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**MINTAILS LIMITED**

**ACN 008 740 672**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10.00am

**DATE:** 20 December 2017

**PLACE:** Viridian Group, 353 Rokeby Road, Subiaco, Western Australia

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

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10am (WST) on 18 December 2017.***

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

#### 2. RESOLUTION 1 – ADOPTION OF 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 for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial 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:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party 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.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR STEVEN FORMICA

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

*“That, for the purposes of ASX Listing Rule 14.5, clause 22.1 of the Constitution, and for all other purposes, Mr Steven Formica, a Director, retires, and being eligible, is re-elected as a Director.”*

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#### 4. RESOLUTION 3 – ISSUE OF CONVERTIBLE NOTES TO LENDERS AND CONVERSION INTO SHARES

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 429,613 Convertible Notes with a face value of \$1.00 each (on a post-Consolidation basis) to the Lenders (or their nominees), and the conversion of those Convertible Notes into Shares, on the terms and conditions set out in the Explanatory Statement.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by

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any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 4 – ISSUE OF CONVERTIBLE NOTES TO RELATED PARTY, LANTECH DEVELOPMENTS PTY LTD <DAC FAMILY A/C>, AND CONVERSION INTO SHARES**

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 150,387 Convertible Notes with a face value of \$1.00 each (on a post-Consolidation basis) to Lantech Developments Pty Ltd <DAC Family A/C> (or its nominee), and the conversion of those Convertible Notes into Shares, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Lantech Developments Pty Ltd <DAC Family A/C> (and its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**6. RESOLUTION 5 – ISSUE OF CONVERTIBLE NOTES TO RELATED PARTY, STEVSAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C> AND CONVERSION INTO SHARES**

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 150,000 Convertible Notes with a face value of \$1.00 each (on a post-Consolidation basis) to Stevsand Investments Pty Ltd <Steven Formica Family A/C> (or its nominee), and the conversion of those Convertible Notes into Shares, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Stevsand Investments Pty Ltd <Steven Formica Family A/C> (and its nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**7. RESOLUTION 6 – PLACEMENT – SHARES**

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

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 10,000,000 Shares at an issue price of \$0.02 per Share (all on a post Consolidation basis) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a

benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 8. RESOLUTION 7 – CONSOLIDATION OF CAPITAL

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

*"That, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:*

*(a) every 130 Shares be consolidated into 1 Share; and*

*(b) every 130 Options be consolidated into 1 Option,*

*and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be)."*

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## 9. RESOLUTION 8 – REPLACEMENT OF CONSTITUTION

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

*"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."*

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## 10. RESOLUTION 9 – RATIFICATION OF APPOINTMENT OF AUDITOR

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

*"That, for the purpose of section 327C of the Corporations Act and for all other purposes, Moore Stephens, having been appointed as Auditors under the casual vacancy on 3 August 2017 be ratified."*

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## 11. RESOLUTION 10 – SPILL RESOLUTION

**If less than 25% of the votes cast on the remuneration report of the Company's 2016 Annual General Meeting are voted against adoption of the remuneration report considered at that meeting, the Chair will withdraw this Resolution.**

**Additionally, if less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw this Resolution.**

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

*"That, for the purposes of section 250V(1) of the Corporations Act and for all other purposes, approval is given for:*

*(a) the Company to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**); and*

*(b) all Vacating Directors to cease to hold office immediately before the end of the Spill Meeting; and*

- (c) *resolutions to appoint persons to offices that will be vacated pursuant to (b) to be put to vote at the Spill Meeting.”*

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party 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 the 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.

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**Dated: 20 November 2017**

**By order of the Board**

**Mr David Palumbo  
Company Secretary**

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**Voting in person**

To vote in person, attend the Meeting at the time, date and place set out above.

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**Voting by proxy**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the 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.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9481 0389.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.mintails.com.au](http://www.mintails.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

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

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

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

#### 2.2 Voting consequences

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.

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### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR STEVEN FORMICA

#### 3.1 General

Clause 22.1 of the Constitution provides that, at every annual general meeting, one third of directors (other than a managing director) or, if their number is not a multiple of 3 the number nearest to one third, must retire from office. Clause 22.4 of the Constitution provides that a retiring director is eligible for re-election.

Pursuant to ASX Listing Rule 14.5, an entity that has Directors must hold an election of directors at each annual general meeting..

Mr Formica will retire in accordance with clause 22.1 of the Constitution and ASX Listing Rule 14.5 and being eligible, seeks re-election from Shareholders pursuant to clause 22.4 of the Constitution.

