



ACACIA COAL LIMITED
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NOTICE OF GENERAL MEETING

The General Meeting of the Company will be held at Ground Floor, 16 Ord Street, West Perth, Western Australia on Monday, 23 July 2018 at 9.30am (WST).

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9482 0520.

Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice

ACACIA COAL LIMITED

ACN 009 092 068

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Acacia Coal Limited (**Company**) will be held at, 16 Ord Street, West Perth, Western Australia on Monday, 23 July 2018 at 9.30am (WST) (**Meeting**).

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

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 as Shareholders on 21 July 2018 at 5:00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

AGENDA

1. Resolution 1 - Approval to issue Consideration Shares

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

*"That, subject to the other Interconditional Resolution being passed and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 62,500,000 Shares to the Vendors (or their nominees) (together, the **Consideration Shares**) on the terms and conditions set out in the Explanatory Memorandum.*

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of the Vendors (and their nominees), a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of those persons.

The Company will not disregard a vote if:

- (a) 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
- (b) 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.

2. Resolution 2 - Approval to issue Placement Shares

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

"That, subject to the other Interconditional Resolution being passed and pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 400,000,000 Shares at \$0.001 each on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of the proposed issue of the Shares (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of those persons.

The Company will not disregard a vote if:

- (a) 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
- (b) 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.

3. Resolution 3 - Approval to issue Lead Manager Options

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 75,000,000 Options (Lead Manager Options) to Bell Potter Securities and Nascent Capital (Joint Lead Managers) (or their nominees), on the terms and conditions in the Explanatory Memorandum and Schedule 2."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Joint Lead Managers (and their nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of Shares), or any associates of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) 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.

4. Resolution 4 - Approval to issue Director Options

To consider and, if thought fit, to pass with or without amendment, each as a separate ordinary resolution the following:

"That, pursuant to and in accordance with section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Options to the following Directors (or their nominees) up to the following amounts:

- (a) 65,000,000 Options to Adam Santa Maria;
- (b) 65,000,000 Options to Logan Robertson; and
- (c) 65,000,000 Options to Brett Lawrence.

*(together, **Director Options**), on the terms and conditions set out in the Explanatory Memorandum and Schedule 3."*

Voting Exclusion

The Company will disregard any votes cast in favour of:

- (a) Resolution 4(a) by Mr Santa Maria (or his nominee) or any of his associates;
- (b) Resolution 4(b) by Mr Robertson (or his nominee) or any of his associates; and
- (c) Resolution 4(c) by Mr Lawrence (or his nominee) or any of his associates.

The Company will not disregard a vote if:

- (a) 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
- (b) 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.

Voting Prohibition

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

- (a) the proxy is either a member of the Key Management Personnel or 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; 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.

5. Resolution 5 - Approval to issue Director Shortfall Shares

To consider and, if thought fit, to pass with or without amendment, each as a separate ordinary resolution the following:

"That, pursuant to and in accordance with section 195(4) of the Corporations Act, Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of Shares to the following Directors (or their nominees) up to the following amounts:

- (a) 40,000,000 Shares to Adam Santa Maria;
- (b) 70,000,000 Shares to Logan Robertson; and
- (c) 60,000,000 Shares to Brett Lawrence.

*(together, **Director Shortfall Shares**), each on the terms and conditions set out in the Explanatory Memorandum."*

Voting Exclusion

The Company will disregard any votes cast in favour of:

- (a) Resolution 5(a) by Mr Santa Maria (or his nominee) or any of his associates;
- (b) Resolution 5(b) by Mr Robertson (or his nominee) or any of his associates; and
- (c) Resolution 5(c) by Mr Lawrence (or his nominee) or any of his associates.

The Company will not disregard a vote if:

- (a) 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
- (b) 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.

Voting Prohibition

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

- (a) the proxy is either a member of the Key Management Personnel or 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; 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.

BY ORDER OF THE BOARD

Brett Tucker
Company Secretary
Dated: 21 June 2018

ACACIA COAL LIMITED

ACN 009 092 068

EXPLANATORY MEMORANDUM

Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at 16 Ord Street, West Perth, Western Australia on Monday, 23 July 2018 at 9.30am (WST).

The Explanatory Memorandum forms part of the Notice, which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 1:	Action to be taken by Shareholders
Section 2:	Conditional Resolutions
Section 3	Background to proposed Acquisition of Tenements
Section 4	Key risks
Section 5:	Resolution 1 - Approval to issue Consideration Shares
Section 6	Resolution 2 - Approval to issue Placement Shares
Section 7	Resolution 3 - Approval to issue Lead Manager Options
Section 8	Resolution 4 - Approval to issue Director Options
Section 9	Resolution 5 - Approval to issue Director Shortfall Shares
Schedule 1	Definitions
Schedule 2	Terms and conditions of Lead Manager Options
Schedule 3	Terms and conditions of Director Options

A Proxy Form is located at the end of the Explanatory Memorandum.

1. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

1.1 Voting in person

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

1.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

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

(b) Proxy vote if appointment specifies way to vote

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

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

(c) Transfer of non-chair proxy to chair in certain circumstances

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

- (i) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and

- (iv) either the proxy is not recorded as attending the meeting or the proxy does not vote on the resolution,

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

1.3 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)

In accordance with section 250BD of the Corporations Act, a vote on Resolution 4 and 5 must not be cast (in any capacity) by, or on behalf of:

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

However, a person described above may cast a vote on Resolutions 4 and 5 if the vote is not cast on behalf of a person who is excluded from voting on Resolutions 4 and 5 and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution, but expressly authorises the Chair to exercise the proxy even if the resolution is connected with the remuneration of a member of the Key Management Personnel.

The Chair intends to exercise all available proxies in favour of Resolutions 4 and 5.

2. Conditional Resolutions

The Interconditional Resolutions are inter-conditional, meaning that they will only take effect if the requisite majority of Shareholders' votes at the Meeting approves both of them. If either of the Interconditional Resolutions is not approved at the Meeting, the Interconditional Resolutions will not take effect and the Acquisition and other matters contemplated by the Interconditional Resolutions will not be completed pursuant to this Notice.

For the avoidance of doubt, Resolutions 1 and 2 (inclusive) are referred to as the Interconditional Resolutions throughout this Notice.

The remaining Resolution, being Resolutions 3, 4 and 5 are not Interconditional Resolutions.

3. Background to proposed Acquisition of Tenements

3.1 General background

On 18 June 2018, the Company announced that it had entered into a binding term sheet with the Vendors (**Term Sheet**) to acquire 2 exploration projects (**Acquisition**), being the application for exploration licence E47/3627 (**Mt Bruce**) and the granted exploration licence E39/1996 (**Mt Windarra**) (together the **Tenements**).

A summary of the material terms and conditions of the Term Sheet is set out in Section 3.5. Pursuant to the Acquisition, the Tenements will be transferred to the Company.

In conjunction with the Acquisition, the Company will undertake a capital raising consisting of:

- (a) the Placement to raise up to \$400,000; and
- (b) a non-renounceable rights issue to existing shareholders to raise up to \$2,043,201.

This Notice of Meeting sets out the Resolutions necessary to complete the Acquisition.

3.2 Existing activities of Acacia Coal Limited

The Company was admitted to the Official List of ASX on 3 July 1986. As announced, on 13 December 2017, the Company entered into an exit deed with Coalvent Limited and other vendors in respect of its Riversdale Anthracite Colliery. The Company does not hold a current mining project.

Listing Rule 12.1 requires an entity to have operations sufficient to warrant the continued quotation of the entity's securities. In the event the Company does not acquire a new project or projects in the near term, it is likely that ASX will consider that the Company does not have not sufficient operations to continue to satisfy Listing Rule 12.1 and the Company's securities are likely to be suspended from trading. In this instance, the Company's securities are likely to stay suspended until such time as the Company is able to demonstrate to ASX that it has operations sufficient to warrant the continued quotation of its securities.

3.3 Mt Windarra

(a) Overview & Location

The Mt Windarra Project comprises a granted Exploration licence (39/1996), which is located in the Mt Margaret Goldfield of Western Australia and is situated about 25km to the west of Laverton. Access to the Mt Windarra Project is via the sealed Leonora-Laverton road to Mt Windarra. The Mt Windarra Project covers a land area of 16.11km².

(b) Project Geology

The Archaean Komatiites of the eastern Yilgarn Craton are the focus for Ni-Cu-Co mineralisation. Basal accumulations of massive sulphide mineralisation are generally concentrated in structural depressions and the basal contacts of thick ultramafic flows (Kambalda-type) and as disseminated sulphides in thick dunite units (Mt Keith-type). Deposits in the Windarra region are predominantly the Kambalda-type.

The Windarra region forms part of the Mt Margaret Goldfield. Mafic and ultramafics, metavolcanics and intrusives form important members of the Windarra Greenstone Belt. A major granitoid pluton has intruded the stratigraphy and has locally stopped out the greenstone units.

(c) Previous Exploration

A total of 41 drill holes for 3,157m of drilling has been completed to date inclusive of RAB, Aircore, RC and Diamond Drilling. The exploration completed

has delineated nickel and cobalt mineralisation associated with ultramafic lithologies. Extensive transported cover sequences have obscured the underlying lithologies, and thus the local geology has been defined based on a combination of magnetic and drilling information.

Further information regarding prior exploration work undertaken at Mt Windarra is available in the Company's announcement of 18 June 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement.

(d) Exploration Program:

The proposed Mt Windarra exploration program is as follows:

- (i) reprocess the available geophysical coverages;
- (ii) ground electro-magnetic survey;
- (iii) RC drilling to define extents of lateritic nickel-cobalt mineralisation; and
- (iv) diamond drilling targeting nickel sulphide mineralisation

The exploration completed to date across the Windarra Project has delineated lateritic nickel and cobalt mineralisation. The proposed work program aims to determine the potential of hosting nickel sulphide mineralisation and targeting this with diamond drilling. Also, an extensional and infill RC drilling program will outline the extents of the lateritic nickel-cobalt mineralisation.

Pending successful outcomes of both of these programs, the following activities are planned: downhole EM surveys and extensional drilling to determine the nickel sulphide potential.

