for the establishment of the Longford Resources Incentive Option Plan (**Option Plan**) for the purposes of the Corporations Act, for Listing Rule 7.2, Exception 9(b), and for all other purposes.

The aim of the Option Plan is to allow the Board to attract, motivate and retain eligible employees (and other Eligible Participants), who in the Board's opinion, are dedicated and will provide ongoing commitment and effort to the Company. It is considered that the adoption of the Option Plan and the future issue of Options under the Option Plan will provide selected participants with the opportunity to participate in the future growth of the Company. Under the Company's circumstances, the Directors consider that incentives to (and other Eligible Participants) through the grant of Options is cost effective and efficient for the Company.

Listing Rule 7.1 provides that a company must not (subject to specified exceptions), without the approval of shareholders, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.2, Exception 9(b) sets out an exception to Listing Rule 7.1, which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

The key features of the Option Plan are as follows:

- (a) The Board will determine the number of Plan Options to be granted to Eligible Participants (or their permitted Nominees) and the vesting conditions, expiry date and the exercise price of the Plan Options in its sole discretion.

- (b) The Plan Options are not transferable unless vested and with the prior written approval of the Board and provided that the transfer complies with the Corporations Act.
- (c) Subject to the Corporations Act and the Listing Rules, the Board will have the power to amend the Option Plan as it sees fit.

A detailed overview of the Option Plan is provided in Annexure B. A copy of the Option Plan can be obtained by contacting the Company.

There have not been any Options granted under the Option Plan to date. However, the Board is proposing to issue 14,000,000 Plan Options to Eligible Participants in the short to medium term (including the 1,050,000 Incentive Options to be issued to Director Mr Scott Mison under Resolution 5 – see below for further details of the Incentive Options to be issued to Mr Mison). The balance of 12,950,000 Plan Options are expected to be issued in 5 equal tranches of 2,590,000 Plan Options each, with the following exercise prices and expiry dates:

- Tranche 1: 2,590,000 Plan Options exercisable at \$0.125 each;
- Tranche 2: 2,590,000 Plan Options exercisable at \$0.15 each;
- Tranche 3: 2,590,000 Plan Options exercisable at \$0.175 each;
- Tranche 4: 2,590,000 Plan Options exercisable at \$0.20 each; and
- Tranche 5: 2,590,000 Plan Options exercisable at \$0.225 each.

Each of the above Plan Options will expire on the date which is 4 years from the date of grant.

The above Plan Options will be subject to a continuous service vesting condition (unless otherwise determined by the Board). It is intended that the continuous service vesting condition will operate so that one third of each tranche of the Plan Options will vest at the end of each year after the date of grant (such that all of the Plan Options in each tranche will become vested by the third anniversary of the grant date), subject to the continuous provision of services the Company by the relevant employee from the date of grant up until the applicable vesting date.

Resolution 4 seeks Shareholder approval for future issues of Options under the Option Plan for the purposes of Exception 9(b) of Listing Rule 7.2 over the three year period from the date of the Meeting.

Resolution 4 is an ordinary resolution.

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## Resolution 5

### Approval of grant of Incentive Options to Mr Scott Mison

#### General

The Company has agreed, subject to obtaining Shareholder approval, to issue 1,050,000 unlisted Options (comprising 210,000 Tranche A Incentive Options, 210,000 Tranche B Incentive Options, 210,000 Tranche C Incentive Options, 210,000 Tranche D Incentive Options and 210,000 Tranche E Incentive Options) to Mr Scott Mison (or his permitted Nominees) under the Option Plan as a long term incentive in connection with his role as a Director (**Incentive Options**).

The Incentive Options will be granted with the exercise prices, vesting dates and expiry dates as specified in the table below:

Tranche	Number	Exercise Price	Vesting Date
Tranche A	210,000	\$0.125	70,000 of the Tranche A Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche A Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Mr Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.

Tranche	Number	Exercise Price	Vesting Date
Tranche B	210,000	\$0.15	70,000 of the Tranche B Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche B Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Mr Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche C	210,000	\$0.175	70,000 of the Tranche C Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche C Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Mr Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche D	210,000	\$0.20	70,000 of the Tranche D Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche D Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Mr Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche E	210,000	\$0.225	70,000 of the Tranche E Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche E Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Mr Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.