#### 3.2 Qualifications and other material directorships

Mr Steven Formica brings the Company practical management and business development experience. He has been a successful businessman and operations manager for over 30 years in a number of privately held business ventures including manufacturing, construction, landscape contracting, property development, and integrated wholesale and retail businesses. More recently, he has been a successful investor and non-executive director in mineral exploration companies. Mr Formica is currently a non-executive director of ASX listed companies Bowen Coking Coal Limited and Lindian Resources Limited, and non-executive chairman of Quest Minerals Limited.

#### 3.3 Independence

Mr Formica, via his associated entity Stevsand Investments Pty Ltd <Steven Formica Family A/C>, has lent \$150,000 to the Company. Shareholder approval to issue 150,000 convertible notes (on a post Consolidation basis) in consideration for this loan is being sought under Resolution 5. For this reason, if re-elected, the Board does not consider Mr Formica will be an independent director.

#### 3.4 Board recommendation

The Board supports the re-election of Mr Formica and recommends that Shareholders vote in favour of this Resolution.

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### 4. RESOLUTION 3 – ISSUE OF CONVERTIBLE NOTES TO LENDERS AND CONVERSION INTO SHARES

#### 4.1 Convertible Notes

The Company has received at total of \$429,613 in loans from various sophisticated and professional investors (**Lenders**) and has entered into convertible note subscription agreements (**Convertible Note Agreements**) under which the Company has agreed, subject to any necessary Shareholder approvals, to issue the Lenders (or their nominees) with a total of 429,613 convertible notes (on a post Consolidation basis) each with a face value of \$1.00 (**Convertible Notes**).

A summary of the material terms of the Convertible Notes is set out below.

- (a) (**Interest**): The Convertible Notes will be interest-free, unless the Company breaches a provision of a Convertible Note Agreement, or there is an event of default (which is not remedied) under a Convertible Note, in which case interest will apply calculated at 1% per month commencing from the date of breach or default.

- (b) **(Conversion):** Subject to the Company obtaining Shareholder approval, each Convertible Note is convertible into Shares at the election of the Company. The number of Shares to be issued upon conversion will be calculated by dividing the face value of the Convertible Note by \$0.02.
- (c) **(Restrictions on conversion):** Each Noteholder is prohibited from being issued Shares to the extent a Noteholder (together with its associates) would hold a relevant interest exceeding 19.99% or more in the issued share capital of the Company (unless the issue of Shares to the Noteholder satisfies any of the exemptions in section 611 of the Corporations Act).
- (d) **(Repayment):** in the event that an event of default occurs under a Convertible Note (which includes if a Convertible Note has not been converted or repaid within 12 months from the date of issue of the Convertible Note), the Convertible Note together with all outstanding monies shall become repayable within 10 business days of a demand by the Company to the Noteholder.
- (e) **(Escrow):** The Noteholders agree to Shares being subject to any escrow requirements imposed by the ASX Listing Rules.

## 4.2 General

This Resolution seeks Shareholder approval for the issue of up to 429,613 Convertible Notes (on a post-Consolidation basis), to the Lenders (or their nominees) and the conversion of those Convertible Notes into Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of this Resolution will be to allow the Company to issue the Convertible Notes under the Convertible Note Agreements during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity. It will also allow the Company to convert the Convertible Notes into Shares without using the Company's 15% annual placement capacity.

## 4.3 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 the issue of Convertible Notes under Resolution 3:

- (a) the maximum number of Convertible Notes to be issued to the Lenders (or their nominees) is 429,613 Convertible Notes (on a post-Consolidation basis). A maximum of 21,480,650 Shares (on a post-Consolidation basis) will be issued on conversion of the Convertible Notes;
- (b) the Convertible Notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Convertible Notes will occur on the same date, being after the Consolidation has taken place;
- (c) the Convertible Notes will have a deemed issued price of \$1.00 each. The Shares issued on conversion of the Convertible Notes will have a deemed issue price of \$0.02 each (on a post Consolidation basis);
- (d) the Convertible Notes will be issued to the Lenders (or their nominees), who are sophisticated and professional investors known to the Company (none of whom are related parties of the Company);



- (e) the material terms of the Convertible Notes are summarised in section 4.1 above;
- (f) the Shares issued on conversion of the Convertible Notes will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) no funds will be raised from the issue of the Convertible Notes. The Company has received \$429,613 in loan funds from the Lenders which have been used to fund the recapitalisation of the Company (including payment to a creditors' trust under a Deed of Company Arrangement) with remaining funds being used for working capital purposes.

#### **4.4 Control implications**

The maximum number of Shares to be issued on conversion of the Convertible Notes (21,480,650 on a post-Consolidation basis) represents 55.7% of the Company's issued share capital on a post-Consolidation basis. No one Lender will have a relevant interest in more than 6.5% of the Company's issued share capital on a post-Consolidation basis.

