

Quest Minerals Limited
(to be renamed “High Grade Metals Limited”)
ACN 062 879 583

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 3.00pm WST
DATE: 19 January 2018
PLACE: Level 11, London House
216 St Georges Terrace
Perth, WA, 6000

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 4.00pm WST on 17 January 2018.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from the completion of the acquisition of Austrian Projects Corporation Pty Ltd as described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who (or any of whose associates) might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. 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.

2. RESOLUTION 2 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES

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

“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purpose of section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue Performance Shares on the terms and conditions set out in the Explanatory Statement.”

3. RESOLUTION 3 – ISSUE OF CONSIDERATION SECURITIES

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

“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue:

- (a) 186,000,000 Consideration Shares;*
- (b) 65,000,000 Consideration Options; and*
- (c) 240,000,000 Performance Shares,*

at Completion, 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 (and any of whose associates) may participate in the proposed issue and any person who (and any of whose associates) might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. 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.

4. RESOLUTION 4 – ISSUE OF SHARES – CAPITAL RAISING

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

“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 150,000,000 Shares at \$0.03 per Share to raise up to \$4,500,000 on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: The Company must issue a Prospectus in order to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules and as a condition of the Company's securities recommencing trading on the ASX following the Acquisition. Please refer to the Explanatory Statement for details.

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.

5. RESOLUTION 5 – CHANGE OF COMPANY NAME

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

*“That, subject to and conditional upon the passing of all the Essential Resolutions, for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to “**High Grade Metals Limited**” with effect from the date that ASIC alters the Company's registration following Completion.”*

6. RESOLUTION 6 – ELECTION OF DIRECTOR – MR TOREY MARSHALL

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

“That, subject to and conditional on the passing of all the Essential Resolutions, for the purpose of clause 12.6 of the Constitution and for all other purposes, Mr Torey Marshall, a Proposed Director who being eligible and having consented to act, be appointed as a Director on and from Completion.”

7. RESOLUTION 7 – ELECTION OF DIRECTOR – MR HAYDEN LOCKE

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

“That, subject to and conditional on the passing of all the Essential Resolutions, for the purpose of clause 12.6 of the Constitution and for all other purposes, Mr Hayden Locke, a Proposed Director who being eligible and having consented to act, be appointed as a Director on and from Completion.”

8. RESOLUTION 8 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING - MR JEROME GINO VITALE

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

“That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Shares to Mr Jerome Gino Vitale (or his nominee) as part of the Capital Raising 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 Mr Jerome Gino Vitale (and his 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.

9. RESOLUTION 9 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING - MR DAVID PALUMBO

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

“That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Shares to Mr David Palumbo (or his nominee) as part of the Capital Raising 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 Mr David Palumbo (and his 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.

10. RESOLUTION 10 – PARTICIPATION OF RELATED PARTY IN CAPITAL RAISING - MR STEVEN FORMICA

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

“That, subject to and conditional on the passing of all the Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 12,500,000 Shares to Mr Steven Formica (or his nominee) as part of the Capital Raising 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 Mr Steven Formica (and his 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.

11. RESOLUTION 11 – NON-EXECUTIVE DIRECTORS’ REMUNERATION

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 10.17, clause 12.9 of the Constitution and for all other purposes, approval is given for the Company to increase the aggregate fixed sum available to be paid to the non-executive Directors by \$100,000 to a new aggregate fixed sum of \$300,000 per annum to be paid in accordance with the terms and conditions set out in the Explanatory Statement.”

ASX Voting Exclusion: The Company will disregard any votes cast on this Resolution by a Director 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.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; 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 this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the Meeting; and

- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 18 December 2017

By order of the Board

Steven Formica
Non-Executive Chairman

Voting in person

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

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.

EXPLANATORY STATEMENT

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.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Statement in full before making any decision in relation to the Resolutions.

All Resolutions are Essential Resolutions and will be taken to have been rejected by Shareholders and the Acquisition will not proceed if any of the Essential Resolutions are not passed. All Essential Resolutions must be passed for the Acquisition to proceed.

1. BACKGROUND TO PROPOSED ACQUISITION OF AUSTRIAN PROJECTS CORPORATION PTY LTD

1.1 General background

The main project of Quest Minerals Limited (**Company**) is the 100% owned Victory Bore project located on E57/1036 in the mid-west region near Sandstone in Western Australia.

The tenement covers the northern 11 km segment of a 25 km long magnetic anomaly overlying two major magnetite rich horizons within a layered gabbro complex which is prospective for gold. This area is also hosts vanadium and titanium-bearing magnetite iron deposits including a deposit drilled by the Company located within the present boundary of EL 57/1036, where it previously announced a maiden resource (refer ASX announcement of 4 March 2011) at which time its strategy was to explore for and develop ferrous metals assets in Western Australia.

Acquisition

As announced to ASX on 13 November 2017, the Company entered into a binding heads of agreement (**HoA**) with Austrian Projects Corporation Pty Ltd (**APC**) whereby the Company will acquire 100% of the issued shares in APC from the APC shareholders (**Vendors**) for the purposes of acquiring a 100% interest in a suite of cobalt and gold exploration tenements in Austria (**Austrian Cobalt and Gold Projects**) (the **Acquisition**).

The transaction (**Transaction**) includes:

- (a) the Acquisition;
- (b) the raising of \$4,500,000 by the issue of new Shares by way of a public offer under a Prospectus (**Public Offer** or **Capital Raising**);
- (c) the appointment of two APC-nominated directors as new Directors, one as Managing Director / CEO, and one as a non-executive Director;
- (d) the Company changing its name to "High Grade Metals Limited"; and
- (e) the Company re-complying with Chapters 1 and 2 of the Listing Rules.

A summary of the material terms of the HOA is set out at Section 1.6.

Guide to the Essential Resolutions

- (a) Resolution 1 seeks Shareholder approval for the change to the nature and scale of the Company's activities caused by the Acquisition.
- (b) Resolution 2 seeks Shareholder approval for the creation of the Performance Shares as a new class of securities.
- (c) Resolution 3 seeks Shareholder approval for the issue of the Consideration Securities to the Vendors in relation to the Acquisition.
- (d) Resolution 4 seeks Shareholder approval for the Capital Raising to raise up to \$4.5 million under a Prospectus offer at \$0.03 per Share.

- (e) Resolution 5 seeks Shareholder approval for the change of the Company's name to "High Grade Metals Limited".
- (f) Resolutions 6 and 7 seek Shareholder approval for the appointment of Mr Torey Marshall (as Managing Director / CEO) and Mr Hayden Locke (non-executive Director) as new Directors.
- (g) Resolutions 8 – 10 seek Shareholder approval for Messrs Jerome Gino Vitale, David Palumbo, and Steven Formica (or their nominees) to participate in the Capital Raising.

The Essential Resolutions are all inter-conditional. If any of the Essential Resolutions are not passed, then none of them will be effective and the Transaction will not proceed.

1.2 Austrian Cobalt and Gold Projects

The Austrian Cobalt and Gold Projects are a portfolio of highly prospective exploration permits in Austria which include former high-grade cobalt, copper and nickel, and gold and silver mines and workings. The Company considers that the Austrian Cobalt and Gold Projects to be a suite of attractive exploration and development assets which will complement the Company's existing business.

Location of Austrian Cobalt and Gold Projects (map prepared by Brian Naylor, Digimaps, for the Company)



Austrian Cobalt Projects

Austrian Cobalt Projects (map prepared by Brian Naylor, Digimaps, for the Company)



The **Austrian Cobalt Projects** comprise four exploration concessions made up of a total of 78 Exploration Permits. These are all valid until 31 December 2021. Together they cover a total area of approximately 44 km². The concessions are:

- Gratlspitz
- Schwarzleo
- Seekar
- Zinkwand

Nickel and cobalt were mined in the region from the mid-16th century where the municipality of Leogang was famed for the richness of its cobalt and nickel mineralisation. Mining peaked in the late 1700s but the market fell away after the Napoleonic Wars according to the local museum at the Leogang township. Very little information is available on the production history of the area through time, as for the most part, no records existed.

The tables below summarise the key exploration results that are present in the individual Austrian Cobalt Project areas. No substantive modern exploration has been identified as having taken place over the Austrian Cobalt Project exploration areas, and the bulk of the reported samples based on historical references would be classed as rock chip samples. The historical results should not be taken to be representative of the grades of mineralisation that may be encountered in a modern exploration program

No drilling results are known in the Leogang-Nockelberg area.