3.4 Mt Bruce

(a) Overview & Location

The Mt Bruce Copper-Cobalt project is located in central Western Australia, approximately 1km from Tom Price, and comprises one Exploration licence application (47/3627) which covers an area of 44.36km². Tom Price is approximately 1km from the project area, providing ample access. The Paraburdoo-Tom Price Road and Karijini Drive cuts across the tenure.

(b) Project Geology

Mt Bruce is located within the Hamersley Basin, the depositional basin of the Mount Bruce Supergroup. The Hamersley Basin unconformably lies over older granite-greenstone terrane of the Pilbara Craton. Underlying the Project is the lithologies of the Jeerinah Formation, the uppermost unit of the Fortescue Group. The Jeerinah Formation is conformably underlain by predominantly basaltic volcanics of the Bunjinah Formation and is conformably overlain by the basal unit of the Hamersley Group comprising of banded iron formations, chert, shale and carbonates.

(c) Previous Exploration

In 1971, Western Mining Corporation (WMC) conducted sampling across the Fortescue Copper Project. Samples returned anomalous Cobalt results

5600ppm, 3350ppm and 1300ppm. The exploration completed by WMC across the project during this period was focussed towards copper exploration.

Sample	Co ppm	Co%	Zn ppm	Cu ppm
517737	3,350	0.335	50	1,255
517747	5,600	0.56	6,600	17,800
517748	1,300	0.13	6,000	7,200

Note:

Coordinates for samples sourced from Department of Mines, Industry Regulation and Safety of Western Australia's Mindex database. (587,600mE; 7,490,800mN, all three samples were taken within 11m of this point).

The above results are publicly available samples sourced from Department of Mines, Industry Regulation and Safety of Western Australia's WAMEX database report a1234 and a6779 and have not been independently verified by Acacia.

Further information regarding prior exploration work undertaken at Mt Bruce is available in the Company's announcement of 18 June 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement.

3.5 Material Contracts

- (a) The Company has entered into a binding term sheet with the Vendors, so that 100% of the legal and beneficial title to the Tenements, subject to the approval of the Interconditional Resolutions and Completion, will be transferred to the Company.
- (b) In consideration for the transfer of the Tenements the Company will issue to the Vendors 62,500,000 Shares at a deemed issue price of \$0.002, comprising:
 - (i) 18,750,000 Shares in respect of the acquisition of Mt Bruce; and
 - (ii) 43,750,000 Shares in respect of the acquisition of Mt Windarra.
- (c) The acquisition of Mt Bruce is subject to the following conditions precedent:
 - (i) the grant of the Mt Bruce tenement;
 - (ii) the Company obtaining shareholder approval to issue the Consideration Shares; and
 - (iii) the Parties obtaining ministerial consent under section 64(1) of the Mining Act (if required) to the transfer of the Tenements to the Company.
- (d) The acquisition of Mt Windarra is subject to the following conditions precedent:
 - (i) the Company obtaining shareholder approval to issue the Consideration Shares; and
 - (ii) the Parties obtaining ministerial consent under section 64(1) of the Mining Act (if required) to the transfer of the Tenements to the Company.

- (e) In the event that the Minister for Mines and Petroleum (Western Australia) (**Minister**) withholds his consent to the transfer of a Tenement or both of the Tenements, the Company may, at its option by giving written notice to Peter Gianni, require that Mr Gianni holds the relevant Tenement on trust for it until such time as the Minister either consents to the transfer or Gianni can transfer the Tenement without requiring ministerial consent.
- (f) In the event the Interconditional Resolutions are not passed, the Acquisition will not proceed.

3.6 Composition of the Board

The Board currently comprises:

- (a) Adam Santa Maria;
- (b) Logan Robertson; and
- (c) Brett Lawrence.

There are no proposed Board changes in conjunction with the Acquisition.

3.7 Capital Raising

- (a) In conjunction with the Acquisition, the Company plans to raise capital. The proposed capital raising (**Capital Raising**) will comprise:
 - (i) the Placement to issue up to 400,000,000 Shares; and
 - (ii) a pro-rata non-renounceable rights issue to issue up to 2,043,200,834 Shares (**Rights Issue Shares**) to existing holders to raise up to \$2,043,201 (**Rights Issue**).
- (b) The Rights Issue is an issue:
 - (i) to holders of ordinary securities made under a pro-rata issue and falls within Listing Rule 7.2 Exception 1; and
 - (ii) to the extent the Shares under the Rights Issue are issued as shortfall, to make up shortfall on a pro-rata issue to holders of ordinary securities made not later than 3 months after the close of the offer.
- (c) The Joint Lead Managers will manage the Rights Issue and have the right to place the shortfall shares. The Company's directors intend to subscribe for shortfall shares up to a maximum of \$200,000, subject to approval of Resolution 5.

