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**CAZALY RESOURCES LIMITED**

**ACN 101 049 334**

**NOTICE OF GENERAL MEETING**

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**TIME:** 9am (WST)

**DATE:** 13 March 2018

**PLACE:** Level 2  
38 Richardson Street  
WEST PERTH WA 6005

***This Notice of General Meeting and Explanatory Memorandum 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.***

***Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6418.***

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that a General Meeting of the Shareholders convened by this Notice of Meeting will be held at 9am (WST) on 13 March 2018 at:

Level 2  
38 Richardson Street  
WEST PERTH WA 6005

### YOUR VOTE IS IMPORTANT

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

### ATTENDANCE AND VOTING ELIGIBILITY

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For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares quoted on the ASX at 5.00pm WST on 11 March 2018 will be taken, for the purposes of this General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

### VOTING IN PERSON

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

### VOTING BY PROXY

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To vote by proxy, please complete and sign the Proxy Form enclosed (and the power of attorney or other authority (if any) under which it is signed (or a certified copy)) and either:

- (a) deliver the Proxy Form to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
- (b) send the Proxy Form by post to Cazaly Resources Limited, PO Box 396, West Perth, Western Australia 6872; or
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9322 6398; or
- (d) email the Proxy Form to [mrobbins@cazalyresources.com.au](mailto:mrobbins@cazalyresources.com.au)

so that it is received not later than 9am (WST) on 11 March 2018.

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

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## NOTICE OF GENERAL MEETING

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Notice is given that a General Meeting of Shareholders of Cazaly Resources Limited will be held at **Level 2, 38 Richardson Street, West Perth, Western Australia at 9am WST on 13 March 2018.**

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum (including the Annexures) are defined in the Glossary unless defined elsewhere in the Explanatory Memorandum.

## AGENDA

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### RESOLUTION 1 – APPROVAL TO CONVERT DEBT NOTES

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders authorise the Debt Notes to be convertible into Shares on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares 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 Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### RESOLUTION 2 – RATIFICATION OF THE ISSUE OF ANNEXURE A OPTIONS

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,300,000 Annexure A Options to the persons, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by the persons who participated in the issue 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 Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## OTHER BUSINESS

To deal with any business that may be lawfully brought forward.

## PROXIES

A Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- a) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- b) provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.

A Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions of votes will be disregarded.

In order to vote on behalf of a company that is a Shareholder, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.

Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be posted or lodged at the registered office of the Company, at Level 2, 38 Richardson Street, West Perth WA 6005, or PO Box 396 West Perth WA 6872, or by facsimile to (61 8) 9322 6398, or by email to [mrobbins@cazalyresources.com.au](mailto:mrobbins@cazalyresources.com.au) not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.

An instrument appointing a proxy:

- a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
- b) may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified in the instrument;
- c) shall be deemed to confer authority to demand or join in demanding a poll;
- d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act; and
- e) which appoints the Chair as proxy but does not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.

## Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on

any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

You do not need to direct your proxy how to vote. The Chair intends to vote all undirected proxies in favour of all Resolutions.

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**DATED: 14 FEBRUARY 2018**

**BY ORDER OF THE BOARD**

**MIKE ROBBINS  
COMPANY SECRETARY**

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## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared for the information of shareholders of Cazaly Resources Limited in connection with the business specified to be conducted in the Notice of General Meeting at the general meeting of Shareholders to be held at Level 2, 38 Richardson Street, West Perth, Western Australia 6005 at **9am WST on 13 March 2018**.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are all important documents. The Directors recommend that Shareholders read them carefully in their entirety before making a decision on how to vote at the General Meeting.

A Glossary of terms frequently used in this Notice of Meeting and Explanatory Memorandum can be found at the end of this Explanatory Memorandum.

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### 1. RESOLUTION 1 – APPROVAL TO CONVERT DEBT NOTES

#### 1.1 Background

On 14 December 2017 the Company announced that it had issued 750,000 unsecured loan notes each having a face value of \$1.00 (**Debt Notes**) to Oracle Capital Group Pty Ltd pursuant to a convertible note deed (**Note Deed**). Oracle Capital Group Pty Ltd is a Perth based portfolio management and corporate advisory firm. The funds raised from the issue of the Convertible Notes will be used for continued exploration work on the various Company projects and for working capital.