Each of the Incentive Options will expire on the date which is 4 years from the date of grant (**Expiry Date**).

An Incentive Option may only be exercised following the applicable Vesting Date, and prior to the applicable Expiry Date. If the Incentive Options are not exercised prior to the Expiry Date (whether or not they have become vested) they will lapse on the Expiry Date.

If Mr Mison is removed as a Director (other than where he voluntarily resigns), all unvested Incentive Options will automatically vest and be capable of exercise.

If a change of control event (as described in paragraph (d) of Annexure C) occurs, all unvested Incentive Options will automatically vest and be capable of exercise.

The Incentive Options are to be issued by the Company under the Option Plan to be approved at this Meeting. A summary of the Option Plan is included in Annexure B.

The principle terms of the Incentive Options are summarised in Annexure C. Further terms and conditions of the Incentive Options are set out in the summary of the Option Plan in Annexure B.

Resolution 5 seeks Shareholder approval for the grant of the Incentive Options to Director Mr Scott Mison (or his nominees).

Shareholder approval is required for the grant of the Incentive Options under the Option Plan to Mr Scott Mison under Listing Rule 10.14 because he is a Director of the Company.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the issue of the Incentive Options to the Directors will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

Resolution 5 is an ordinary resolution and is subject to Resolution 4 being passed.

**Specific Information required by ASX Listing Rule 10.15**

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to Resolution 5:

- (a) The maximum number of securities to be issued to Mr Mison (and/or his nominees) is 1,050,000 Incentive Options (comprising 210,000 Tranche A Incentive Options, 210,000 Tranche B Incentive Options, 210,000 Tranche C Incentive Options, 210,000 Tranche D Incentive Options and 210,000 Tranche E Incentive Options).
- (b) The Incentive Options will be issued for nil cash consideration as they are being issued as incentive based remuneration. Accordingly, no funds will be raised from the issue of the Incentive Options.
- (c) The Incentive Options will be unlisted Options issued in five tranches with the exercise prices, vesting dates and expiry dates as set out above. The principle terms and conditions of the Incentive Options are set out in Annexure C. Further terms and conditions of the Incentive Options are set out in the summary of the Option Plan in Annexure B.
- (d) There have not been any Options granted under the Option Plan to date.
- (e) Under the Option Plan, only Eligible Participants or their permitted Nominees (subject to Board approval), are entitled to participate in the Option Plan. Mr Mison is an Eligible Participant for the purposes of the Option Plan by virtue of being a Director. The other current Directors (who are also Eligible Participants) are Mr Neville Bassett (Non-Executive Chairman) and Mr Bill Guy (Executive Director). Messrs Mike Haynes and Richard Hill, who will become Directors of the Company on completion of the Company's acquisition of Liaz Pty Ltd (approved by Shareholders on 27 October 2017), will also be Eligible Participants on becoming Directors.
- (f) Mr Mison is a related party of the Company by virtue of being a Director.
- (g) The Company has not made any loans in relation to the issue of the Incentive Options to Mr Mison.
- (h) A voting exclusion statements is included in the Notice.
- (i) The Company will grant the Incentive Options no later than 12 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).

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**Resolution 6**

**Approval to Issue an Additional 10% of the Issued Capital of the pursuant to Listing Rule 7.1A**

**General**

The Company is seeking Shareholder approval to issue an additional 10% of its issued capital over a 12 month period pursuant to Listing Rule 7.1A.

Pursuant to Listing Rule 7.1A, small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by special resolution at the annual general meeting, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**Additional 10% Placement**).

The Additional 10% Placement under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without shareholder approval over a 12 month period pursuant to Listing Rule 7.1.

The Company may issue the Equity Securities to raise funds for the Company and as non-cash consideration (further details of which are set out below).



## **Listing Rule 7.1A**

### **Eligibility**

An entity is eligible to undertake an Additional 10% Placement if at the time of its annual general meeting it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

For illustrative purposes only, on 20 October 2017, the Company's market capitalisation was approximately \$32 million based on the last trading price on that date. The calculation of market capitalisation will be based on the last trading price of the shares, on the last trading day on which trades in the shares were recorded before the date of the Annual General Meeting, multiplied by the number of Shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is also not included in the S&P/ASX300 Index as at the time of this Annual General Meeting, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September. The Company is therefore an Eligible Entity and able to undertake an Additional 10% Placement under Listing Rule 7.1A.