Table 1 – Historically reported results within the cobalt-rich Leogang / Nockelberg area:

Sample	Grades	Comments	Source
Nockelberg	Co 1.95%-4.65% Ni 1.55%-3.14% Cu 2.19%-12.7%	High grade rock chips reported	Haditsch & Mostler 1970
Schwarzleo/Leogang	Co 11.67%-15.76% Ni 6.52%-8.12% Cu 3.82%-4.91%	High grade rock chips reported	Haditsch & Mostler 1970

Table 2 – Historically reported results from the Seekar area:

Sample	Grades	Comments	Source
Average ore grade	Cu 2.35–4.45% Ag 250 g/t	average grade from production in early 20 th century (80–200 t/year)	Feitzinger et al. 1998
High-grade massive sulphide ore	Cu 22% Ag 850 g/t	massive sulphide ore	Feitzinger et al. 1998
High-grade massive sulphide ore (chalcopryrite)	28.5 % Cu	Sample by P. P. Heigl, Innsbruck; assayed in 1878	Archive of Krings family
High-grade fahlore-bearing ore	8 % Cu 414 g Ag	Sample by P. P. Heigl, Innsbruck; assayed in 1878	Archive of Krings family
Fahlore	Sb > 20% Ag 1.3 % Zn 10 % Sn 360 g/t Ni 70 g/t Co 85 g/t	No. 13, massive fahlore with chalcopryrite, hosted in ankerite	Schroll & Ibrahim 1959
Fahlore	Sb > 20% Ag 0.2 % Zn 0.4 % Sn 30 g/t Ni 600 g/t Co 100 g/t	No. 14, massive fahlore with chalcopryrite, hosted in ankerite	Schroll & Ibrahim 1959

Soil sample	Cu 4,000 mg/kg	4 m in front of Gottesgab adit; sampling by Juritsch in 1997	Feitzinger et al. 1998
Soil sample	Cu 5,000 mg/kg	50 m in front of Gottesgab adit; sampling by Juritsch in 1997	Feitzinger et al. 1998

Table 3 – Historic exploration data reported over the Zinkwand-Vottern area:

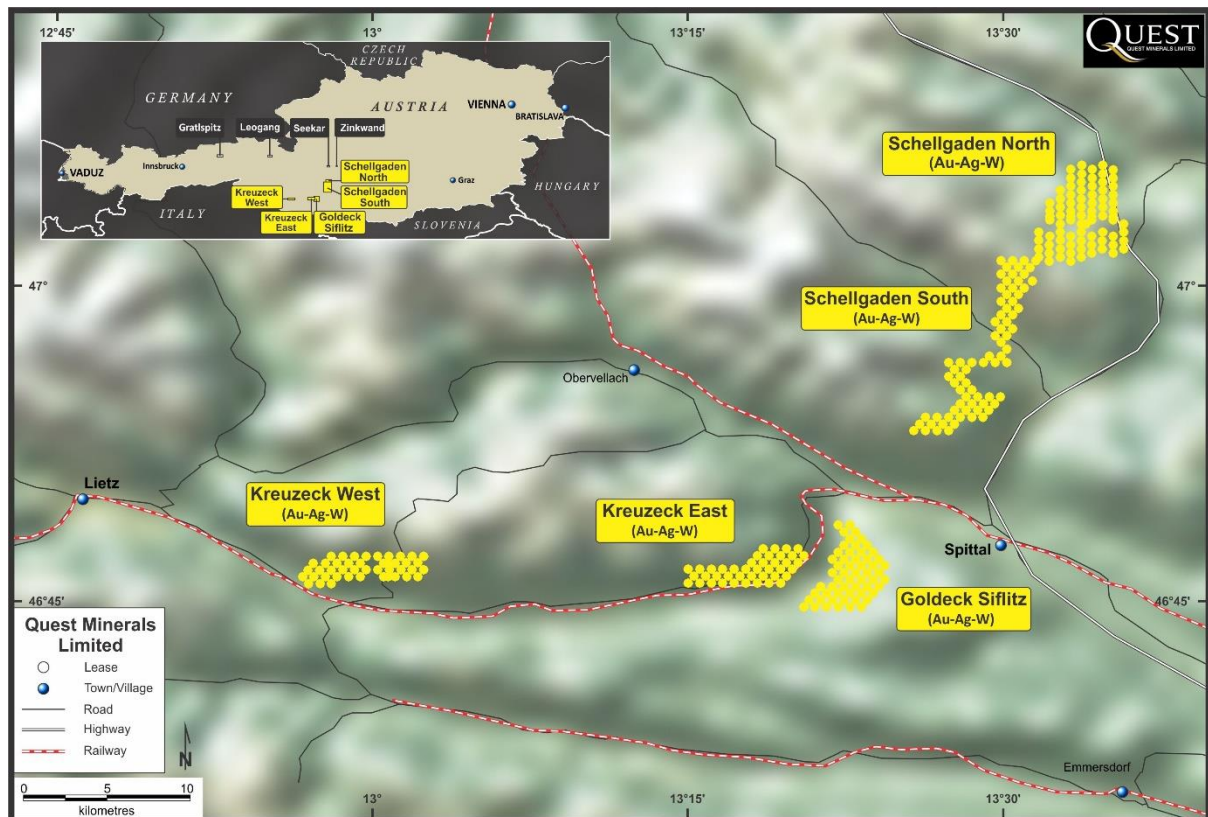
Sample	Grades	Comments	Source
High-grade massive sulphide ore	Ag 550 ppm Co 2.1% Ni 27.3%	no further specification on ore type	H. W. Fuchs 1988 (Austrian Geological Survey)
High-grade massive sulphide ore	Ag 16 ppm Co 3.4 % Ni 19.8 %	no further specification on ore type	H. W. Fuchs 1988 (Austrian Geological Survey)

Table 4 – Historic exploration data reported over the Grattspitz-Brixlegg area:

Sample	Grades	Comments	Source
Ore sample	Ag 90g/t & 140g/t Cu 1.93% & 2.17%	Ore sample from 1922	Austrian Geological Survey, Vienna
Dump material	Ag 207g/t Cu 0.6%	Dump sample from 1922	Hoppe 1922 Austrian Geological Survey, Vienna

Austrian Gold Projects

Austrian Gold Projects (map prepared by Brian Naylor, Digimaps, for the Company)



The **Austrian Gold Projects** comprise five exploration concessions made up of a total of 300 Exploration Permits. These are all valid until 31 December 2019. Together they cover a total area of approximately 170km². The concessions are:

- Schellgaden North: 36 Exploration Permits
- Schellgaden South: 121 Exploration Permits (*Schellgaden North and South form the Schellgaden project*)
- Kreuzeck West: 44 Exploration Permits
- Kreuzeck East: 42 Exploration Permits
- Goldeck-Sifflitz: 57 Exploration Permits

The Schellgaden project is referred to in historical records as a high-grade gold mine, somewhat supported by the results of the Argosy Mining GmbH channel sampling program completed in the mid 1990's. There are multiple deposit types in the Austrian Gold Projects, all with proximity to excellent basic infrastructure such as roads, towns and services. Like most areas in Central Europe that have historic workings, almost no records are accessible from conventional sources that are even loosely reliable. Adits, workings and mines can be numerous in records but not locatable present day.

The tables below summarise the key exploration results that are present in the individual Austrian Gold Project areas. No substantive modern exploration has been identified as having taken place over the Austrian Gold Project exploration areas, and the bulk of the reported samples based on historical references would be classed as rock chip and core samples. The historical results should not be taken to be representative of the grades of mineralisation that may be encountered in a modern exploration program.

Table 5 – Historic exploration data over the Schellgaden area:

Sample	Grades	Comments	Source
133 channel samples taken from various old workings and adits	Au 2g/t to 93g/t	Average grades as a result of all 60 samples analysed taken from inside historic mines	Argosy Mining private reports 1995

Table 6 – Historic exploration data over the Kreuzeck East area:

Sample	Grades	Comments	Source
Approximately 10 old mines/workings	Au Sb Ag	Reportedly mined multiple commodities, no reliable reported grades	

Table 7 – Historic exploration data over the Kreuzeck West area:

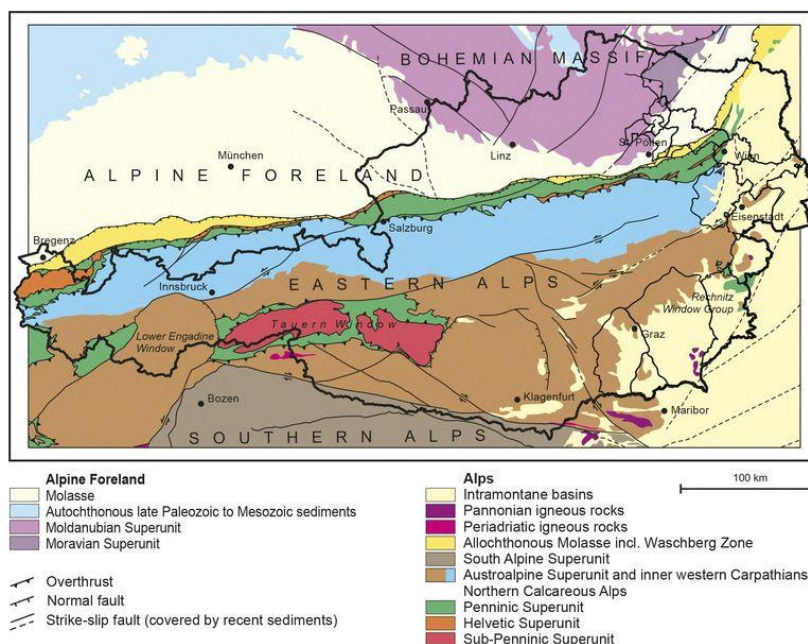
Sample	Grades	Comments	Source
4 old mines/workings	Au Sb	Reportedly mined multiple commodities, no reliable reported grades	

Table 8 – Historic exploration data over the Goldeck-Sifflitz area:

Sample	Grades	Comments	Source
2 old mines/workings	Au 0.5g/t to 12.1g/t	Results of channel sampling down old mine	Argosy 1995 exploration

Background – Geology and Historical Mining Activity

Map 1: Austrian Wine Marketing Board, accessed 1-11-17 (<http://www.austrianwine.com/our-wine/climate-soil/mehr-als-urgestein-und-loess/>)



The prospective areas all occur on the fringes of the Tauern Window (as shown in Map 1), a specific geological feature covering a significant portion of central and western Austria. Within the edges of this feature, a number of old mines have been discovered and operated for the better part of 500 years such as the Schellgaden gold mine, and Leogang nickel cobalt mine, or the modern example of the Mittersill tungsten mine (currently one of the largest tungsten mines in the world). Around the rim of this feature, a range of different metallogenic and structural events crystallised a series of ore deposits which, in places, are very high grade. This general statement is true of most minerals present in the areas to be acquired, based on historic information available to the Company. Each of the acquired Project areas has been exploited by artisanal mining methods, in some cases dating back more than 500 years.