Pursuant to the terms and conditions of the Note Deed (which are summarised below), the securities issued under the Note Deed (being the Debt Notes) were issued as debt securities until such time as Shareholder approval for the Debt Notes to convert to convertible equity securities (being 750,000 convertible notes (**Convertible Notes**)) is received. As set out in Annexure B, if such approval is not obtained, the Debt Notes will remain debt securities and will not become convertible equity securities. If Shareholder approval is not granted, the Debt Notes become immediately due and payable.

Resolution 1 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the conversion of the Debt Notes to convertible equity securities, being the Convertible Notes. If Shareholders approve Resolution 1, the Debt Notes will be deemed to have automatically become convertible equity securities upon receipt of such Shareholder approval and the Convertible Notes will be deemed to have been issued at that time. The terms and conditions of the Note Deed and the Convertible Notes into which the Debt Notes will convert if Shareholders approve Resolution 1 are set out in Annexure B.

#### 1.2 ASX Listing Rule 7.3

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

If Shareholders approve Resolution 1, the issue of 750,000 Convertible Notes upon the Debt Notes becoming convertible equity securities will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

#### 1.3 ASX Listing Rule Disclosure Requirements

The following information is provided for the purpose of ASX Listing Rule 7.3.

- (a) *The maximum number of securities the Company is to issue (if known) or the formula for calculating the number of securities the Company is to issue*

750,000 Convertible Notes

- (b) *The date by which the Company will issue the securities*

The Debt Notes are already on issue and are debt securities. If Shareholders approve Resolution 1, the Debt Notes will be deemed to automatically become convertible equity securities, and the Convertible Notes will be issued, immediately upon receipt of such Shareholder approval.

- (c) *The issue price of the securities*

Each Debt Note was issued with a face value of \$1.00. If Shareholders approve Resolution 1 the Convertible Notes will also be issued with a face value of \$1.00. The number of Shares that may be issued upon conversion of the Convertible Notes will be determined based on a conversion rate of the lower of:

(i) \$0.047; or

(ii) a 15% discount to the VWAP for the five (5) Trading Days prior to the conversion notice issued in respect of those Convertible Notes.

- (d) *The names of the persons to whom the Company will issue the securities (if known) or the basis upon which those persons will be identified*

The Convertible Notes will be issued to clients of Oracle Capital Group Pty Ltd, who are not related parties of the Company.

- (e) *The terms of the securities*

The key terms and conditions of the Convertible Notes are set out in Annexure B. Shares issued upon conversion of the Convertible Notes will be issued fully paid and will rank pari passu in all respects with the Company's other Shares on issue.

- (f) *The intended use of funds raised*

Funds raised by the issue of the Debt Notes will be used for continued exploration work on the various Company projects and for working capital.

- (g) *The issue date or a statement that the issue will occur progressively*

The Debt Notes are already on issue and are debt securities. If Shareholders approve Resolution 1, the Debt Notes will be deemed to automatically become convertible equity securities, and the Convertible Notes will be issued, immediately upon receipt of such Shareholder approval.

#### **1.4 Dilution**

As the conversion rate of the Convertible Notes is not known as at the date of this Notice, the number of Shares into which the Convertible Notes may convert cannot be known. The maximum number of Shares that may be issued upon conversion of the Convertible Notes if Shareholders approve Resolution 1, based on the highest and lowest price for Shares traded on the ASX in the prior 12 months together with the last Share price traded on ASX before the date of this Notice, and the dilution effect of the issue of that number of Shares, is set out below.

Share Price	Total Shares on issue before conversion	Maximum number of Shares into which the Convertible Notes may be converted	Total Shares on issue after conversion	Dilution effect
12 month high (\$0.08)	195,931,002	9,375,000	205,306,002	5%
12 month low (\$0.03)	195,931,002	25,000,000	220,931,002	13%
Last price (\$0.04)	195,931,002	18,750,000	214,681,002	10%

## 1.5 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 1 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period without Shareholder approval.

## 2. RESOLUTION 2 – RATIFICATION OF THE ISSUE OF ANNEXURE A OPTIONS

### 2.1 Background

In accordance with ASX Listing Rule 7.4, Resolution 2 seeks Shareholder ratification for the issue of 7,300,000 Annexure A Options (exercisable at \$0.06 and with an expiry date of 31 December 2019) to Oracle Capital Group Pty Ltd pursuant to the terms of the Note Deed, details of which are set out in section 1 above. The Annexure A Options were issued as free attaching options on the basis of ten (10) Annexure A Option for every one (1) Debt Note issued.