If the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholder approval pursuant to this Resolution, the approval obtained will not lapse and the Company will still be entitled to issue the Equity Securities during the 12 month period following this Annual General Meeting.

### **Special Resolution**

Listing Rule 7.1A requires this Resolution to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the Resolution. Pursuant to Listing Rule 7.1A, no Equity Securities will be issued until and unless this Special Resolution is passed at the Meeting.

### **Shareholder Approval**

The ability to issue the Equity Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

### **Listing Rules 7.1 and 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% capacity under Listing Rule 7.1.

At the date of this Notice of Meeting, the Company has on issue 293,808,783 Shares. The Company will have the capacity to issue the below Equity Securities immediately following the Meeting:

- 44,071,317 Equity Securities under its 15% Placement Capacity (Listing Rule 7.1); and
- subject to Shareholder approval being obtained under this Resolution, a further 29,380,878 Equity Securities under its 10% Additional Capacity (Listing Rule 7.1A).

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described following).

### **Formula for calculating the 10% Placement Capacity under Listing Rule 7.1A.2**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 10% Placement Period, a number of Equity Securities calculated in accordance with the following formula:

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

**A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- plus, the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus, the number of partly paid shares that became fully paid in the 12 months;

- 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 (which does not include the 10% Placement Capacity);
- 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.

### **Specific information required by Listing Rule 7.3A.**

#### **Minimum price of securities issued under Listing Rule 7.1A-Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.1A.3, the Equity Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 trading days immediately before:

- (1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (2) if the Equity Securities are not issued within five (5) trading days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the Equity Securities

#### **Risk of economic and voting dilution - Listing Rule 7.3A.2**

As provided by Listing Rule 7.3A.2, if Resolution 4 is passed and the Company issues the Equity Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 293,808,783 Shares. The Company will have the capacity to issue the below Equity Securities immediately following the Meeting:

- 44,071,317 Equity Securities under its 15% Placement Capacity (Listing Rule 7.1); and
- subject to Shareholder approval being obtained under this Resolution, a further 29,380,878 Equity Securities under its 10% Additional Capacity (Listing Rule 7.1A).

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described following).

Shareholders should note that there is a risk that:

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

which may have an **effect** on the amount of funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity.

As required by Listing Rule 7.3A.2, the table below shows the dilution effect for existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables such as:

- the issued share capital has increased by both 50% and 100%; and
- the market price of the Shares as at the close of trade on 20 October 2017 has halved and then doubled.



<b>Dilution Table</b>				
<b>Variable A in Listing Rule 7.1A.2</b>	<b>Number of Shares issued and funds raised with a 10% dilution effect</b>	<b>\$0.055 Issue Price at half the current market price</b>	<b>\$0.11 Issue Price as at close of trade on 20 October 2017</b>	<b>\$0.22 Issue Price at double the current market price</b>
<b>Current Issued Shares 293,808,783</b>	<b>Shares issued</b>	29,380,878	29,380,878	29,380,878
	<b>Funds raised</b>	\$1,615,948	\$3,231,897	\$6,463,793
	<b>Dilution</b>	10%	10%	10%
<b>50% increase in Issued Shares 440,713,175 Shares</b>	<b>Shares issued</b>	44,071,318	44,071,318	44,071,318
	<b>Funds raised</b>	\$2,423,922	\$4,847,845	\$9,695,690
	<b>Dilution</b>	10%	10%	10%
<b>100% increase in Issued Shares 587,617,566 Shares*</b>	<b>Shares issued</b>	58,761,757	58,761,757	58,761,757
	<b>Funds raised</b>	\$3,231,897	\$6,463,793	\$12,927,586
	<b>Dilution</b>	10%	10%	10%

\* The number of Shares on issue could increase because of the issue of Shares that do not require Shareholder approval (such as under a pro rata rights issue or shares issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The following assumptions were made when preparing the dilution table:

1. There are currently **293,808,783** Shares on issue as at the date of this Notice of Meeting;
2. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares;
3. The Company issues the maximum number of Equity Securities available under the 10% Placement Capacity;
4. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. Therefore, the voting dilution is shown in each example as 10%;
5. The table does not show the dilution affect that may be caused to a Shareholder;
6. The table only shows the effect of issues of Equity Securities under Listing Rule 7.1A not under the 15% Placement Capacity under Listing Rule 7.1; and
7. The issue price of \$0.11 is the closing price of the Shares on the ASX as at 20 October 2017.