3.8 Pro forma capital structure

The pro forma capital structure of the Company following the issue of the Consideration Shares, Placement Shares, Director Options, Rights Issue and the Director Shortfall Shares is set out below:

Proposed Capital Structure	Shares	Options	Amount (\$)
Existing Securities on issue	1,580,700,834	42,500,000 ¹	0
Consideration Shares (Resolution 1)	62,500,000	0	0
Placement Shares (Resolution 2)	400,000,000	0	400,000
Lead Manager Options (Resolution 3)	0	75,000,000	0
Director Options (Resolution 4)	0	195,000,000	1,950
Rights Issue ²	2,043,200,834	0	2,043,201
TOTAL³	4,023,901,668	312,500,000	2,445,151

Notes:

1. Unlisted options exercisable at \$0.006 on or before 5 December 2021.
2. (including 170,000,000 Director Shortfall Shares - Resolution 5).
3. Assuming no further Securities are issued and no Options are exercised.

3.9 Proposed budget

The Company intends to use the funds raised under the Capital Raising, together with the Company's existing cash reserves post-Acquisition, in accordance with the table below. All figures below have been rounded.

Funds Available	Amount (\$)
Existing cash reserves of the Company ¹	350,000
Funds raised from the Placement	400,000
Funds raised from the Rights Issue ²	2,043,201
Funds raised from the Director Options	1,950
TOTAL	2,795,151

Proposed Allocation of Funds	Amount (\$)
Costs of the offer	140,000
Mt Bruce - rock chip sampling, geophysical mapping and review of historical data	60,000
Mt Windarra - rock chip sampling, geophysical mapping and initial drilling program	500,000
Stage 2 exploration program ³	650,000
New Opportunities	500,000
Corporate costs	480,000
Working Capital ⁴	465,151
TOTAL	2,795,151

Notes:

1. Approximated cash reserves as at 31 May 2018.
2. Including \$170,000 raised by the issue of the Director Shortfall Shares - Resolution 5.
3. The stage 2 exploration is likely to consist of work programs as set out in Section 0, subject to positive results from the Mt Windarra and / or Mt Bruce projects. In the event the results from these programs do not warrant further expenditure, the Company may elect to apply to money budgeted for the stage 2 exploration program to exploration on new projects or other activities as it sees fit.
4. General working capital will be used by the Company to cover cost overruns in forecast expenditures in respect of either exploration or corporate costs (if any) but may be retained by the Company in the event such events do not occur within the next 24 months.

The above table is a statement of current intentions as at the date of this Notice. Shareholders should note that, as with any budget, the allocation of funds set out in the above table 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.

The use of further equity funding or Share placements will be considered by the Board where it is appropriate to accelerate a specific project.

It is possible that future acquisitions that may be contemplated may exceed the current or projected financial resources of the Company and it is expected that these acquisitions would be funded by project finance and/or equity issues (subject to any required Shareholder approvals).

3.10 Board intentions if Completion occurs

In the event that Completion occurs, the funds raised from the Capital Raising will be used in accordance with the table set out in Section 3.9.

In conjunction with the Company's exploration on the Mt Bruce and Mt Windarra assets, the Company will continue to assess new opportunities, primarily in the mineral exploration sector.

4. Key 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 immaterial, which may affect the Company. Based on the information available, a non-exhaustive list of risk factors for the Company, associated with the proposed Acquisition is set out below.

4.1 Dilution risk

At the date of the Meeting it is expected that Company will have 1,580,700,834 Shares on issue. On Completion, the Company proposes to issue Shares and Options as required to complete the Acquisition and issue Shares as part of the Capital Raising.

On issue of the Securities pursuant to the Resolutions, including the Consideration Shares, Placement Shares, Rights Issue Shares, Lead Manager Options and Director Options (assuming full subscription under the Rights Issue and no Options are exercised), the existing Shares will be equal to 38.7% of the issued capital of the Company.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company.

4.2 Contractual and Completion risk

Pursuant to the Term Sheet the Company has agreed to acquire the Tenements subject to the fulfilment of certain conditions precedent. If any of the conditions precedent are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Acquisition may be deferred or not occur. Failure to complete the Acquisition would mean the Company may not be able to meet the requirements of ASX for continued quotation of its Securities, and the Company's listed securities may be suspended from quotation until such time as the Company is able to comply with the ASX Listing Rules, and in particular, Listing Rule 12.1. There is also a risk that ASX may determine that the Company must re-comply with chapters 1 and 2 of the Listing Rules prior to the Company's securities being reinstated to trading. In this event, the Company's securities may be suspended until such time as the Company is able to satisfy ASX that it satisfies chapters 1 and 2 of the Listing Rules, which may result in the Company's securities being suspended for an extended period of time.

4.3 Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Tenements are successfully developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Capital Raising should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Notice.

In order to successfully develop the Projects and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Capital Raising. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or offer price under the Capital Raising) or may involve restrictive covenants which limit the

Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

No assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the Tenements being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

4.4 Operational risks

The operations of the Company may be affected by various factors, including:

- (a) failure to locate or identify mineral deposits;
- (b) failure to achieve predicted grades in exploration and mining;
- (c) (operational and technical difficulties encountered in mining;
- (d) insufficient or unreliable infrastructure, such as power, water and transport;
- (e) difficulties in commissioning and operating plant and equipment;
- (f) mechanical failure or plant breakdown;
- (g) unanticipated metallurgical problems which may affect extraction costs; and
- (h) adverse weather conditions.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

4.5 Government regulation and political risk in the mining industry

The Company's proposed operating activities are 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 is in substantial compliance with all material current laws and regulations affecting its 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 proposed operations or planned development projects.