The 7,300,000 Annexure A Options that are the subject of Resolution 2 were issued on 8 January 2018. A further 200,000 Annexure A Options are yet to be issued pursuant to the Note Deed.

### 2.2 ASX Listing Rule 7.4

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary securities may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further securities up to 15% of the number of fully paid ordinary securities on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

If Shareholders approve Resolution 2, the issue of 7,300,000 Annexure A Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

### 2.3 ASX Listing Rule Disclosure Requirements

The following information is provided for the purpose of ASX Listing Rule 7.5.

(a) *Number of securities issued*

7,300,000 Annexure A Options

(b) *Price at which the securities were issued*

Nil as the Annexure A Options were issued as free attaching options to the Debt Notes issued pursuant to the Note Deed on a ten (10) for one (1) basis.



*(c) Terms of the securities*

The terms and conditions of the Annexure A Options are contained in Annexure "A" in this Explanatory Memorandum.

*(d) The names of the persons to whom the Company issued the securities or the basis upon which those persons were determined*

The Annexure A Options were issued to clients of Oracle Capital Group Pty Ltd, who are not related parties of the Company.

*(e) Use (or intended use) of funds raised.*

No funds were raised from the issue of the Annexure A Options as they were issued for nil consideration in accordance with the terms and conditions of the Note Deed. Any funds raised on the exercise of the Annexure A Options will be used for continued exploration work on the various Company projects and for working capital.

## **2.5 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 2 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period without Shareholder approval.

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## GLOSSARY

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In the Notice of Meeting (including the Annexures thereto) and the Proxy Form, the following terms have the following meanings unless they are otherwise defined or the context otherwise requires:

**\$** means Australian dollars.

**Annexure** means an annexure to this Explanatory Memorandum.

**Annexure A Option** means an unlisted option to acquire a Share on the terms and conditions included in Annexure A.

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

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

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Board** means the 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.

**Chair** means the chairperson of the Meeting.

**Company** or **Cazaly** means Cazaly Resources Limited ACN 101 049 334.

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

**Convertible Note** is defined section 1.1 of the Explanatory Memorandum. Details of the Convertible Notes are summarised in the Company's ASX announcement of 14 December 2017 and in Annexure B to the Explanatory Memorandum.

**Corporations Act** or **Act** means the *Corporations Act 2001* (Cth) and the regulations promulgated under it, each as amended from time to time.

**Debt Note** is defined in section 1.1 of the Explanatory Memorandum. Details of the Debt Notes and the Convertible Notes into which the Debt Notes will convert if Shareholders approve Resolution 1 are summarised in the Company's ASX announcement of 14 December 2017 and in Annexure B the Explanatory Memorandum.

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

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum accompanying and forming part of the Notice.

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

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

**Proxy Form** means the proxy form accompanying and forming part of the Notice.

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

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

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

**Trading Day** means a day determined by ASX to be a trading day and notified to market participants being:

- (a) a day other than:
  - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
  - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

**VWAP** means the volume weighted average closing price for Shares trading on the Stock Exchange.

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

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

## **ANNEXURE A OPTIONS – TERMS AND CONDITIONS**

**(a) Entitlement**

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

**(b) Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Annexure A Option will be \$0.06 (**Exercise Price**).

**(c) Expiry Date**

Each Annexure A Option will expire at 5:00 pm (WST) on 31 December 2019 (**Expiry Date**). An Annexure A Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

**(d) Exercise Period**

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

**(e) Notice of Exercise**

The Annexure A Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Annexure A Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Annexure A 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 Annexure A Option being exercised in cleared funds (**Exercise Date**).

**(g) Timing of issue of Shares on exercise**

Within 3 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 Annexure A Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (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; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Annexure A Options.

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 Annexure A Options rank equally with the then issued shares of the Company.

**(i) Quotation of Annexure A Options**

The Annexure A Options will be unlisted options and the Company does not intend to make an application to ASX for quotation of the Annexure A Options.