Despite centuries of mining, the majority of the Projects have not had any modern exploration undertaken on them. As a result, the records on the area are not complete and significant new exploration activity is needed to properly investigate the overall size and scale of any mineralised body that was historically mined.

Having been previously operational, these areas generally have good access to roads, supporting infrastructure and people required to assess the prospectivity through a systematic exploration program.

A variety of deposit styles are present through the areas, from stratabound horizons in low grade metamorphic units to high grade schists and phyllitic units cross cut by polyphase hydrothermal veining. This has introduced, in most areas, multiple mineralisation types and potential targets.

Proposed Exploration Program – Priority Areas

The exploration program will be centred on cobalt-nickel-copper in and around the historic Leogang mine (inclusive of Nockelberg and surrounds), and the historic high grade Schellgaden gold mine. The Company believes these Projects represent the highest priority targets in its exploration portfolio.

The areas of focus are those where historic mines (and infrastructure) exist, where there is a level of certainty about the presence of a mineralised layer that could prove to be more extensive (exploration required), and where the information available supports that contention. With exploration success, the Company believes these Projects could be fast-tracked towards production.

Planned works include exploration drilling (appraisal drilling where results justify), geophysical acquisition (airborne potential field in addition to test programs of induced polarisation, electro magnetics and resistivity), environmental baselining field mapping, geochemical sampling and mapping of the existing underground workings. Where exploration results are positive, the Company will accelerate the studies

assessing the economic viability of the Projects including underground mine engineering assessments, metallurgical studies leading to scoping/prefeasibility studies where results are positive.

The remaining lower priority exploration Projects will be explored as time and budget allows over the next 5 years, subject to renewal of the relevant Exploration Permits.

Tenure under Austrian Mining Law

Austrian mining law is governed by the federal Mineral Raw Materials Act (*Mineralrohstoffgesetz*) of 1999 (*Bundesgesetzblatt, (BGBl)* I, no 35, 1999, as amended) (**MinroG**). MinroG regulates prospecting and exploration for minerals, and extraction, production and processing of minerals in Austria. Activities governed by the MinroG are the responsibility of the federal Austrian Ministry for Science, Research and the Economy (**Mining Authority**).

There are three categories of minerals under the MinroG:

- *Bergfreie* ("Free-for-mining" minerals). These minerals are set out in section 3 of the MinroG, and are not at the landowner's disposal (i.e., they do not belong to the person who owns the surface of the land). *Bergfreie* minerals can be extracted by any person meeting certain legal requirements. The category includes metallic ores and many industrial minerals. Gold, nickel, copper and cobalt are all classified as *bergfreie*.
- *Bundeseigene* ("State-owned" minerals). These minerals belong to the State, and include hydrocarbons and minerals containing uranium and thorium.
- *Grundeigene*. All minerals not *bergfreie* or *bundeseigene* are classified as *grundeigene*, and belong to the landowner (although a Mining Licence holder may in certain circumstances become entitled to them.)

Upon the grant of an Exploration Permit or Mining Licence (see below), ownership of the *bergfreie* minerals is allocated to the Exploration Permit or Mining Licence holder.

Exploration Tenures

An Exploration Permit (*Schurfberechtigung*) entitles the holder exclusively to explore for *bergfreie* minerals in the area covered by the Exploration Permit.

An Exploration Permit is circular in shape, with a radius of 425 metres (for an area of 0.567km²). To ensure that the whole of a proposed area for exploration is completely covered, a number of Exploration Permits are applied for in an overlapping pattern of circles.

A party other than an Exploration Permit can apply for a Mining Licence (*Bergwerksberechtigung*) (see below) over an area covered by an Exploration Permit if that other party shows the feasibility of its mining project. However, if the Exploration Permit holder holds sufficient Exploration Permits overlapping in a 'secure pattern', that will preclude the grant of a Mining Licence to another party.

A works program has to be approved in writing by the Mining Authority in order for an Exploration Permit to be granted. There is no minimum annual expenditure requirement, but the Exploration Permit holder must submit annual reports on its exploration activities to the Mining Authority.

The term of an Exploration Permit is five calendar years (including the year in which the Exploration Permit is granted). An extension for a further five years can be applied for at the end of that period, provided that the annual exploration activities reports lodged by the Exploration Permit holder have been approved by the Mining Authority for each of the preceding five years. Having performed the work in one Exploration Permit is sufficient for the extension of up to 100 Exploration Permits forming part of a contiguous exploration area made up of overlapping Exploration Permits.

The annual prospecting fee (*Freischurfgebühren*) payable to the Mining Authority is €8.72 per Exploration Permit.

Prior to commencing exploration, an Exploration Permit holder must obtain consent for surface access from the relevant landowner. If such consent is not forthcoming, the Exploration Permit holder can apply to the Mining Authority for compulsory access, to be determined on a case-by-case basis.

Exploration Permits are transferable.

The holder of an Exploration Permit can apply for the right to exclude the granting of a Mining Licence to any other party within a rectangle of 48,000m² based on a centre point that is identical to the centre of an Exploration Permit circle. This right to a "Reservation Field" (*Vorbehaltsfeld*) has to be claimed from the Mining Authority at the latest at the time of any in situ hearing for the grant of a Mining Licence to another party.

Mining Production Tenures

If a mineral deposit is defined and deemed to be economic, a Mining Licence (*Bergwerksberechtigung*) may be applied for. A Mining Licence entitles the holder exclusively to mine *bergfreie* minerals from the area covered by the Mining Licence.

A Mining Licence may cover an area of up to 48,000 m². One party may hold up to 16 separate Mining Licences of this maximum size.

The extraction of minerals under Mining Licence must take place in accordance with production plans, which have to be approved by the Mining Authority, and which must cover a period of five years (one year, in exceptional circumstances).

Mining Licences are granted for an indefinite period, subject to the holder meeting the requirements of the MinroG. There is no limit to the sub-surface depth of a Mining Licence (although the installation of mining facilities at depths greater than 300 metres requires an additional permit).

Mining Licences are deemed to be immovable property and must be registered in the mining property register.

An annual fee of €26 is payable for a Mining Licence. No other royalties are payable by a Mining Licence holder in respect of production from a Mining Licence.

A Mining Licence holder is entitled to extract minerals and to engage in the processing of minerals; however, additional permits are required to be obtained under the MinroG at each stage of development, including construction permits, operating permits, operating vehicle permits, and installation permits.

The consent of the landowner must be obtained before a Mining Licence holder can use the surface and sub-surface for mining purposes. Both the Mining Licence holder and the landowner can request the Mining Authority to determine the amount of compensation

Mining Licence holders must appoint appropriate persons as operating managers, inspectors, and mine surveyors.

Mining Licence holders are also subject to extensive health and safety, land use, emissions reduction, environmental protection, waste management, and emergency planning responsibilities in respect of their mining operations.

Mining Licences are transferable.

In relation to the above data, please refer to the Company's announcement dated 13 November 2017 for relevant JORC tables and a list of the Austrian Cobalt and Gold Project concessions.

1.3 Re-compliance with Chapters 1 and 2 of the Listing Rules

ASX has advised the Company that it has exercised its discretion to require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules prior to the Company completing the Acquisition.

For this purpose, the Company will be required to re-comply with the conditions to listing on ASX set out in Chapters 1 and 2 of the ASX Listing Rules in order to achieve Completion and before it can be re-instated to trading on ASX following Completion.

1.4 Capital Raising

For the purposes of the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules, the Company intends to undertake the Capital Raising through the issue of 150,000,000 Shares at an issue price of \$0.03 per Share to raise \$4,500,000 pursuant to a full form Prospectus.

The Company expects to lodge the Prospectus with ASIC on or before the date of the Meeting. The Public Offer will be conditional upon Shareholders approving the Essential Resolutions.

Funds raised under the Capital Raising are intended to be used in the manner set out in Section 1.5 below.

The Capital Raising is intended to be completed in accordance with the timetable set out in Section 1.10 below.

The Company will be responsible for placing \$2.5m of the Capital Raising, and APC will be responsible for placing \$2m of the Capital Raising (on a best endeavours basis), subject to the Company paying a 5% fee to relevant brokers responsible for supporting the Capital Raising.

CPS Capital Group Pty Ltd will be acting as lead manager to the Public Offer.