4.6 Tenure, access and grant of applications

The Company's 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 the proposed 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, subsidiaries of the Company must receive licences/permits from appropriate governmental authorities. There is no certainty that the Company will hold all licences/permits necessary to develop or continue operating at any particular property.

4.7 Exploration Risk

Mining exploration and development is a high risk undertaking. The success of the Company depends on the delineation of economically minable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities.

Exploration of the Tenements may be unsuccessful, resulting in a reduction of the value of those projects, 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.

4.8 Environmental Risk

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 bushfires 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 noncompliance 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.

4.9 Mine development risk

Possible future development of a mining operation at any of the Company's future 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 and treatment of ore.

4.10 Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (a) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (b) developing an economic process route to produce a metal and/or concentrate; and
- (c) changes in mineralogy in the ore deposit can result in inconsistent metal/mineral recovery, affecting the economic viability of the project.

4.11 Insurance risks

There are significant exploration and operating risks associated with exploring for nickel, cobalt, copper and other base metals, including adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction plant, equipment, production facilities and other property. In addition, the Company's subsidiaries will be subject to liability for environmental risks such as pollution and abuse of the environment. The occurrences of a significant event against which the Company is not fully insured could have a material adverse effect on its operations and financial performance. In addition, in the future some or all of the Company's insurance coverage may become unavailable or prohibitively expensive.

4.12 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 macroeconomic 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 dollars, 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.

4.13 Regulatory risks

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Regulatory areas which are of particular significance to the Company include environmental compliance and rehabilitation, mining, taxation, employee relations, worker health and safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

4.14 Share Price

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the addition or departure of key personnel, actual or anticipated fluctuations in the Company's results and recommendations of analysts in relation to those results, fluctuations in the industry in which the Company operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters.

4.15 Bribery, corruption, or other improper acts

The Company may incur fines or penalties, damage to its reputation or suffer other adverse consequences if its Directors, officers, employees, consultants, agents, service providers or business partners violate, or are alleged to have violated, anti-bribery and corruption laws in Australian or any of the jurisdictions in which it operates.

The Company cannot guarantee that its internal policies and controls will be effective in each case to ensure that it is protected from reckless or criminal acts committed by its Directors, officers, employees, consultants, agents, service providers or business partners that would violate Australian laws or other countries where the Company may operate. Any such improper actions could subject the Company to civil or criminal investigations in Australia or other countries that could lead to substantial civil or criminal monetary and non-monetary penalties against the Company, and could damage the Company's reputation. Even the allegation or appearance of improper or illegal actions could damage the Company's reputation and result in significant expenditures in investigating and responding to such actions and may in turn have an adverse effect on the Company's future financial performance and position.

4.16 Tax rules

Tax rules or their interpretation in relation to equity investments may change. In particular, both the level and basis of taxation may change. In addition, an investment in the Shares involves tax considerations that may differ for each Shareholder. Each prospective Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

Tax law is complex and is subject to regular change. Changes in tax law, including various proposed but as yet not enacted changes in tax law may adversely impact the Company's future financial performance and position.

Resulting changes in tax arrangements may adversely impact the Company's future financial performance and position. In addition, future changes to other laws and regulations or accounting standards, which apply to the Company from time to time, could materially adversely affect the Company's future financial performance and position.

4.17 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. The Company is not currently engaged in any litigation.

4.18 Economic Risks

General economic conditions, movements in commodity prices, 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:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors (such as the exploration industry or the base metals sector within that industry);
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

4.19 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.

4.20 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 proposed 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.

4.21 Policies and legislation

Any material adverse changes in government policies or legislation of Australia or any other country that the Company has economic interests may affect the viability and profitability of the Company.

4.22 No guarantee in respect of investment

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.

5. Resolution 1 - Approval to issue Consideration Shares

Resolution 1 seeks Shareholder approval for the issue of up to 62,500,000 Consideration Shares to the Vendors as consideration for the acquisition of the Tenements.

Resolution 1 is an ordinary resolution and is subject to the approval of each of the other Interconditional Resolutions.

The Chair will cast all available proxies in favour of Resolution 1.

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

5.1 Listing Rule 7.1

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 Resolution 1 will be to allow the Company to issue the Consideration Shares to the Vendors 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 Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Consideration Shares:

- (a) the maximum number of Consideration Shares to be issued is 62,500,000 Shares;
- (b) the Consideration 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 Listing Rules) and it is intended that the issue of all the Consideration Shares will occur on the same date;

- (c) the Consideration Shares will be issued for nil cash consideration as they are being issued in consideration for the Acquisition;
- (d) the Consideration Securities will be issued to the Vendors, being Peter Gianni and Robert Jewson (or their nominees) neither of whom are related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue of the Consideration Shares as they are being issued as consideration for the Acquisition; and
- (g) a voting exclusion statement is included in the Notice.

6. Resolution 2 - Approval to issue Placement Shares

6.1 General

Resolution 2 seeks Shareholder approval for the issue of up to 400,000,000 Shares at an issue price of \$0.001 each to raise up to \$400,000 (before costs) under the Capital Raising.