#### **Final Date for Issue - Listing Rule 7.3A.3**

As required by Listing Rule 7.3A.3, the Company will only issue the Equity Securities during the 12 months after the date of this Meeting which the Company anticipates will end on 30 November 2018.

The approval under this Resolution for the issue of the Equity Securities will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the Annual General Meeting.

#### **Purpose - Listing Rule 7.3A.4**

As noted above, the purpose for which the Equity Securities may be issued include to raise funds for the Company and as non-cash consideration (further details of which are set out below).

Funds raised from the issue of Equity Securities, if undertaken, would be applied towards:

1. Development activities associated with the Company's current Kimberley West project;
2. Development activities associated with the Company's current Keel Zinc project;
3. Exploration and development activities on new exploration ground located within the existing Kimberley West and Keel Zinc areas;
4. Exploration and development costs associated with new mineral projects located within the new cobalt-copper projects in Idaho and Nevada;

5. Development costs associated with any new mineral projects acquired by the Company during the period ahead; and
6. Potential acquisition of new resource assets and investments by either or both of the following:
  - (a) Cash consideration; and
  - (b) Non-cash consideration, if this was the purpose; the Company would provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; and
7. For ongoing future working capital purposes

#### **Shares Issued for Non-Cash Consideration - Listing Rule 7.3A.4**

The Company may issue Equity Securities for non-cash consideration, such as the acquisition of new assets or investments. If the Company issues Equity Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the Equity Securities complies with Listing Rule 7.1A.3.

#### **Company's Allocation Policy - Listing Rule 7.3A.5**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the Equity Securities. The identity of the potential investors of Equity Securities will be determined on a case – by - case basis having regard to several factors including but not limited to the following:

- (1) the methods of raising funds that are available to the Company including, but not limited to, rights issue; or
- (2) other issue in which existing shareholders can participate;
- (3) the effect of the issue of the Equity Securities on the control of the Company;
- (4) the financial situation and solvency of the Company; and
- (5) Advice from corporate, financial and broking advisers (if applicable).

The potential investors of the Equity Securities have not been determined as at the date of this Notice but may include existing substantial Shareholders and new Shareholders who are not related parties or associates of a related party of the Company.

Furthermore, if the Company is successful in acquiring new assets or investments for which Equity Securities are issued as consideration, it is likely that the potential investors of some of the Equity Securities will be the vendors of the new assets or investments.

#### **Equity Issues over Last 12 Months – Listing Rule 7.3A.6A**

All the cash and non-cash equity issues made by the Company since the date of the 2016 Annual General Meeting held on 30 November 2017 are detailed in Annexure A.

For the purpose of Listing Rule 7.3A.6(a), the Company advises as follows:

A total of 7,170,550,960 (pre-consolidated) / 358,527,548 (post-consolidated) Equity Securities were issued in the 12 month period preceding the 2016 Meeting representing 432% of the Equity Securities on issue at the start of the 12 Month Period.

Pre-consolidated Equity Securities on issue at 30 September 2016	1,659,355,741
Post-consolidated Equity Securities on issue at commencement of 12 month period	82,967,787
Pre-consolidated Equity Securities issued in last 12 month period	7,170,550,960
Post-consolidated Equity Securities issued in last 12 month period	358,527,548
Percentage Equity Securities issued	432%

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2016 Annual General Meeting and in accordance with Listing Rule 7.3A.6, the Company confirms that 18,361,733 Equity

Securities were issued under the 10% Placement Capacity between 30 November 2016 and the date of finalisation of this Notice of Meeting.

#### **Voting Exclusion Statement**

A voting exclusion statement is included for this Resolution in the Notice of Meeting accompanying the Explanatory Memorandum.

At the date of the Notice, the Company has not approached any existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities utilising this 10% Placement Facility following the 2017 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting at the Meeting.

#### ***Recommendation of the Board***

The Directors of the Company believe that Resolution 6 is in the best interests of the Company and unanimously recommend that Shareholders vote **in favour** of this Resolution.