1.5 Use of funds

Following completion of the Acquisition and the Capital Raising, the Company intends to apply funds as follows:

PROPOSED USE OF FUNDS	Capital Raising \$4.5 million (\$)
Cash on hand ¹	712,000
Proceeds from Capital Raising	4,500,000
Total Cash on completion of re-compliance (before deducting costs of the Public Offer)	5,212,000
USE OF FUNDS	
Estimated cost of the Transaction and Capital Raising	497,400
Exploration and development expenditure on the existing assets (Victory Bore ferrovanadium)	50,000
Expenditure on the Austrian Cobalt Projects	1,565,000
Expenditure on Austrian Gold Projects	1,685,000
Unallocated working capital and corporate administration	1,414,600
Total	5,212,000

¹ Estimate at Completion

To continue exploration and development of the Projects and achieve its business objectives, the Company intends to allocate capital as follows:

Exploration Budget

Cobalt	1st year (\$)	2nd year (\$)
Geophysics and Geology	100,000	50,000
Drilling	750,000	400,000
Environmental / CSR	40,000	30,000
Geochemistry	35,000	30,000
JORC resource	Nil	30,000
Metallurgical	30,000	Nil
Scoping studies	Nil	50,000
Engineering / Prefeasibility studies	Nil	Nil
Total	955,000	610,000
	1,565,000	
Gold	1st year (\$)	2nd year (\$)
Geophysics and Geology	75,000	Nil
Drilling	750,000	400,000
Environmental / CSR	70,000	30,000
Geochemistry	50,000	20,000
JORC resource	50,000	50,000
Metallurgical	50,000	Nil
Scoping studies	Nil	50,000
Engineering / Prefeasibility studies	40,000	50,000
Total	1,085,000	600,000
	1,685,000	
Vanadium	1st year (\$)	2nd year (\$)
Engineering / Prefeasibility studies	50,000	Nil
Total	50,000	
Cumulative Total	3,300,000	

Costs of Transaction and Capital Raising

	Capital Raising \$4.5 million (\$)
ASX Fees	81,000
ASIC Fees	2,400
Legal, Accounting, Geologist, and Due Diligence Expenses	162,000
Shareholder Meeting / Share Registry Costs	20,000
Printing	7,000
Capital Raising Fees	225,000
Total	497,400

The above is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any expenditure allocation, the funds set out in the above may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

1.6 Binding Heads of Agreement

The key terms of the binding heads of agreement (**HoA**) to effect the Acquisition are as follows:

- (a) **(Conditions Precedent):** Completion of the Acquisition is subject to and conditional upon a number of conditions precedent, including:
 - (i) receipt by the Company of all shareholder and regulatory approvals required by the Corporations Act and the Listing Rules to complete the Transaction, including without limitation Shareholder approval:
 - (A) to change the nature and/or scale of the Company's activities in accordance with Listing Rule 11.1.2, if required by ASX;
 - (B) for the Company to issue the Consideration Shares, the Consideration Options and the Performance Shares (each defined at (b) below) in accordance with the requirements of the Listing Rules and the Corporations Act, including if necessary item 7 of section 611;
 - (C) for the Company to issue no less than 150,000,000 Capital Raising Shares;
 - (D) for the appointment of two APC-nominated directors as new Directors, including one as Managing Director / CEO (being Torey Marshall) and one as a non-executive Director (being Hayden Locke), to be effective upon Completion;
 - (E) any additional items agreed by the parties or required by ASX.
 - (ii) if necessary, receipt of ASX conditional approval to re-admit the Company to the Official List, subject to re-compliance with Chapters 1 and 2 of the Listing Rules, such conditions to be reasonably satisfactory to the Company.
 - (iii) the Company and Torey Marshall entering into an executive services agreement.
 - (iv) APC and its subsidiaries having net liabilities of less than \$20,000.
 - (v) completion by the APC Austrian subsidiaries, under the respective asset acquisition agreements, of the acquisition of 100% of the unencumbered rights, title and interests to the Austrian Gold Project and the Austrian Cobalt Project;
 - (vi) execution by APC, the APC shareholders, or their nominees (as the case may be) of restriction agreements with regard to the Consideration Shares, Consideration Options, and/or Performance Shares as may be required by ASX.
 - (vii) the Company receiving applications for the full subscription in relation to the Capital Raising (\$4,500,000);
 - (viii) APC obtaining all relevant approvals including shareholder approval for the Transaction;
 - (ix) no material adverse changes to the Company's or APC's financial position;
 - (x) execution of a definitive share purchase agreement and ancillary documents;
 - (xi) the Company completing due diligence on the Austrian Cobalt and Gold Projects to its satisfaction,
- (together the **Conditions Precedent**).

- (b) **(Consideration):** The Company will provide the following consideration for the acquisition of APC:
- (i) 186,000,000 Shares (**Consideration Shares**);
 - (ii) 65,000,000 Consideration Options, having an exercise price of \$0.03 and expiring on 30 September 2020 (**Consideration Options**);
 - (iii) 240,000,000 Performance Shares (**Performance Shares**) in two classes (subject to the Company obtaining all requisite Shareholder approvals in accordance with the Corporations Act and ASX Listing Rules, and confirmation from ASX that the terms of the Performance Shares are appropriate and equitable).
 - (A) **Class A:** 120,000,000 Performance Shares convertible into Shares on a 1:1 basis upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code 2012) at an average grade no less than 8 grams per tonne.
 - (B) **Class B:** 120,000,000 Performance Shares, convertible into Shares on a 1:1 basis upon completion of a positive Scoping Study (as defined in the JORC Code 2012) in relation to any one or more Austrian Cobalt Projects by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over \$US50,000,000, and provided that (while the Company remains listed on ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release.

The expiry date for both classes of Performance Shares is to be 5 years from the date of issue. Their other terms will be the standard terms required by ASX.
 - (iv) Payment of a net smelter royalty of 2.5% of all gold produced from the Austrian Gold Projects up to a total cumulative payment of US\$2,500,000.
- (c) **(Completion):** Completion of the Acquisition will occur as soon as reasonably practicable after satisfaction (or waiver) of the last Condition Precedent (**Completion**).
- (d) **(Change of name):** Following successful completion of the Acquisition, the Company proposes to change its name to "High Grade Metals Limited".

The HoA otherwise contains terms and conditions which are typical for an agreement of its nature.

The parties are preparing a full-form share purchase agreement to reflect the terms and conditions of the HoA.

1.7 Effect on capital structure

Below is a table showing the Company's current capital structure and the capital structure on completion of the Capital Raising and issue of the Consideration Shares and other securities contemplated by this Notice.

	Shares (Capital Raising) (\$4.5 million at \$0.03 per Share ¹)	% holding post- Transaction (undiluted)	Performance Shares	Options
Current issued capital	117,409,428 ²	25.9%	n/a	32,500,000 ³
APC (Vendors)	186,000,000	41.0%	240,000,000 ⁴	65,000,000
Capital Raising	150,000,000	33.1%	n/a	n/a
Total (undiluted)	453,409,428	100.0%	240,000,000	97,500,000
Total (fully diluted)	790,909,428		n/a	n/a

Notes:

1. This issue price requires a waiver of ASX's "20 cents rule", as set out in Section 2.3, which has been obtained.
2. This figure excludes the 40,000,000 Share placement capacity that the Company sought pursuant to Shareholder approval at the annual general meeting of Shareholders held on 24 November 2017. As at the date of this Notice, the Company does not intend to issue any Shares under the 40,000,000 Share placement capacity on the basis that the Transaction completes.
3. Options consist of 32,500,000 unquoted Options exercisable at \$0.03 each on or before 30 September 2020 (i.e., the same terms and conditions as the Consideration Options).
4. Performance Shares consist of 120,000,000 Class A Performance Shares and 120,000,000 Class B Performance Shares.

It is noted that some of the securities to be issued pursuant to the Transaction may be restricted securities under the operation of Chapter 9 of the Listing Rules.

1.8 Pro-forma balance sheet

The Company's pro-forma statement of financial position as at 30 June 2017, based on audited 30 June 2017 accounts for the Company and the Acquisition, and the Capital Raising, is set out in Schedule 3.

The Company's annual report for the year ended 30 June 2017 was released to ASX on 27 September 2017. APC is a newly incorporated entity and does not have historical financial accounts.

1.9 Restricted securities

The Vendors will enter into such escrow agreements as are required by the ASX.

1.10 Indicative timetable

An indicative timetable for the completion of the Acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules is set out in the table below.

Event	Date*
Lodgement of Prospectus with ASIC	19 January 2018
Meeting to approve the Acquisition	19 January 2018
Closing date for Public Offer	9 February 2018
Complete Acquisition	26 February 2018
Re-quotations of securities on ASX	2 March 2018

*Dates in the above table other than the Meeting are indicative only.

1.11 Board changes

Following Completion, the Company will make changes to its Board, with existing Director Mr Jerome Gino Vitale stepping down from his position.

Two new directors will be appointed to the Board, being Mr Torey Marshall as Managing Director / CEO, and Mr Hayden Locke as a non-executive Director. Shareholder approval for these appointments is being sought pursuant to Resolutions 6 and 7. As at the date of this Notice, Torey Marshall has entered into an Executive Services Agreement with the Company (which is conditional on Completion occurring) whereby he will be remunerated at a rate of \$200,000 per annum, with the remainder of the agreement on terms and conditions that are standard for this type of agreement. Refer to Section 7 for more information on the qualifications of each of the Proposed Directors.

The Company is in advanced discussions with suitably qualified persons to hold project management roles in-country, as required by Austrian law for the holding of mineral tenures.