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### **5. RESOLUTIONS 4 AND 5 – ISSUE OF CONVERTIBLE NOTES TO RELATED PARTIES: LANTECH DEVELOPMENTS PTY LTD <DAC FAMILY A/C> AND STEVSAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C> AND CONVERSION INTO SHARES**

#### **5.1 General**

The Company has received loan funds of:

- (a) \$150,387 from Lantech Developments Pty Ltd <DAC Family A/C> (**Lantech**), an entity which is controlled by Mr Daryl Henthorn, a Director; and
- (b) \$150,000 from Stevsand Investments Pty Ltd <Steven Formica Family A/C> (**Stevsand**), an entity which is controlled by Mr Steven Formica, a Director,

(the **Related Party Lenders**).

The Company has entered into Convertible Note Agreements with the Related Party Lenders on the same terms as entered into with the Lenders, as summarised in Section 4.1 above.

Resolutions 4 and 5 seek Shareholder approval for the issue of Convertible Notes to the Related Party Lenders and the conversion of those Convertible Notes into Shares.

#### **5.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Convertible Notes constitutes giving a financial benefit. Lantech is a related party by virtue of being controlled by Director Daryl Henthorn. Stevsand is a related party by virtue of being controlled by Director Steven Formica.

The Directors (other than Daryl Henthorn who has a material personal interest) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in relation to Resolution 4 because the Convertible Notes will be issued to Lantech on the same terms as Convertible Notes issued to non-related party Lenders and as such the giving of the financial benefit is on arm's length terms.

The Directors (other than Steven Formica who has a material personal interest) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in relation to Resolution 5 because the Convertible Notes will be issued to Stevsand on the same terms as Convertible Notes issued to non-related party Lenders and as such the giving of the financial benefit is on arm's length terms.

### **5.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Convertible Notes are being issued to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **5.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the issue of Convertible Notes under these Resolutions:

- (a) the Convertible Notes are to be issued to:
  - (i) Lantech (or its nominee) which is a related party by virtue of being controlled by Director Daryl Henthorn; and
  - (ii) Stevsand (or its nominee) which is a related party by virtue of being controlled by Director Steven Formica;
- (b) the maximum number of Convertible Notes to be issued (on a post-Consolidation basis) is;
  - (i) 150,398 Convertible Notes to Lantech (or its nominee); and
  - (ii) 150,000 Convertible Notes to Stevsand (or its nominee);
- (c) a maximum of:
  - (i) 7,519,350 Shares (on a post-Consolidation basis) will be issued to Lantech (or its nominee) on conversion of its Convertible Notes;
  - (ii) 7,500,000 Shares (on a post-Consolidation basis) will be issued to Stevsand (or its nominee) on conversion of its Convertible Notes;
- (d) the Convertible Notes will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) on a date that is after the Consolidation has taken place;
- (e) the Convertible Notes will have a deemed issued price of \$1.00 each. The Shares issued on conversion of the Convertible Notes will have a deemed issue price of \$0.02 each (on a post Consolidation basis);

- (f) the material terms of the Convertible Notes are summarised in section 6.1 above;
- (g) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (h) no funds will be raised from the issue of the Convertible Notes. The Company has received \$300,387 in loan funds from the Related Party Lenders which have been used to fund the recapitalisation of the Company (including payment to a creditors' trust under a Deed of Company Arrangement) with remaining funds being used for working capital purposes..

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Convertible Notes as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Convertible Notes to the Related Party Lenders will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## 5.5 Control implications

If all of the Convertible Notes are issued to the Related Party Lenders and are fully converted (and assuming no other Shares are issued other on conversion of all Convertible Notes for which approval is sought under Resolution 3):

- (a) Lantech (or its nominee) will be issued 7,519,350 Shares and have a relevant interest in 19.50% of the Company's issued share capital on a post-Consolidation basis; and
- (b) Stevsand (or its nominee) will be issued 7,500,000 Shares have a relevant interest in 19.45% of the Company's issued share capital on a post-Consolidation basis.

If the Company only elected to convert the Convertible Notes of one Related Party Lender, and did not convert any other Convertible Notes, the Related Party Lender would acquire a relevant interest in more than 20% of the Company's Shares. However, the terms of the Convertible Notes provide that the Noteholder cannot be issued Shares that would result in the Noteholder having more than 19.99% of the Company's Shares. The Company intends to manage any conversion of Convertible Notes to comply with this limitation.

The Company is instructed that the Related Party Lenders are not associates of each other.