The ability of the Company to issue Shares under the 10% Placement Capacity will enable the Company to issue Shares at a discount to the then market price in circumstances where it might otherwise be subjected to the cost, delay and uncertainty of having to go back to Shareholders for approval. The additional flexibility and speed to conduct capital raising will better position the Company to pursue its interests in the prevailing difficult market conditions.

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**ANNEXURE A – DETAILS OF EQUITY SECURITIES ISSUED IN THE 12 MONTHS PRIOR TO THE DATE OF THE ANNUAL GENERAL MEETING**

Issue Date	Number	Type	Consideration	The persons to whom the Equity Securities were issued or the basis on which those persons were determined	Issue Price	Discount to market price (MP) at issue date	Cash received / Funds Raised	Use of Funds
3 November 2016	Pre-consolidated 2,238,666,753 Post-consolidated 111,933,338	Shares	Cash	Sophisticated investors	<i>Pre-consolidated</i> \$0.0005 <i>Post-consolidated</i> \$0.01	50%	\$1,119,333	Placement funds fully spent on outstanding creditors and exploration services at Kimberley West project.
	Pre-consolidated 119,000,000 Post-consolidated 5,950,000	Shares	Non-Cash	White Swan Nominees Pty Ltd	<i>Pre-consolidated</i> \$0.0005 <i>Post-consolidated</i> \$0.01	50%	Nil	Capital raising fees associated with Placement.
	Pre-consolidated 120,000,000 Post-consolidated 6,000,000	Shares	Non-Cash	Mineral Rock Pty Ltd	<i>Pre-consolidated</i> \$0.0005 <i>Post-consolidated</i> \$0.01	50%	Nil	In lieu of \$60,000 of Managing Director fees owed from July to October 2017.
	Pre-consolidated 400,000,000 Post-consolidated 20,000,000	Unlisted Options	Cash	White Swan Nominees Pty Ltd	<i>Pre-consolidated</i> \$0.00001 <i>Post-consolidated</i> \$0.0002	99%	\$0.00001 to raise \$4,000	Funds fully spent on working capital purposes.
9 March 2017	Post-consolidated 20,000,000	Shares	<i>Non-Cash</i> \$2,100,000	Diversified Asset Management Pty Ltd	\$0.0599	No	<i>Deemed</i>	Share component of Option fee for an option to acquire an 80% in the Keel Zinc project, located in Ireland. These Shares are currently valued at \$2,200,000.
27 March 2017	Post-consolidated 3,164,557	Shares	<i>Non-Cash</i> \$332,278	Mr Timothy Tatterson	\$0.0632	No	<i>Deemed</i>	Option fee payable to the Kimberley West project vendor following the exercise of the option. These Shares are currently valued at \$348,101.27.
31 March 2017	Post-consolidated 22,739,000	Shares	Cash	Sophisticated investors.	\$0.05	No	\$1,136,950	Tranche 1 placement funds fully spent on Keel Zinc project development costs and working purposes

10 May 2017	Post-consolidated 42,103,000	Shares	Cash	Sophisticated investors	\$0.05	No	\$2,105,150 Available	Tranche 2 placement funds are being applied against Keel Zinc and Kimberley West projects and working purposes.
10 May 2017	Post-consolidated 10,000,000	Unlisted Options	<i>Non-Cash</i>	Zennix Nominees Pty Ltd	Nil	No (based on option exercise price)	Nil	Unlisted Options issued to Advisor for capital raising assistance. These Options are currently valued at \$310,000.
15 May 2017	Post-consolidated 5,157,700	Shares	Cash	Sophisticated investors	\$0.005	No	\$257,885 Available	Tranche 2 placement funds received from an overseas institutional investor. Funds being applied against Keel Zinc and Kimberley West projects and working purposes.
26 July 2017	Post-consolidated 10,000,000	Shares	Cash	Sophisticated investors	\$0.02	No	\$200,000 Available	Exercise of December 2017 Unlisted Options. Funds being applied against Keel Zinc and Kimberley West projects and working purposes.
14 August 2017	Post-consolidated 94,453,055	Unlisted Options	<i>Non-Cash</i>	All Australian and New Zealand Shareholders	Nil	No (based on option exercise price)	Nil	Issue of Bonus Loyalty Unlisted Options. These Options are currently valued at \$661,171.
20 October 2017	Post-consolidated 7,026,898	Shares	Cash	Shareholders	\$0.05	50%	\$351,345 Available	Exercise of July 2018 Unlisted Options. Funds being applied against Keel Zinc and Kimberley West projects and working purposes.