1.12 Advantages of the proposals in the Resolutions

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) The Company will be exposed to the cobalt industry, and even further to the gold industry.
- (b) The Company's ability to raise funds and attract expertise will be improved.
- (c) The Acquisition and Capital Raising will result in a larger market capitalisation and enhanced Shareholder base, and may encourage new investors in the Company because the Company is pursuing a new strategic direction.
- (d) The Company may be exposed to further debt and equity opportunities that it did not have prior to the Acquisition.
- (e) The Company will secure the services of additional Board members. The appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company.
- (f) The Company will secure the services of experienced international management and technical personnel which will add to the depth and quality of the knowledge base of the Company, increasing its ability to execute on core projects.
- (g) The Company will effectively incentivise its Board and management team to outperform market expectations.

1.13 Disadvantages of the proposals in the Resolutions

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) The Austrian Cobalt and Gold Projects have a different risk and reward profile to that historically attributed to the Company. The new risk profile may not suit all Shareholders.
- (b) Should the Acquisition be completed, the Shareholders will have their voting power reduced. As such, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets, will be reduced accordingly.
- (c) The Company will be exposed to the risks associated with the Austrian Cobalt and Gold Projects (refer to Section 1.14 for further information).

1.14 Risk Factors

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks. The risks and uncertainties described below are not intended to be exhaustive. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Transaction is set out below.

(a) Completion risk

Pursuant to the HoA (the key terms of which are summarised at Section 1.6), the Company has agreed to acquire 100% of the issued share capital of APC, completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Transaction cannot be fulfilled and, in turn, that completion of the Acquisition does not occur.

If the Transaction is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(b) **Re-quotation of Shares on ASX**

As part of the Company's change to the nature and scale of its activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the Listing Rules. It is anticipated that the Company's securities will be suspended from the date of the Meeting convened to seek Shareholder approval for the Transaction until completion of the Transaction, the Capital Raising, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement.

There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from official quotation.

(c) **Liquidity risk**

On completion of the Transaction, the Company proposes to issue securities to the Vendors. The Company understands that ASX will treat some of these securities as restricted securities in accordance with Chapter 9 of the Listing Rules.

This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) **Risks associated with operations in Austria**

(i) *Government and political risk*

The Company's operating activities will be subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the Company believes that it will be in substantial compliance with all material current laws and regulations affecting its proposed exploration activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its subsidiaries or its properties, which could have a material adverse impact on APC's current operations or planned development projects. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its subsidiaries from proceeding with any future exploration of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

(ii) *Permits*

The Company's proposed operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of licences/permits from any existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, the Company must receive licences/permits from appropriate Governmental authorities. There is no certainty that APC will continue to hold all licences/permits necessary to develop or continue operating at any particular property.

(iii) *Government regulation of the mining industry*

The Austrian activities of the Company will be subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to the protection of

the environment. Although the Company believes that its activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the Company's properties. Amendments to current laws and regulations governing the operations and activities of the Company or more stringent implementation thereof could have a material adverse effect on the Company's business, financial condition and results of operations. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

(iv) **Access**

Land access is critical for exploration and mining operations. Access to land can be affected by land ownership, including private (freehold) land, pastoral lease, regulatory requirements within Austria, and competing or underlying claim interests.

While access issues are faced by many mining exploration companies and are not considered unusual, the ability of the Company to explore its claims and exploit any deposits that may be discovered through the access to critical infrastructure such as roads, may be affected by any ownership rights, regulatory requirements, underlying claim interests, or any other land access rights being enforced.

(e) **Early stages of exploration**

APC's operations are at an early stage of exploration and success will depend on the Company's ability to implement its exploration strategy and define exploration results from its Austrian Cobalt and Gold Projects that are compliant with the JORC Code 2012 Edition. There can be no guarantee that the Company can or will be able, or that it will be commercially advantageous for the Company, to develop the Austrian Cobalt and Gold Projects.

(f) **Exploration risks**

Mining exploration is a high-risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining claims and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration of APC's existing claims may be unsuccessful, resulting in a reduction of the value of those claims, and diminution in the cash reserves of the Company. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that cost estimates and underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(g) **Further exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(h) **Operational risk**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial

and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its claims interests. Until the Company is able to realise value from its Austrian Cobalt and Gold Projects, it is likely to incur ongoing operating losses.

(i) **Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or forest fires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(j) **Mine development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services. If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects.

(k) **Trading price of Shares**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including, inflation rates and interest rates, variations in the general market for listed stocks, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

(l) **Additional requirements for capital**

The capital requirements of the Company depend on numerous factors. Depending on the ability of the Company to generate income from its operations, the Company may require further financing in addition to amounts raised under the Capital Raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

(m) **Reliance on Key Management Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and directors. There can be no assurance that there will be no detrimental impact on the performance of the Company or its growth potential if one or more of these employees cease their employment and suitable replacements are not identified and engaged in a timely manner.

If such contracts with key management personnel are terminated or breached, or if the relevant personnel were no longer to continue in their current roles, the Company would need to engage alternative staff, and the Company's operations and business may be adversely affected.

(n) **Litigation risks**

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company nor APC is currently engaged in any litigation.

(o) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(p) **Economic risks**

General economic conditions, movements in interest and inflation rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors (such as the exploration industry, or the cobalt and gold sectors within that industry);
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(q) **Force majeure**

The Company, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(r) **Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, assets or projects complementary to the Company's existing operations. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, assets and projects, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the short term operational goals and retaining key staff and customer and supplier relationships.

(s) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities

1.15 Vendors

APC will complete the acquisition of the Austrian Cobalt Projects and Austrian Gold Projects from the respective Project vendors before the Company acquires APC. The Company will then acquire (subject to Shareholder approval pursuant to this Notice) 100% of the issued capital of APC through the issue of Company securities in a corresponding class on a 1:1 ratio to APC securityholders (i.e., issue the Consideration Securities, the subject of Resolution 3). Holders of APC ordinary shares will receive Consideration Shares, holders of APC options will receive Consideration Options, and holders of APC performance shares will receive Performance Shares. At the time when the Company is to acquire APC, APC will have the following securities on issue: 186,000,000 ordinary shares; 65,000,000 options; 120,000,000 class A performance shares; and 120,000,000 class B performance shares.

The securityholders of APC are each unrelated parties of the Company, other than Messrs Torey Marshall and Hayden Locke, who are only related parties by reason of the Transaction (and the application to it of section 228(6) of the Corporations Act).

Messrs Torey Marshall and Hayden Locke will have the following relevant interests in the Company's securities upon completion of the Transaction due to their current relevant APC holdings:

Shareholder	Shares	% holding post-Transaction	Performance Shares	Options
Undiluted				
Torey Marshall	8,500,000	1.87	13,300,000	20,000,000
Hayden Locke	1,000,000	0.22	2,000,000	2,000,000
Total Shares on issue in Company	453,409,428	100%	240,000,000	97,500,000
Diluted				
Torey Marshall	42,000,000	5.31%	Nil	Nil
Hayden Locke	5,000,000	0.63%	Nil	Nil
Total Shares on issue in Company	790,909,428	100%	Nil	Nil

1.16 Recommendations of the Directors

Based on the information available, including that contained in this Explanatory Statement and the advantages and disadvantages outlined above, the current Directors consider that the Transaction is in the best interests of the Company and its Shareholders and recommend that Shareholders vote in favour of each of the Essential Resolutions.

None of the current Directors hold any interest in APC, however the Proposed Directors have the interests set out above at Section 1.15.

2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

2.1 General

This Resolution seeks approval from Shareholders under Listing Rule 11.1.2 for the significant change to the nature and scale of the activities of the Company as a result of the Acquisition.

This Resolution is an ordinary resolution. This Resolution is subject to the approval of each of the other Essential Resolutions.

2.2 Listing Rule 11.1 requirements

Chapter 11 of the Listing Rules sets out the requirements to be followed by a listed company that proposes to make any significant change in the nature or scale of its activities. The Acquisition will have the effect of increasing the scale and changing the nature of the Company's activities.

This Resolution seeks Shareholder approval to allow the Company to complete the Acquisition. As the Acquisition will change the nature and scale of the Company's activities, the Company must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX. The ASX has confirmed that the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. The Company proposes to undertake the Capital Raising pursuant to Resolution 4 to meet some of the requirements of re-compliance.

See Section 1 of this Explanatory Statement for further information on the Acquisition and the likely effect that the Acquisition will have on the Company.

A voting exclusion statement is included in the Notice.

2.3 Waiver of 20-cent rule as part of re-compliance

As set out in Section 1.3 the proposed Acquisition will require the Company to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX. These requirements include that:

- (a) the main class of a company's securities for which a company seeks quotation must have an issue price of at least \$0.20 in cash (pursuant to Listing Rule 2.1 Condition 2); and
- (b) the exercise price for any options on issue must be at least \$0.20 in cash (pursuant to Listing Rule 1.1 Condition 12).

The terms of the Capital Raising pursuant to Resolution 4 will not meet the requirements set out in Listing Rule 2.1 Condition 2 as the Capital Raising is proposed to be completed at \$0.03 per Share.

Following completion of the Capital Raising, the Company will have Options on issue with an exercise price of \$0.03, being less than the minimum \$0.20 exercise price required by Listing Rule 1.1 Condition 12.