**(j) 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 Annexure A Options.

**(k) Reconstruction of capital**

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

**(l) Participation in new issues**

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

**(m) Change in exercise price**

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

**(n) Transferability**

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

## **ANNEXURE B – CONVERTIBLE NOTE FACILITY TERMS**

The following is a summary of the rights, privileges and restrictions attaching to the Convertible Notes. The summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Noteholder or of the terms and conditions of the Note Deed.

**(a) Term**

The Convertible Notes have a maturity date of 12 months from the date of their issue (**Maturity Date**).

**(b) Face Value**

The facility provided to the Company under the Note Deed (**Facility**) has a total face value of \$750,000. Each Convertible Note will be issued with a face value of \$1.00.

**(c) Conversion**

The Company may convert all or any of the Convertible Notes into Shares at any time and at any frequency as at a date prior to the Maturity Date by giving a conversion notice to the Noteholder. A conversion notice must specify not less than 25,000 Convertible Notes for conversion.

All outstanding Convertible Notes will automatically convert into Shares at the conversion rate set out below on the Maturity Date.

The number of Shares to be issued upon conversion of the Convertible Notes will be determined based on a conversion rate of the lower of:

- (i) \$0.047; or
- (ii) a 15% discount to the VWAP for the five (5) Trading Days prior to the conversion notice issued in respect of those Convertible Notes.

Each Share issued upon conversion of a Convertible Note will have all of the following features:

- (i) Be allotted within 15 business days after the Conversion Date.
- (ii) Be fully paid up.
- (iii) Rank pari passu with the existing Ordinary Shares.

**(d) Redemption or purchase**

The Company may at any time and from time to time purchase any of the Convertible Notes by agreement with Oracle Capital Group Pty Ltd. All Convertible Notes redeemed or purchased by the Company must be cancelled and not be reissued.

The Company may redeem all or part of the principal sum of each Convertible Note at any time and at any frequency before the Maturity Date by giving the Noteholder a redemption notice. A redemption notice must specify not less than 25,000 Convertible Notes for redemption.

**(e) Annexure A Options**

7,300,000 free attaching Annexure A Options were also issued to Oracle Capital Group Pty Ltd under the terms of the Note Deed on the basis of ten (10) Annexure A Options for every one (1) Convertible Note issued. The ratification of the issue of the Annexure A Options is the subject of Resolution 2.

**(f) Interest**

Interest will accrue daily on the principal sum at the rate of 10% per annum, to be paid by the Company on the date of redemption and/or conversion of the Convertible Notes. Interest can only be paid by cash and not by the issue of Shares.

**(g) Security**

The Convertible Notes are unsecured.

**(h) Transfer**

The Notes may not be transferred (except to certain nominees of Oracle Capital Group Pty Ltd) other than with the Company's prior written consent, which may be withheld, or given subject to conditions, at the Company's sole and absolute discretion.

Notes may only be transferred to a person or persons who fall within one or more of the categories specified in sections 708(8), 708(10) or 708(11) of the Corporations Act and any such person or persons will be required to provide certain covenants in favour of the Company in a deed entered into between the Noteholder, the transferee and the Company.

**(i) Other rights attached to Convertible Notes**

A Convertible Note does not confer on the Noteholder any entitlement to:

- (i) vote at a general meeting of Shareholders;
- (ii) receive dividends; or
- (iii) participate in any pro rata rights issue, bonus issue or other equivalent offer or invitation of Shares or other Securities to the holders of Shares, other than upon conversion of the Convertible Note.

**(j) Shareholder or other approvals**

The Note Deed provides that in the event the execution of the Convertible Note or the issue of any Shares arising from conversion of the Convertible Notes requires Shareholder or regulatory approval for any purpose including to secure compliance with the Corporations Act or the Listing Rules, or would require the consent of a third party for any purpose, then despite any other provision of the Note Deed:

- (i) the Company will use its best endeavours to procure such approval or consent;
- (ii) a conversion of Convertible Notes under the Note Deed is suspended until such approval or consent is obtained; and
- (iii) if such approval or consent is not obtained within 90 days of the date of the Note Deed or the date of a conversion notice, then the Convertible Notes or the Convertible Notes the subject of that conversion notice, will become immediately due and payable.

If the above approvals are not granted, the Debt Securities will not be converted to convertible equity securities and the Convertible Notes will not be issued.

**(k) Other terms and conditions**

The Note Deed contains other terms and conditions, include representations and warranties by the Company, as would ordinarily be found in an agreement of its type.