Current values given for Shares in the above table have been calculated using a price per Shares of \$0.11 (being the closing price for Shares on ASX on 20 October 2017).

Current values for unlisted Options in the above table have been calculated using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield, and the risk-free interest rate for the term of the Option. No account has been taken of any performance conditions included in the terms of the Options.

The terms of Unlisted Options as at the date of issue were:

November 2016 issue

Pre-consolidated – 400,000,000 exercisable on or before 31 December 2017 at \$0.02

Post-consolidated – 20,000,000 exercisable on or before 31 December 2017 at \$0.40

May 2017 issue

Post-consolidated – 10,000,000 exercisable on or before 10 May 2020 at \$0.10

August 2017 issue

Post-consolidated – 94,453,055 exercisable at \$0.05 on or before 31 July 2018

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## ANNEXURE B – SUMMARY OF OPTION PLAN

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The following is a summary of the Option Plan, and the terms on which offers of Plan Options may be made under the Option Plan:

- (a) The Directors, at their discretion, may invite Eligible Participants to apply for Plan Options at any time, having regard to relevant considerations such as the Eligible Participant's past or potential contribution to the Company, and their period of employment with the Company.
- (b) Eligible Participants in the Option Plan are full-time or part-time employees of the Company or a related body corporate (which includes Directors, the Company Secretary and officers) or such other persons as the Board determines. The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.
- (c) The Option Plan is administered by the Directors of the Company, who have the power to:
  - (i) determine appropriate procedures for administration of the Option Plan consistent with its terms;
  - (ii) resolve conclusively all questions of fact or interpretation in connection with the Option Plan or any Plan Options granted under it;
  - (iii) delegate the exercise of any of its powers or discretions arising under the Option Plan to any one or more persons for such period and on such conditions as the Board may determine; and
  - (iv) amend or terminate the Option Plan.
- (d) Plan Options must be granted for nil monetary consideration or no more than nominal monetary consideration.
- (e) The exercise price of the Plan Options shall be determined by the Board in its discretion, subject to the Listing Rules.
- (f) The Company must have reasonable grounds to believe that the number of Shares to be received on exercise of the Plan Options when aggregated with the number of Shares issued or that may be issued as a result of invitations to acquire securities made at any time during the previous three years under:
  - (i) an employee incentive plan of the Company covered by ASIC Class Order 14/1000; or
  - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,does not exceed 5% of the total number of Shares on issue at the date of the invitation provided that the Board may, in its absolute discretion, increase this percentage, subject to any applicable Corporations Act, Listing Rule (including the conditions and restrictions on issuing securities in Listing Rule 7.1) or Class Order requirements.
- (g) The Board may determine and specify in an invitation, that if the Shares of the Company are quoted on the ASX at the time of exercise of the Plan Options the holder may elect to pay the exercise price by using a cashless exercise facility which allows the holder to set-off the exercise price against the number of Shares which the holder is entitled to receive on exercise of the Plan Options.
- (h) The Board may, in its discretion, determine at any time up until exercise of Plan Options, that a restriction period will apply to some or all of the Shares issued to a participant on exercise of those Plan Options (and must impose a restriction period required to comply with any ASX escrow), up to a maximum of seven years from the date of grant, which period may subsequently be waived by the Board in its discretion.
- (i) The Shares to be issued on exercise of the Plan Options will be issued on the same terms as the fully paid, ordinary shares of the Company and will rank equally with all of the Company's then existing Shares.
- (j) The Board may determine the time periods or vesting conditions after which the Plan Options will vest and the percentage of Plan Options issued which will vest at each particular time. The Option Plan provides for the release of vesting conditions at the Board's discretion in the event of a change of control of the Company, if the Company is wound up or in other special circumstances although the Board may specify in an invitation to a Participant that a different treatment will apply if a Change of Control event occurs.
- (k) A Plan Option must be exercised (if at all) not later than its expiry date and may only be exercised at any time after the Plan Option has vested. The Board may determine (in its absolute discretion) any further conditions of exercise consistent with the terms of the Option Plan.