ASX has granted the Company a waiver of Listing Rule 2.1 Condition 2 to allow the Company to issue the Capital Raising Shares at \$0.03 per Share, together with a waiver from Listing Rule 1.1 Condition 12 to allow the Company to have the Options on issue with an exercise price less than \$0.20 each. Conditions of the waiver are that:

- the terms of the waiver are disclosed to the market and in this Notice;

- the issue price of the Shares is no lower than \$0.02;
- Shareholders approve the issue price of the Shares, and the exercise price of the Options, as part of the approvals obtained under Listing Rule 11.1.2 for the Acquisition; and
- the terms and conditions of the Options are clearly disclosed in this Notice.

These conditions are fulfilled. The issue price of the Shares under the Capital Raising is \$0.03. The Capital Raising is subject to shareholder approval under Resolution 4 and the full terms of issue of the Shares (including the issue price) to be issued under the Capital Raising are disclosed (see Section 5 below). The issue of the Options as part of the Consideration Securities is subject to shareholder approval under Resolution 3, and the full terms of the Options (including their exercise price) are disclosed (see Section 4 below, and the full terms of the Options set out in Schedule 1).

3. RESOLUTION 2 – CREATION OF A NEW CLASS OF SECURITIES – PERFORMANCE SHARES

3.1 Requirements for Shareholder approval

This Resolution seeks Shareholder approval for the Company to be authorised to issue the Performance Shares.

A company with a single class of shares on issue which proposes to issue new shares not having the same rights as its existing shares, is taken to vary the rights of existing Shareholders unless the Constitution already provides for such an issue.

Section 246B of the Corporations Act provides that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the members holding shares in that class; or
- (b) the written consent of the members who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

Pursuant to the HoA, the Company proposes to issue (amongst other securities) up to 240,000,000 Performance Shares, on the terms and conditions set out in Schedule 2.

The purpose of the issue of the Performance Shares is to link part of the consideration for the Acquisition to certain key performance criteria. If the milestones are not achieved within the prescribed timeframe, the Company will redeem the Performance Shares.

The Company currently has only one class of shares on issue being fully paid ordinary shares. The terms of the Performance Shares are not the same as the Shares. Accordingly, the Company seeks approval from Shareholders for the issue of the Performance Shares.

This Resolution is a special resolution and is subject to the passing of all the Essential Resolutions.

3.2 ASX Approval pursuant to ASX Listing Rule 6.1

ASX Listing Rule 6.1 provides that the terms that apply to each class of equity security must, in ASX's opinion, be appropriate and equitable.

The Company has received ASX approval for the issuance of the Performance Shares required under ASX Listing Rule 6.1. It is a condition of ASX's approval that the terms of that approval be disclosed in this Notice. Some of ASX's requirements for its approval are embodied in the terms and conditions of the Performance Shares themselves, including that the Performance Shares are not transferable; do not have voting, dividend or participation rights; convert into Shares on a 1:1 basis if a performance Milestone is achieved; and consolidate into one Share per holder if the performance Milestones are not achieved by the Expiry Date. The other relevant ASX requirements are as follows:

- Shareholder approval for the issue of the Performance Shares must be obtained, and sufficient information about the terms and conditions of the Performance Shares must be disclosed in the Notice. (The full terms and conditions are disclosed in Schedule 2).
- The Performance Shares are not quoted.
- The Company must make an announcement upon satisfaction of any Performance Milestone, the conversion of any Performance Shares, and the expiry of any class of Performance Shares.

- The terms and conditions of the Performance Shares, including without limitation the relevant Performance Milestones, that have to be satisfied before the Performance Shares may be converted, are not to be changed without the approval of ASX and the Company's ordinary shareholders.
- The Company must disclose the following in each annual report, annual audited accounts, half-yearly report, and quarterly cashflow report issued by the Company in respect of any period during which the Performance Shares remain on issue or are converted or redeemed:
 - The number of Performance Shares on issue during the relevant period.
 - A summary of the terms and conditions of the Performance Shares, including without limitation the number of ordinary shares into which the Performance Shares are convertible and the relevant Performance Milestones that have to be satisfied in order for the Performance Shares to be converted.
 - Whether any of the Performance Shares were converted or redeemed during that period.
 - Whether a milestone for the Performance Shares was met during that period.
- The Company must disclose in each Appendix 3B (announcement of issue of equity securities) lodged while the Performance Shares remain on issue:
 - The number of Performance Shares on issue at the time of lodgement.
 - The conversion ratio of the Performance Shares into Shares upon achievement of a relevant Performance Milestone.

4. **RESOLUTION 3 – ISSUE OF CONSIDERATION SECURITIES**

4.1 **General**

This Resolution seeks Shareholder approval for the issue of:

- (a) 186,000,000 Consideration Shares;
- (b) 65,000,000 Consideration Options; and
- (c) 240,000,000 Performance Shares on the terms and conditions set out in Schedule 2,

(together, the **Consideration Securities**) in consideration for the acquisition of 100% of the issued capital of APC.

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 Consideration Securities 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.

The Directors understand that ASX may treat each of the Consideration Securities as restricted securities for the purpose of the ASX Listing Rules.

4.2 **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 issue of the Consideration Securities:

- (a) the maximum number of securities to be issued at Completion is:
 - (i) 186,000,000 Consideration Shares;
 - (ii) 65,000,000 Consideration Options; and
 - (iii) 240,000,000 Performance Shares.

- (b) the Consideration Securities 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 all the Consideration Securities will occur on the same date;
- (c) the Consideration Securities will be issued for nil cash consideration in satisfaction of the Acquisition;
- (d) the Consideration Securities will be issued to the Vendors (who are not related parties of the Company other than Messrs Torey Marshall and Hayden Locke, who are only related parties by reason of the Transaction (and the application to it of section 228(6) of the Corporations Act)), as consideration for their respective APC securities (with each Consideration Security to be issued on a 1:1 basis in respect of the corresponding security class in accordance with each Vendor's relevant security holding in APC (see Section 1.15 for details));
- (e) the Consideration Shares to be 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;
- (f) the Consideration Options to be issued will be issued on the terms and conditions set out in Schedule 1;
- (g) the Performance Shares proposed to be issued will be a new class of securities (Shareholder approval for which is being sought pursuant to Resolution 2) and will be issued on the terms and conditions set out in Schedule 2; and
- (h) no funds will be raised from the proposed issue as the Consideration Securities are proposed to be issued as consideration for the acquisition by the Company of all of the APC securities and in accordance with the terms of the HoA.

5. RESOLUTION 4 – ISSUE OF SHARES – CAPITAL RAISING

5.1 General

This Resolution seeks Shareholder approval for the issue of up to 150,000,000 Shares at \$0.03 per Share to raise up to \$4,500,000.

A summary of ASX Listing Rule 7.1 is set out in Section 4.1 above.

The Company has been granted a waiver to enable the Company to undertake the Capital Raising at no less than \$0.02 per Share, and to have Options on issue with an exercise price less than \$0.20. The waiver is subject to Shareholders approving the issue price of Shares under the Capital Raising at a price of \$0.03 per Share, and the exercise price of the Consideration Options proposed to be issued being \$0.03 per Consideration Option.

The effect of this Resolution will be to allow the Company to issue the Shares pursuant to the Capital Raising 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.

5.2 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 Capital Raising:

- (a) the maximum number of Shares to be issued is 150,000,000;
- (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 all the Shares pursuant to the Capital Raising will occur on the same date;
- (c) the issue price of the Shares will be \$0.03 per Share;
- (d) the Shares are proposed to be issued pursuant to a public offer by way of the Prospectus for the purpose of ASX Listing Rule 1.1 condition 3. None of the subscribers for the Capital Raising will be related parties of the Company, other than the Directors (or their nominees) who will participate in the Capital Raising pursuant to Resolutions 8 to 10;

- (e) the Shares proposed to be 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 Company intends to use the funds raised from the Capital Raising towards the budgeted expenditure described at Section 1.5.

6. RESOLUTION 5 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

This Resolution seeks the approval of Shareholders for the Company to change its name to "High Grade Metals Limited". The Board proposes this change of name on the basis that it more accurately reflects the proposed operations of the Company following Completion.

If this Resolution is passed, the change of name will take effect after ASIC alters the details of the Company's registration.

The proposed name and ASX ticker: HGM has been reserved by the Company and if this Resolution is passed, the Company will lodge a copy of the special resolution with ASIC following Completion in order to effect the change.

7. RESOLUTIONS 6 AND 7 – ELECTION OF DIRECTORS

Clause 12.6 of the Constitution allows the Company to elect a person or persons as a Director by resolution passed in general meeting. A Proposed Director elected at a general meeting is taken to have been elected with effect immediately after the end of that general meeting unless the resolution by which the Proposed Director is appointed or elected specifies a different time.

Clause 12.6(b) of the Constitution provides that a person is eligible for election as a Director at a general meeting of the Company, provided that that person or persons are recommended for election by the Directors.

Each of the current Directors recommend the election of Messrs Torey Marshall and Hayden Locke.

Pursuant to these Resolutions, Messrs Torey Marshall and Hayden Locke seek election from Shareholders to be appointed upon Completion occurring.