Resolution 2 is an ordinary resolution and is subject to the approval of each of the other Interconditional Resolutions.

The Chair will cast all available proxies in favour of Resolution 2.

The Board unanimously recommends that Shareholders vote in favour of Resolution 2.

6.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 5.1 above.

The effect of Resolution 2 will be to allow the Company to issue the Shares pursuant to the Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.3 Technical information required by Listing Rule 7.3

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

- (a) the maximum number of Shares to be issued is 400,000,000 Shares;
- (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 Listing Rules) and it is intended that the issue of the Shares will occur on the same date;
- (c) the issue price of the Shares will be \$0.001 per Share;

- (d) the Shares will be issued to sophisticated and professional investors none of which are related parties of the Company;
- (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;
- (f) the Company intends to use the funds raised from the Placement towards the budgeted expenditure described at Section 3.9; and
- (g) a voting exclusion statement is included in the Notice.

7. Resolution 3 - Approval to issue Lead Manager Options

7.1 General

Resolution 3 seeks Shareholder approval for the issue of up to 75,000,000 Lead Manager Options to the Joint Lead Managers (or their nominees) as part consideration for lead manager services provided in relation to the Placement and the Rights Issue.

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

Resolution 3 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 3.

7.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is in Section 5.1 above.

The effect of Resolution 3 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

7.3 Specific information required by Listing Rule 7.3

Listing Rule 7.3 requires that the following information be provided to Shareholders in relation to the issue of the Lead Manager Options:

- (a) the maximum number of Lead Manager Options to be issued is 75,000,000;
- (b) the Lead Manager Options 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 Listing Rules) and it is intended that issue of the Lead Manager Options will occur on the same date;
- (c) the Lead Manager Options will be issued for nil cash consideration in consideration for the provision of lead manager services by the Joint Lead Managers in relation to the Placement and Rights Issue.
- (d) the Lead Manager Options will be issued to Nascent Capital and Bell Potter Securities or their nominees, none of whom will be related parties of the Company;
- (e) the Lead Manager Options will be exercisable at \$0.0015 each on or before the date that is 2 years after the date of issue, and will otherwise be issued on the terms and conditions in Schedule 2;

- (f) as the Lead Manager Options are being issued in consideration for lead manager services, no funds will be raised from their issue; and
- (g) a voting exclusion statement is included in the Notice.

8. Resolution 4 - Approval to issue Director Options

8.1 General

The Board is proposing, subject to obtaining Shareholder approval, to issue a total of 195,000,000 Director Options.

The Director Options are being issued as part of the respective Directors' remuneration package and provide a performance linked incentive.

The Director Options will be issued for cash consideration of \$0.00001 each, exercisable at \$0.0015 each and expiring on or before 5 years from the date of issue. The terms and conditions of the Director Options are set out in Schedule 3.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Director Options.

Resolution 4 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 4.

8.2 Listing Rule 10.11

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

The Directors are related parties of the Company by virtue of their position.

As the issue of Director Options involves the issue of Options to a related party of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors (excluding Mr Santa Maria in relation to Resolution 4(a), Mr Robertson in relation to Resolution 4(b) and Mr Lawrence in relation to Resolution 4(c)) that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Director Options will not be included in the issue of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

8.3 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

The issue of Director Options constitutes giving a financial benefit and the Directors are all a related party of the Company by virtue of their position.

The Board (other than Mr Santa Maria in relation to Resolution 4(a), Mr Robertson in relation to Resolution 4(b) and Mr Lawrence in relation to Resolution 4(c)) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Options as the Director Options are considered reasonable remuneration.

8.4 Specific information required by Listing Rule 10.13.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Options:

- (a) a maximum of 195,000,000 Options will be issued to the Directors, being Messrs Adam Santa Maria, Logan Robertson and Brett Lawrence (or their respective nominees, as follows:
 - (i) 65,000,000 Options to Adam Santa Maria;
 - (ii) 65,000,000 Options to Mr Robertson; and
 - (iii) 65,000,000 Options to Mr Lawrence.
- (b) the Director Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Director Options will be issued for cash consideration of \$0.00001 each as part of the Directors' remuneration package;
- (d) the Director Options will be issued with an exercise price of \$0.0015 and will expire no later than 5 years from the date of issue, and otherwise on the terms and conditions of Schedule 3;
- (e) the nominal funds raised from the issue will be applied to the Company's working capital and any funds raised from the exercise of the Director Options will be applied to working capital or exploration of the Tenements; and
- (f) a voting exclusion statement is included in the Notice.

9. Resolution 5 - Approval to issue Director Shortfall Shares

9.1 General

As noted in Section 3.7, the Company is proposing to undertake the Rights Issue to raise up to \$2,043,201. Under the Rights Issue, any entitlement not taken up by eligible Shareholders will form part of the shortfall (**Shortfall**). It is currently intended that The Joint Lead Managers will manage the Rights Issue and have the right to place the Shortfall.

In addition to taking up their own entitlements under the Rights Issue, each Director, being Adam Santa Maria, Logan Robertson and Brett Lawrence, wishes to participate in the allocation of Shortfall under the Rights Issue.