- (l) The Board will have the discretion to deem any Plan Options will lapse if, in the opinion of the Board, a holder of Plan Options acts fraudulently or dishonestly, is grossly negligent, demonstrates serious and wilful misconduct, or causes a material adverse effect on the reputation of the Company; has his or her employment or office terminated due to serious or wilful misconduct or otherwise for cause without notice; or becomes ineligible to hold his or her office due to Part 2D.6 of the Corporations Act.
- (m) The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a participant may exercise, or has exercised, vested Plan Options, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust.
- (n) Plan Options will not be listed for quotation. However, the Company will make application to ASX for official quotation of all Shares issued on exercise of the Plan Options as soon as practicable after their issue date.
- (o) The Plan Options are not transferable unless vested and with the prior written approval of the Board and provided that the transfer complies with the Corporations Act.
- (p) If there is any reorganisation of the issued share capital of the Company, the rights of the Plan Option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.
- (q) There are no participating rights or entitlements inherent in the Plan Options and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options.
- (r) If the Company makes an issue of Shares pro rata to existing the Company shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of a Plan Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Plan Option.

E = the number of underlying Shares into which one Plan Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

- (s) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of securities which must be allocated on the exercise of a Plan Option will be increased by the number of securities which the Participant would have received if the Plan Option had vested before the record date for the bonus issue.
- (t) The Option Plan otherwise contains terms considered standard for a document of this nature.



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**ANNEXURE C – TERMS AND CONDITIONS OF INCENTIVE OPTIONS**

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**(a) Entitlement**

The Incentive Options (**Options**) entitle the holder to subscribe for one Share upon the exercise of each Option.

**(b) Exercise Price and Vesting Date**

The **Exercise Price** and **Vesting Date** of each Option will be as set out in the following table:

Tranche	Number	Exercise Price	Vesting Date
Tranche A	210,000	\$0.125	70,000 of the Tranche A Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche A Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche B	210,000	\$0.125	70,000 of the Tranche B Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche B Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche C	210,000	\$0.125	70,000 of the Tranche C Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche C Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche D	210,000	\$0.125	70,000 of the Tranche D Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche D Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.
Tranche E	210,000	\$0.125	70,000 of the Tranche E Incentive Options shall vest at the end of each year after the date of grant (such that all Tranche E Incentive Options will become vested by the third anniversary of the grant date), subject to the continuous provision of services by Scott Mison as a Director of the Company from the date of grant up until the applicable Vesting Date.

**(c) Expiry Date**

Each of the Options will expire on the date which is 4 years from the date of grant (**Expiry Date**).

**(d) Exercise period**

Subject to paragraphs (e) and (f), an Option may only be exercised at any time after the applicable Vesting Date, and prior to the applicable Expiry Date, in the table in paragraph (b) above.

**(e) Removal as a Director**

Any Options that have not yet vested will automatically vest and be capable of exercise upon Mr Scott Mison being removed as a Director (other than where Mr Mison resigns voluntarily).

**(f) Vesting on change of control**

Any Options that have not yet vested will automatically vest and be capable of exercise upon one or more of the following events occurring (subject to the applicable service condition set out in the table in paragraph (b) being satisfied up until the date of the relevant event):

- (i) the bidder under a takeover bid in respect of all Shares has achieved acceptances in respect of more than 50.01% of Shares and that takeover bid has become unconditional;
- (ii) the announcement by the Company that its Shareholders have, at a court convened meeting of Shareholders, voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all securities of the Company are to be either:
  - (A) cancelled; or
  - (B) transferred to a third party,and the court, by order, approves the proposed scheme of arrangement; or
- (iii) any person, individually or together with their associates, acquires a relevant interest in 50.01% or more of the total number of Shares on issue by any other means.

**(g) Notice of exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised. Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

**(h) Shares issued on exercise**

Shares issued on exercise of the Options will rank equally with the then issued Shares of the Company.

**(i) Options not quoted**

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

**(j) Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

**(k) Timing of issue of Shares**

After an Option is validly exercised, the Company must as soon as possible:

- (i) issue the Share; and
- (ii) do all such acts, matters and things to obtain the grant of quotation for the Share on ASX no later than 5 business days after issuing the Shares.