The qualifications and experience of the Proposed Directors is set out below:

Mr Torey Marshall (proposed Managing Director / CEO)

Mr Torey Marshall is a Chartered Professional (Geology) of AusIMM, and holds a Bsc (hons) and MSc from the University of South Australia. He has been a member of the international resources community for over 17 years having worked in Mining, Geothermal, Petroleum and associated infrastructure projects across South America, Africa, North America and Europe. Mr Marshall has worked for numerous large and small businesses as both advisor and member of the management team (such as EVP Business Development for Eagle Graphite Corporation), inclusive of being a Managing Director & CEO of several companies in the public (Earth Heat Resources Ltd / Rampart Energy Ltd) as well as private corporate environments (Red Gum Resources Ltd prior to listing on the ASX, and WAMA Gold). He has been responsible for development of strategic direction, identification and acquisition of new projects, execution of exploration and development programs (and building the teams thereof), inclusive of capital markets (arranging over \$500m in equity and project funding) across a range of projects globally.

Mr Hayden Locke (proposed Non-Executive Director)

Mr Hayden Locke is a former investment banker (JP Morgan, London) and private equity investment manager (Barclays) with transactional experience across multiple industries from both the buy and sell-side. He has nearly 10 years' experience in corporate development, M&A and financing. His most recent experience is leading the in-house corporate development, strategy and sales and marketing function for a small-medium listed specialty fertiliser company based in London and Spain. Prior to that, Mr Locke was Corporate Executive for ASX listed Papillon Resources Ltd which was sold to B2Gold Corp in 2014. Mr Locke studied engineering, commerce and geology.

8. RESOLUTIONS 8 – 10 – PARTICIPATION OF RELATED PARTIES IN CAPITAL RAISING

8.1 General

Pursuant to Resolution 4, the Company is seeking Shareholder approval for the Capital Raising.

Messrs Jerome Gino Vitale, David Palumbo, and Steven Formica (or their nominees) wish to participate in the Capital Raising (together, the **Related Party Participants**), subject to Shareholder approval being obtained.

These Resolutions seek Shareholder approval for the issue of up to:

- (a) 2,500,000 Capital Raising Shares to Jerome Gino Vitale;
- (b) 2,500,000 Capital Raising Shares to David Palumbo; and
- (c) 12,500,000 Capital Raising Shares to Steven Formica,

(or their respective nominees) arising from the participation by the Related Party Participants in the Capital Raising on the terms and conditions set out below (**Participation**).

8.2 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 Participation will result in the issue of Shares which constitutes giving a financial benefit, and the Related Party Participants are related parties of the Company by virtue of being Proposed Directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to the Related Party Participants on the same terms as the Shares to be issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

8.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also 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 Participation involves the issue of Shares 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.

8.4 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 Participation:

- (a) the Shares will be issued to Messrs Jerome Gino Vitale, David Palumbo, and Steven Formica (or their respective nominees);
- (b) the maximum number of Shares to be issued is:
 - (i) up to 2,500,000 Shares to Mr Jerome Gino Vitale (or his nominee);
 - (ii) up to 2,500,000 Shares to Mr David Palumbo (or his nominee);
 - (iii) up to 12,500,000 Shares to Mr Steven Formica (or his nominee),

- (c) the Shares will be issued promptly following close of the Public Offer, at the same time as all other Shares issued under the Public Offer. This is expected to occur on or around 12 January 2018, and in any event within 3 months of the date of the Meeting;
- (d) the issue price will be \$0.03 per Share, being the same issue price as all other Shares to be issued under the Capital Raising;
- (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 will be used for the same purposes as the funds raised under the Capital Raising as set out in Section 1.5 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Related Party Participants (or their respective nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

The Company has been granted a waiver from Listing Rule 10.13.3 by ASX to permit the Notice to state that the Shares will be issued to the Related Party Participants not later than 3 months after the date of the Meeting, on condition that they are issued on the same terms and conditions as approved by Shareholders.

9. RESOLUTION 11 – NON-EXECUTIVE DIRECTORS' REMUNERATION

9.1 General

Clause 12.9 of the Constitution requires that remuneration payable to the non-executive Directors will not exceed the sum from time to time determined by the Company in general meeting. The aggregate amount of fees available to be paid to non-executive Directors is currently set at \$200,000 per annum, which was approved by Shareholders at the Company's 2012 Annual General Meeting.

For the purpose of clause 12.9 of the Constitution and ASX Listing Rule 10.17, Shareholder approval is sought to increase the maximum aggregate remuneration payable to non-executive Directors by \$100,000, from \$200,000 per annum to \$300,000 per annum.

9.2 Reason for the increase

The Board believes that the remuneration of non-executive Directors must be maintained at a level consistent with similarly sized ASX listed companies, taking into account the time commitment of their role and the Company's performance. The increase in the annual aggregate remuneration pool sought by Resolution 11 is designed to:

- (a) accommodate the expected growth of the Company following the Transaction and increased responsibilities for non-executive Directors;
- (b) ensure that the fees are at a level commensurate with the Company's size and industry to attract and retain suitably qualified and experienced directors;
- (c) accommodate an increase in the number of non-executive Directors, if such an increase is considered appropriate; and
- (d) allow for future increase in remuneration to current or future non-executive Directors, should this be considered appropriate.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

Resolution 11 if passed, will ensure the Company has adequate flexibility to increase the size of the Board or the remuneration of non-executive Directors, as and when the business of the Company requires.

Additional information regarding the remuneration paid to each non-executive Director for the financial year ended 30 June 2017, and the Company's approach to the remuneration of non-executive Directors, is detailed in the Remuneration Report which forms part of the Directors' Report contained in the Company's 2017 Annual Report.

9.3 ASX Listing Rule 10.17

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

Pursuant to and in accordance with ASX Listing Rule 10.17, the following information is provided in relation to this Resolution:

- (a) The amount of increase sought is \$100,000 per annum.
- (b) The maximum aggregate amount of Directors' fees that may be paid to all of the Company's non-executive Directors is \$300,000 per annum.
- (c) The following securities have been issued to non-executive Directors' under ASX Listing Rule 10.11 or 10.14 (with Shareholder approval) within the last three years:

Non-Executive Director	Currently serving	Shares	Options
Jerome G Vitale	Yes ¹	1,175,000	2,500,000
Dennis Gee	No	500,000	-
Paul Piercy	No	500,000	-

Note: Following Completion, existing Director Mr Jerome Gino Vitale will step down from his position as Non-Executive Director.

Resolutions 8 to 10 of this Notice seek Shareholder approval pursuant to ASX Listing Rule 10.11 for Messrs Jerome Gino Vitale, David Palumbo, and Steven Formica (or their nominees) to participate in the Capital Raising.

- (d) A voting exclusion statement is included in the Notice.

9.4 Recommendations of the Directors

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

GLOSSARY

\$ means Australian dollars.

Acquisition means the Company's acquisition of the Austrian Cobalt and Gold Projects through the acquisition of APC.

APC means Austrian Projects Corporation Pty Ltd (ACN 622 432 428).

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

ASIC means the Australian Securities and 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 or **Listing Rules** means the Listing Rules of ASX.

Austrian Cobalt and Gold Projects or **Projects** has the meaning given at Section 1.1 (and as further described at Section 1.2).

Austrian Cobalt Project has the meaning as set out at Section 1.2.

Austrian Gold Project has the meaning as set out at Section 1.2.

Board means the current board of Directors.

Business Day 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.

Capital Raising has the meaning as set out at Section 1.1.

Capital Raising Shares means the Shares to be issued pursuant to the Capital Raising.

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).

Company means Quest Minerals Limited (ACN 062 879 583).

Completion has the meaning given at Section 1.6(c).

Conditions Precedent has the meaning as set out at Section 1.6(a).

Consideration Options means the 65,000,000 Options to be issued to Vendors at Completion, with the terms and conditions set out at Schedule 1.

Consideration Securities means the Consideration Shares, Consideration Options, and Performance Shares.

Consideration Shares means the 186,000,000 Shares to be issued to Vendors at Completion.

Constitution means the Company's constitution.

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

Director means a director of the Company.

Essential Resolutions means all Resolutions as set out in this Notice.

Explanatory Statement means the explanatory statement accompanying the Notice.

Exploration Permit means an exploration permit (*Schurfberechtigung*) with a radius of 425m (for an area of 0.567km²) granted under the Austrian Mineral Raw Materials Act 1999 (as amended) entitling the holder to exclusively explore for minerals (*bergfreie*).

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

HoA means the binding heads of agreement between the Company and APC dated 7 November 2017, and amended on 10 November 2017.

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 a part of a consolidated entity, of an entity within the consolidated group.

Mining Licence means a mining licence (*Bergwerksberechtigung*) that covers an area no greater than 48,000m² granted under the Austrian Mineral Raw Materials Act 1999 (as amended), which entitles the holder to extract minerals and to engage in the processing of minerals.

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.

Participation has the meaning given to it at Section 8.1.

Performance Shares means the 240,000,000 performance shares to be issued to the Vendors at Completion with the terms and conditions set out in Schedule 2.

Proposed Director means a proposed director of the Company (being Messrs Torey Marshall and Hayden Locke).

Prospectus has the meaning given to it at Section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Public Offer means the raising of \$4,500,000 by the issue of new Shares by way of a public offer under a Prospectus.

Related Party Participation has the meaning given to it at Section 8.1.

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.

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

Shareholder means a registered holder of a Share.

Transaction has the meaning given to it at Section 1.1.