Resolutions 5(a), 5(b) and 5(c) seek Shareholder approval for the in the issue of up to:

- (a) 40,000,000 Shares to Adam Santa Maria;
- (b) 70,000,000 Shares to Logan Robertson; and
- (c) 60,000,000 Shares to Brett Lawrence.

(together, the **Participation**).

The issue of the Director Shortfall Shares will raise up to \$170,000 of the funds proposed to be raised under the Rights Issue. If all of the Director Shortfall Shares are issued, the Director Shortfall Shares will be equal to 4.2% of the Shares on issue at completion of the Rights Issue.

9.2 Listing Rule 10.11

Information concerning Listing Rule 10.11 is summarised in Section 8.2.

The Directors are related parties of the Company by virtue of their position.

As the issue of Director Shortfall Shares involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors (excluding Mr Santa Maria in relation to Resolution 5(a), Mr Robertson in relation to Resolution 5(b) and Mr Lawrence in relation to Resolution 5(c)) that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Director Options will not be included in the issue of the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

9.3 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 proposed Participation will result in the issue of Securities, which constitutes giving a financial benefit. Adam Santa Maria, Logan Robertson and Brett Lawrence are related parties of the Company by virtue of being Directors.

The Board (other than Mr Santa Maria in relation to Resolution 5(a), Mr Robertson in relation to Resolution 5(b) and Mr Lawrence in relation to Resolution 5(c)) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Director Shortfall Shares as the Director Shortfall Shares will be issued to the Directors (or their respective nominees) on the same terms as Shares issued to non-related participants in the Rights Issue and as such the giving of the financial benefit is considered to be granted on arms' length terms.

9.4 Specific information required by Listing Rule 10.13.

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Director Shortfall Shares:

- (a) a maximum of 170,000,000 Shares will be issued to the Directors, being Messrs Adam Santa Maria, Logan Robertson and Brett Lawrence (or their respective nominees, as follows:
 - (i) 40,000,000 Shares to Adam Santa Maria;
 - (ii) 70,000,000 Shares to Logan Robertson; and
 - (iii) 60,000,000 Shares to Brett Lawrence
- (b) the Director Shortfall Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Director Shortfall Shares will be issued for cash consideration of \$0.001 per Share, being on the same terms as Shares issued to non-related participants in the Rights Issue;
- (d) the Director Shortfall Shares 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;
- (e) the funds raised from the issue will be applied in accordance with the table in Section 3.9; and
- (f) a voting exclusion statement is included in the Notice.

Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

Acquisition means the proposed acquisition of the Tenements from the Vendors, as set out in Section 3.

ASX means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors.

Capital Raising has the same meaning given in Section 3.7.

Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means Acacia Coal Limited ACN 009 092 068.

Completion means the completion of the Acquisition, including the issue of the Consideration Shares to the Vendors and the transfer of the legal and beneficial interest in the Tenements to the Company.

Consideration Shares means the Shares to be issued to the Vendors in consideration for the Tenements as set out in Resolution 1.

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

Director means a director of the Company.

Director Options means the Options issued to the Directors on the terms set out in Schedule 3.

Director Shortfall Shares means the Shares issued to Directors under Resolution 5.

EM means electro magnetic.

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

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

g/t means grams per tonne.

Ga means gigaannum, a period of 1 billion years.

Interconditional Resolutions means Resolutions 1, 2 and **Error! Reference source not found..**

Joint Lead Managers means Bell Potter Securities and Nascent Capital.

kg means kilograms.

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

Lead Manager Options means the Options issued to the Joint Lead Managers on the terms set out in Schedule 2.

Listing Rules means the listing rules of ASX.

Meeting has the meaning given in the introductory paragraph of the Notice.

Mt Bruce means the application for exploration licence E47/3627.

Mt Windarra means the exploration licence E39/1996.

Mt means million tonnes.

Notice means this notice of general meeting.

Option means an option to acquire a Share.

Parties means the parties to the Term Sheet, being the Company and the Vendors.

Placement means the issue of the Placement Shares.

Placement Shares means the 400,000,000 Shares issued pursuant to Resolution 2.

ppm means parts per million.

Proxy Form means the proxy form attached to the Notice.

RC means reverse circulation.

Resolution means a resolution referred to in the Notice.

Rights Issue means the Company's proposed non-renounceable entitlements issue as set out in Section 3.7.

Rights Issue Shares means the Shares issued under the Rights Issue, as set out in Section 3.7.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means all Equity Securities of the Company, includes Shares and Options.

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

Shareholder means a shareholder of the Company.

Shortfall means, any entitlement not taken up by eligible Shareholders under the Rights Issue.

Tenements means granted exploration licence E39/1996 and the application for exploration licence E47/3627.

Term Sheet means the Term Sheet between the Parties dated 18 June 2018.

Vendors means Peter Gianni and Robert Jewson.

WST means Western Standard Time being the time in Perth, Western Australia.

Schedule 2 - Terms and conditions of Lead Manager Options

1. Entitlement

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

2. Exercise Price

Subject to paragraph 11 the amount payable upon exercise of each Option will be \$0.0015 (**Exercise Price**):

3. Expiry Date

Each Option will expire 2 years after the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

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

5. 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.