**(l) Participation in new issues**

There are no participation rights or entitlements inherent in the Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options. However, the Company will give the holders of Plan Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.

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

If the Company makes a bonus issue of Shares or other Securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

**(n) Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing the Company shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = \frac{O - E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Plan Option.

E = the number of underlying Shares into which one Plan Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one Share.

**(o) Adjustments for reorganisation**

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

**(p) Options not transferable**

The Options are not transferable unless vested and with the prior written approval of the Board and provided that the transfer complies with the Corporations Act.

**(q) Lodgement instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for Shares on exercise of the Options with the appropriate remittance should be lodged at the Company's share registry.

**(r) Deferred taxation**

Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Options.

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## GLOSSARY

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**\$** means Australian dollars

**Additional 10% Placement Capacity** has the meaning set out on page 14.

**Annual General Meeting or Meeting** means the meeting convened by the Notice of Meeting.

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

**ASX** means ASX Limited or the ASX, as the context requires.

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

**AWST** means Australian Western Standard Time as observed in Perth, Western Australia.

**Board** means the current board of directors of the Company.

**Business Days** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Class Order** means ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order).

**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)*.

**Company** means Longford Resources Limited.

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

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

**Director** means Non-Executive Directors.

**Eligible Entity** has the meaning given to that term in the ASX Listing Rules

**Eligible Participant** means a full time or part time employee of a Group Company (including a Director or company secretary) or any other person who is declared by the Board to be eligible to receive a grant of Options under the Option Plan.

**Equity Securities** has the same meaning as equity securities as per the ASX Listing Rules.

**Explanatory Memorandum** means the Explanatory Memorandum accompanying the Notice of Meeting.

**Incentive Option** has the meaning set out on page **Error! Bookmark not defined..**

**Key Management Personnel** is defined by AASB 124 Related Party disclosures as all directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Nominees** has the meaning in the Option Plan.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Memorandum.

**Option** means an option to acquire a Share.

**Option Plan** has the meaning in Resolution 4.

**Plan Option** means an Option granted under the Option Plan.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

**Resolutions** means the resolutions set out in the Notice of Meeting or any one of them, as the context requires.

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

**Shareholder** means a holder of a Share.

**Tranche A Incentive Option, Tranche B Incentive Option, Tranche C Incentive Option, Tranche D Incentive Option** and **Tranche E Incentive Option** mean Incentive Options granted on the terms and conditions set out in Annexure C.

**APPOINTMENT OF PROXY  
LONGFORD RESOURCES LIMITED  
ACN 142 366 541**

**Member Details**

Name: .....

Contact Telephone No: .....

**Appointment of Proxy**

I/We being a Member/s of Longford Resources Limited and entitled to attend and vote hereby appoint

☐

Chairman of the Meeting **OR**

Insert Name of Appointed Proxy Below

Or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the Annual General 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 Longford Resources Limited to be held at the offices of NKH Knight, Unit 19, Level 2 Spectrum, 100 Railway Road, Subiaco, WA, 6008 on Thursday, 30 November 2017, at 11.30am (AWST) and at any adjournment of that meeting.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

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

**Voting on business of the Meeting**

**FOR AGAINST ABSTAIN**

**Non-Binding Resolution**

Resolution 1 Adoption of 2017 Remuneration Report

☐ ☐ ☐

**Ordinary Resolutions – 2 to 3**

Resolution 2 Re-election of Director Retiring by Rotation – Mr Scott Mison

☐ ☐ ☐

Resolution 3 Approval to issue Shares

☐ ☐ ☐

Resolution 4 Adoption of Option Plan

☐ ☐ ☐

Resolution 5 Approval of grant of Incentive Options to Mr Scott Mison

☐ ☐ ☐

**Special Resolution**

Resolution 6 Approval of 10% Placement Capacity

☐ ☐ ☐

Please Note: By marking the Abstain box for any of the Resolution 1 to 6, Shareholders are directing the proxy not to vote on that Resolution on a show Of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is -----%

PLEASE SIGN HERE  
Individual or Member 1

Sole Director and  
Sole Company Secretary

Member 2

Director

Member 3

Director/Company Secretary