Vendors means the APC shareholders.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF CONSIDERATION OPTIONS

(a) Entitlement

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (WST) on 30 September 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors,

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

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

(i) Quotation of Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) Unquoted

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

(n) Transferability

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE SHARES

For the purpose of these terms and conditions:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, as the context permits, the securities exchange operated by that entity.

Austrian Cobalt Projects means the 78 exploration permits comprising the Gratlspitz, Schwarzleo, Seekar and Zinkwand projects and Austrian Cobalt Project means any one of them.

Change of Control Event means:

- (a) the occurrence of:
 - (i) the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
 - (ii) that takeover bid has become unconditional; or
- (b) the announcement by the Company that:
 - (i) shareholders of the Company have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Shares are to be either:
 - (A) cancelled; or
 - (B) transferred to a third party; and
 - (ii) the Court, by order, approves the proposed scheme of arrangement.

Company means Quest Minerals Limited (ACN 062 879 583).

EBITDA means earnings before interest, tax, depreciation and amortisation.

Expiry Date means 5.00pm (WST) on that date which falls 5 years from the issue date of the Performance Shares.

Holder means a holder of Performance Shares.

JORC Code means the Australasian Code for reporting of Exploration Results, Mineral Resources, and Ore Reserves, 2012 Edition, prepared by the Joint Ore Reserves Committee of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists, and Minerals Council of Australia.

Listing Rules means the Listing Rules of the ASX.

Mineral Resource has the meaning as defined in the JORC Code.

Performance Share means a Class A Performance Share or Class B Performance Share (as applicable).

Share means a fully paid ordinary share in the Company.

1. Conversion and expiry of Class A Performance Shares and Class B Performance Shares

- (a) **(Conversion on achievement of Class A Milestone):** Each Class A Performance Share will convert into a Share on a 1:1 basis upon the delineation of a JORC-compliant Mineral Resource estimate of at least Inferred category (as defined in the JORC Code) of a minimum of 500,000 ounces of gold or gold equivalent (in accordance with clause 50 of the JORC Code) at an average grade at least 8 grams per tonne (**Class A Milestone**).
- (b) The Class A Milestone must be determined to have been achieved or not achieved by no later than 5.00 pm on the date that is one month after the Expiry Date.

- (c) **(Conversion on achievement of Class B Milestone):** Each Class B Performance Share will convert into a Share on a 1:1 basis upon completion of a positive Scoping Study (as defined in the JORC Code) in relation to any one or more Austrian Cobalt Projects by an independent third-party expert which evidences an internal rate of return greater than 20% (using publicly available industry assumptions including deliverable spot commodity/mineral prices which are independently verifiable), provided that the total cumulative EBITDA over the life of the relevant Austrian Cobalt Project is over \$US50,000,000, and provided that (while the Company remains listed on ASX) the Scoping Study is released as an announcement on the ASX Announcements Platform and is not required by reason of regulatory intervention by ASX or ASIC to be retracted within a period of one month from the date of its release (**Class B Milestone**).
- (d) The Class B Milestone must be determined to have been achieved or not achieved by no later than 5.00 pm on the date that is one month after the Expiry Date.
- (e) **(No conversion)** To the extent that Performance Shares in a class have not converted into Shares on or before the Expiry Date applicable to that class, then all such unconverted Performance Shares in that class held by each Holder will automatically consolidate into one Performance Share and will then convert into one Share.
- (f) **(Conversion procedure)** The Company will issue a Holder with a new holding statement for the Share or Shares as soon as practicable following the conversion of each Performance Share.
- (g) **(Ranking of shares)** Each Share into which a Performance Share will convert will upon issue:
 - (i) rank equally in all respects (including, without limitation, rights relating to dividends) with other issued Shares;
 - (ii) be issued credited as fully paid;
 - (iii) be duly authorised and issued by all necessary corporate action; and
 - (iv) be issued free from all liens, charges, and encumbrances, whether known about or not, including statutory and other pre-emptive rights and any transfer restrictions.

2. **Conversion on change of control**

- (a) If there is a Change of Control Event in relation to the Company prior to the conversion of the Performance Shares, then:
 - (i) the relevant milestone will be deemed to have been achieved; and
 - (ii) each Performance Share will automatically and immediately convert into Shares,

however, if the number of Shares to be issued as a result of the conversion of all Performance Shares due to a Change in Control Event in relation to the Company is in excess of 10% of the total issued share capital of the Company at the time of the conversion, then the number of Performance Shares to be converted will be pro-rated so that the aggregate number of Shares issued upon conversion of all Performance Shares is equal to 10% of the issued share capital of the Company.

3. **Rights attaching to Performance Shares**

- (a) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (b) **(General meetings)** Each Performance Share confers on a Holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. A Holder has the right to attend general meetings of shareholders of the Company.
- (c) **(No Voting rights)** A Performance Share does not entitle a Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company.
- (d) **(No dividend rights)** A Performance Share does not entitle a Holder to any dividends.

- (e) **(Rights on winding up)** A Performance Share does not entitle a Holder to participate in the surplus profits or assets of the Company upon winding up of the Company.
- (f) **(Return of capital)** A Performance Share does not entitle a Holder to a return of capital, whether in a winding up, upon a reduction of capital, or otherwise.
- (g) **(Not transferable)** A Performance Share is not transferable.
- (h) **(Reorganisation of capital)** If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.
- (i) **(Quotation of shares on conversion)** An application will be made by the Company to ASX for official quotation of the Shares issued upon the conversion of each Performance Share within the time period required by the Listing Rules.
- (j) **(Participation in entitlements and bonus issues)** A Performance Share does not entitle a Holder to participate in new issues of capital offered to holders of Shares, such as bonus issues and entitlement issues.
- (k) **(No other rights)** A Performance Share does not give a Holder any other rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

SCHEDULE 3 – PRO-FORMA BALANCE SHEET

The pro-forma Balance Sheet has been prepared to provide information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The pro forma includes the Capital Raising of \$4,500,000 reflected in cash, capitalised exploration and evaluation expenditure¹, and issued capital.

	30 June 2017 (Audited)	Transaction	Pro Forma
ASSETS			
Current Assets			
Cash and cash equivalents ²	874,582	4,275,000	5,149,582
Trade and other receivables	92,618	-	92,618
Other assets	10,000	-	10,000
Total current assets	977,200	4,275,000	5,252,200
Non-current assets			
Exploration and evaluation expenditure ³	47,975	6,780,000	6,827,975
Total non-current assets	47,975	6,780,000	6,827,975
TOTAL ASSETS	1,025,175	11,055,000	12,080,175
LIABILITIES			
Current Liabilities			
Trade and other payables	100,600	-	100,600
Total current liabilities	100,600	-	100,600
TOTAL LIABILITIES⁴	100,600	-	100,600
NET ASSETS	924,575	11,055,000	11,979,575
EQUITY			
Contributed Equity ⁵	94,338,750	9,855,000	104,193,750
Reserves ³	1,746,900	1,200,000	2,946,900
Accumulated losses	(95,161,075)	-	(95,161,075)
Total Equity	924,575	11,055,000	11,979,575

- 1 In accordance with the Company's accounting policy on exploration and evaluation expenditure (refer to 30 June 2017 annual report), all acquisition costs associated with Austrian Gold and Cobalt Projects will be capitalised.
- 2 Increase in cash net of brokerage costs of 5% of the Capital Raising amount (\$4,500,000), but not of other transaction costs. The pro forma cash balance also has not been adjusted for QNL operating expenditure since 1 July 2017.
- 3 Increase in Exploration and evaluation assets reflects value of equity consideration to be paid to Vendors: \$5,580,000 Shares (186,000,000 Shares at a value of 3 cents each, the issue price under the Capital Raising) and \$1,200,000 Options (65,000,000 Options valued at approximately \$0.0184 each based on a Black-Scholes valuation).
- 4 No additional liabilities are acquired with APC.
- 5 No separate value has been attributed to the Performance Shares.

PROXY FORM

QUEST MINERALS LIMITED
(TO BE RENAMED "HIGH GRADE METALS LIMITED")
ACN 062 879 583

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 3.00 pm WST, on 19 January 2018 at Level 11, London House, 216 St Georges Terrace, Perth WA 6000, and at any adjournment thereof.

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
Resolution 1	Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Creation of a new class of securities – Performance Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Consideration Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares – Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Election of Director – Mr Torey Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Election of Director – Mr Hayden Locke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Participation of Related Party in Capital Raising – Mr Jerome Gino Vitale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Participation of Related Party in Capital Raising – Mr David Palumbo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Participation of Related Party in Capital Raising – Mr Steven Formica	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Non-Executive Directors' Remuneration	<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.

Important for Resolution 11

If you have not directed your proxy how to vote as your proxy in respect of Resolution 11 and the Chair is, or may by default be, appointed your proxy, you must mark the box below.

☐ I/we direct the Chair to vote in accordance with his/her voting intentions (as set out above) on Resolution 11 (except where I/we have indicated a different voting intention above) and expressly authorise that the Chair may exercise my/our proxy even though Resolution 11 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel and acknowledge that the Chair may exercise my/our proxy even if the Chair has an interest in the outcome of Resolution 11 and that votes cast by the Chair for Resolution 11, other than as proxy holder, will be disregarded because of that interest.

If the Chair is, or may by default be, appointed your proxy and you do not mark this box and you have not directed the Chair how to vote, the Chair will not cast your votes on Resolution 11 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 11.

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 Quest Minerals Limited, Level 11, London House, 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.