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## 6. RESOLUTION 6 – PLACEMENT – SHARES

### 6.1 General

This Resolution seeks Shareholder approval for the issue of up to 10,000,000 Shares at an issue price of \$0.02 per Share (on a post Consolidation basis) to raise up to \$200,000 (**Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

A summary of ASX Listing Rule 7.1 is set out in section 4.2 above.

The effect of this Resolution will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **6.2 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 the Placement:

- (a) the maximum number of Shares to be issued is 10,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur progressively after the Consolidation has taken place;
- (c) the issue price will be \$0.02 per Share;
- (d) the Shares will be issued to sophisticated investors. The Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised from the Placement will be applied towards general working capital.

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## **7. RESOLUTION 7 – CONSOLIDATION OF CAPITAL**

### **7.1 Background**

If this Resolution is passed and excluding any Securities issued pursuant to the other Resolutions, the number of:

- (a) Shares on issue will be reduced from 268,894,893 to 2,068,422 (subject to rounding); and
- (b) Options on issue will be reduced from 6,800,000 to 52,308 (subject to rounding).

### **7.2 Legal requirements**

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

### **7.3 Fractional entitlements**

Not all Security Holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 130. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

### **7.4 Taxation**

It is not considered that any taxation implications will exist for Security Holders arising from the Consolidation. However, Security Holders are advised to seek their own tax advice on the effect of the Consolidation and the Company accepts no responsibility for the individual taxation implications arising from the Consolidation.

## 7.5 Holding statements

From the date of the Consolidation, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

## 7.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table below.

| Capital Structure   | Shares           | Unlisted Options <sup>1</sup> |
|---|------------------|-------------------------------|
| Pre-Consolidation Securities                                  | 268,894,893      | 6,800,000                     |
| <b>Post 130:1 Consolidation of Securities (Resolution 7)*</b> | <b>2,068,422</b> | <b>52,308</b>                 |

\* subject to rounding

1. The terms of these Options are set out in the table below.

The effect the Consolidation will have on the terms of the Options is as set out in the tables below:

### Options – Pre-Consolidation

| Terms   | Number           |
|---|------------------|
| Options exercisable at \$0.18 by 21 December 2017 | 1,600,000        |
| Options exercisable at \$0.24 by 21 December 2017 | 1,600,000        |
| Options exercisable at \$0.18 by 21 December 2018 | 800,000          |
| Options exercisable at \$0.24 by 21 December 2018 | 800,000          |
| Options exercisable at \$0.16 by 20 December 2018 | 600,000          |
| Options exercisable at \$0.22 by 20 December 2018 | 600,000          |
| Options exercisable at \$0.30 by 20 December 2018 | 800,000          |
| <b>Total</b>                                      | <b>6,800,000</b> |

### Options – Post-Consolidation

| Terms  | Number |
|--|--------|
| Options exercisable at \$23.40 by 21 December 2017 | 12,308 |
| Options exercisable at \$31.20 by 21 December 2017 | 12,308 |
| Options exercisable at \$23.40 by 21 December 2018 | 6,154  |

|  |               |
|--|---------------|
| Options exercisable at \$31.20 by 21 December 2018 | 6,154         |
| Options exercisable at \$20.80 by 20 December 2018 | 4,615         |
| Options exercisable at \$28.60 by 20 December 2018 | 4,615         |
| Options exercisable at \$39.00 by 20 December 2018 | 6,154         |
| <b>Total</b>                                       | <b>52,308</b> |

## 7.7 Indicative timetable\*

If this Resolution is passed, the Consolidation will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules):

| Action  | Date             |
|---|------------------|
| Company announces Consolidation and sends out Notice of Meeting.  | 20 November 2017 |
| Company tells ASX that Shareholders have approved the Consolidation.  | 20 December 2017 |
| Last day for Company to register transfers on a pre-Consolidation basis.  | 27 December 2017 |
| First day for Company to send notice to each holder of the change in their details of holdings.                               | 28 December 2017 |
| First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements. |                  |
| Issue date.   | 4 January 2018   |
| Last day for Securities to be entered into holders' Security holdings.  |                  |
| Last day for the Company to send notice to each holder of the change in their details of holdings.                            |                  |

## 8. RESOLUTION 8 – REPLACEMENT OF CONSTITUTION

### 8.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

This Resolution is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted (as amended) in 2007.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9481 0389). Shareholders are invited to contact the Company if they have any queries or concerns.

## **8.2 Summary of material proposed changes**

### **Fee for registration of off market transfers**

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### **Dividends**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### **Partial (proportional) takeover provisions**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### Information required by section 648G of the Corporations Act

##### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

##### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

##### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

##### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.



## Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

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### **9. RESOLUTION 9 – RATIFICATION OF APPOINTMENT OF AUDITOR**

In 2017, the ASIC consented to the resignation of the Company's then current auditors: ShineWing Australia, due to the relocation of the Company's Board and management team to Perth following the effectuation of the Deed of Company Arrangement on 2 June 2017. The resignation was effective as at 3 August 2017.

Following ASIC's consent to the resignation of ShineWing Australia as auditors in accordance with section 329(5) of the Corporations Act, the Directors appointed Moore Stephens (ABN 16 874 357 907) on 3 August 2017 to fill the vacancy until the next annual general meeting.

In accordance with section 327B of the Corporations Act, the Directors recommend that the appointment of Moore Stephens as auditors of the Company be ratified.

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### **10. RESOLUTION 10 – SPILL RESOLUTION**

**If less than 25% of the votes cast on the remuneration report of the Company's 2016 Annual General Meeting are voted against adoption of the remuneration report considered at that meeting, the Chair will withdraw this Resolution.**

**Additionally, if less than 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report, the Chair will withdraw this Resolution.**

#### **10.1 General**

The Corporations Act requirements for this Resolution to be put to vote are set out in Section 2.2.

The effect of this Resolution being passed is the Company will be required to hold another meeting of Shareholders within 90 days of the date of this Meeting (**Spill Meeting**) and the Vacating Directors will cease to hold office immediately before the end of the Spill Meeting. The business of the Spill Meeting will be to put to vote resolutions to appoint persons to offices vacated by the Vacating Directors.

In the event a Spill Meeting is required a separate notice of meeting will be distributed to Shareholders with details about those persons that will seek election as directors of the Company at the Spill Meeting.

#### **10.2 Proxy voting restrictions**

Shareholders appointing a proxy for this Resolution should note the voting restrictions applying to Resolution 1 apply in the same manner to this Resolution.

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## GLOSSARY

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**\$** means Australian dollars.

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

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

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

**Chair** means the chair of the Meeting.

**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** means Mintails Limited (ACN 008 740 672).

**Consolidation** has the meaning as set out at Section 7.1.

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

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**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.

**Lenders** has the meaning as set out at Section 4.1.

**Managing Director** means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

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

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party Lenders** means Lantech Developments Pty Ltd <DAC Family A/C> and Stevsand Investments Pty Ltd <Steven Formica Family A/C>.

**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 2017.

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

**Section** means a section of the Explanatory Statement.

**Securities** means Shares and Options.

**Security Holder** means a Shareholder or Optionholder, as the context requires.

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

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

**Vacating Directors** means the Directors who were directors of the Company when the resolution to make the directors' report considered at the last annual general meeting of the Company was passed, other than the Managing Director at that time.

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

## PROXY FORM

**MINTAILS LIMITED**  
**ACN 008 740 672**

### ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

**OR:** ☐ the Chair of the Meeting as my/our proxy.

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 353 Rokeby Road, Subiaco, WA, on 20 December 2017 at 10.00am, and at any adjournment thereof.

#### **AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 10 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 10 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

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

The Chair intends to vote undirected proxies in favour of all Resolutions other than Resolution 10 where the Chair intends to vote against. 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                  |
|-----------------------------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1                      | Adoption of Remuneration Report   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3                      | Election of Director – Mr Steven Formica  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3                      | Issue of Convertible Notes to non-related Lenders   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4                      | Issue of Convertible Notes to related party: Lantech Developments Pty Ltd <DAC Family A/C>            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5                      | Issue of Convertible Notes to related party: Stevsand Investments Pty Ltd <Steven Formica Family A/C> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6                      | Placement – Shares  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7                      | Consolidation of capital  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8                      | Replacement of Constitution   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 9                      | Ratification of appointment of Auditor  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 10                     | Spill Resolution  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your 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: \_\_\_\_\_ %

#### **Signature of Shareholder(s):**

##### **Individual or Shareholder 1**

Sole Director/Company Secretary

##### **Shareholder 2**

Director

##### **Shareholder 3**

Director/Company Secretary

**Date:** \_\_\_\_\_

**Contact name:** \_\_\_\_\_

**Contact ph (daytime):** \_\_\_\_\_

**E-mail address:** \_\_\_\_\_

**Consent for contact by e-mail  
in relation to this Proxy Form:** YES ☐ NO ☐

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder'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 Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked, the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Mintails Limited, Level 11, 216 St Georges Terrace, Perth WA 6000; or
  - (b) facsimile to the Company on facsimile number +61 8 9463 6103,so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**