6. 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**).

7. Quotation

The unquoted Options will form a class of Options unlisted on ASX.

8. Quotation of Shares issued on exercise

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

9. Timing of issue of Shares on exercise

Subject to paragraph 9(d) below, within 10 Business Days after receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company must:

- (a) issue the Shares pursuant to the exercise of the Options;
- (b) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (c) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is not then permitted to issue a cleansing notice under section 708A(5)(e) of the Corporations Act, the Company must either:

- (d) issue a prospectus on the date that the Shares are issued under paragraph 9(a) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Notice of Exercise, to allow the Company time to prepare that prospectus); or
- (e) issue a prospectus before the date that the Shares are issued under paragraph 9(d) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

10. Shares issued on exercise

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

11. Reconstruction of capital

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the Expiry Date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.

12. 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.

13. Change in exercise price

There will be no change to the Exercise Price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other Securities to the holders of Shares in the Company (other than a bonus issue).

14. Adjustment for bonus issues

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

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

15. Transferability

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

Schedule 3 - Terms and conditions of Director Options

1. Entitlement

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

2. Exercise Price

Subject to paragraph 11 the amount payable upon exercise of each Option will be \$0.0015 (**Exercise Price**):

3. Expiry Date

Each Option will expire 5 years after the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

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

5. 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.

6. 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**).

7. Quotation

The unquoted Options will form a class of Options unlisted on ASX.

8. Quotation of Shares issued on exercise

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

9. Timing of issue of Shares on exercise

Subject to paragraph 9(d) below, within 10 Business Days after receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company must:

- (a) issue the Shares pursuant to the exercise of the Options;
- (b) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (c) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is not then permitted to issue a cleansing notice under section 708A(5)(e) of the Corporations Act, the Company must either:

- (d) issue a prospectus on the date that the Shares are issued under paragraph 9(a) above (in which case the date for issuing those Shares may be extended to not more than 25 Business Days after the receipt of the Notice of Exercise, to allow the Company time to prepare that prospectus); or
- (e) issue a prospectus before the date that the Shares are issued under paragraph 9(d) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

10. Shares issued on exercise

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

11. Reconstruction of capital

In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the Expiry Date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.

12. 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.

13. Change in exercise price

There will be no change to the Exercise Price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other Securities to the holders of Shares in the Company (other than a bonus issue).

14. Adjustment for bonus issues

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

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

15. Transferability

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

PROXY FORM

ACACIA COAL LIMITED

ACN 009 092 068

All correspondence to:

Acacia Coal Limited

PO Box 902, West Perth WA 6872

Phone: 08 9482 0500

I/We

(insert name of holder – please print)

Of

(insert address of holder – please print)

Appointment of Proxy

I/We being member/s of Acacia Coal Limited and entitled to attend and vote hereby appoint

The Chairman
of the Meeting
(mark with an
'X')

OR

Write here the name of the person
you are appointing if this person **is
someone other than** the Chairman
of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting or a nominee of the Chairman, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Acacia Coal Limited to be held at Ground Floor, 16 Ord Street, West Perth, Western Australia on Monday, 23 July 2018 at 9:30am (AWST) and at any adjournment of that meeting.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 4 and 5 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

Important: The Chair of the Meeting intends to vote all undirected proxies in favour of all Resolutions. If the Chair of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box, you will be authorising the Chairman to vote in accordance with the Chairman's voting intentions even if those Resolutions are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Voting directions to your proxy - please mark

X to indicate your directions

Ordinary business

Resolution 1 Approval to issue Consideration Shares

☐☐☐

Resolution 2 Approval to issue Placement Shares

☐☐☐

Resolution 3 Approval to issue Lead Manager Options

☐☐☐

Resolution 4(a) Approval to issue Director Options – Mr Santa Maria

☐☐☐

Resolution 4(b) Approval to issue Director Options – Mr Robertson

☐☐☐

Resolution 4(c) Approval to issue Director Options – Mr Lawrence

☐☐☐

Resolution 5(a) Approval to issue Director Shortfall Shares – Mr Santa Maria

☐☐☐

Resolution 5(b) Approval to issue Director Shortfall Shares – Mr Robertson

☐☐☐

Resolution 5(c) Approval to issue Director Shortfall Shares – Mr Lawrence

☐☐☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

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

Individual or Securityholder 1

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

Instructions for Completing 'Appointment of Proxy' Form

1. Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please Contact the Share register on **1300 554 474 (toll free)**. Security holders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the Company.

3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may, subject to the comments below, vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5. Signing Instructions

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

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

6. Attending the Meeting

Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, the proxy's authority to speak and vote for the member is suspended while the member is present at the Annual General Meeting.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the Meeting scheduled for 9:30am (AWST) on Monday, 23 July 2018. Any Proxy Form received after that time (9:30am (AWST) 21 July 2018) will not be valid for the scheduled Meeting.

Documents may be lodged:

By email

btucker@ventnorcapital.com

By mail -

Acacia Coal Limited

PO Box 902

West Perth WA 6872

or in person -

Ground Floor, 16 Ord Street

West Perth WA 6005