



CAZALY RESOURCES LIMITED

ACN 101 049 334

NOTICE OF ANNUAL GENERAL MEETING

TIME: 12.30pm (WST)

DATE: 23 November 2018

PLACE: The Celtic Club
48 Ord Street
WEST PERTH WA 6005

This Notice of Annual 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 Annual General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6418.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Annual General Meeting of the Shareholders convened by this Notice of Meeting will be held at 12.30pm (WST) on 23 November 2018 at:

The Celtic Club
48 Ord Street
WEST PERTH WA 6005

YOUR VOTE IS IMPORTANT

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

ATTENDANCE AND VOTING ELIGIBILITY

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 21 November 2018 will be taken, for the purposes of this Annual 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

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

VOTING BY PROXY

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

so that it is received not later than 12.30pm (WST) on 21 November 2018.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Cazaly Resources Limited will be held at **The Celtic Club, 48 Ord Street, West Perth, Western Australia at 12.30pm (WST) on Friday 23 November 2018.**

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Annual 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

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the 2018 Financial Report together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report thereon.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report."

Note: the vote on this Resolution is advisory only and does not bind the Board or the Company.

Voting Prohibition Statement:

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

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

However, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR TERRY GARDINER

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

"That Mr Terry Gardiner, a Non-Executive Director, who retires by rotation in accordance with the Constitution, and being willing and eligible for re-election, is re-elected as a Director."

RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

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

"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of this Resolution by a person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the 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.

RESOLUTION 4 – RATIFICATION OF THE ISSUE OF 1,083,455 SHARES TO CONSULTANTS

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 prior issue of 1,083,455 ordinary fully paid shares to consultants, 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 consultants as referred to in the Explanatory Statement having regard to the resolution 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.

RESOLUTION 5 – RATIFICATION OF THE ISSUE OF 3,166,035 SHARES TO ACUITY CAPITAL

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 prior issue of 3,166,035 ordinary fully paid shares to Acuity Capital, 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 Acuity Capital as referred to in the Explanatory Statement having regard to the resolution 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.

RESOLUTION 6 – RATIFICATION OF THE ISSUE OF 6,000,000 SHARES TO THE VENDORS OF THE KAOKO KOBALT PROJECT

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

"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 6,000,000 ordinary fully paid shares to the Vendors of the Kaoko Kobalt Project, 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 Vendors as referred to in the Explanatory Statement having regard to the resolution 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.

RESOLUTION 7 – RATIFICATION OF THE ISSUE OF 12,563,956 PLACEMENT SHARES UNDER LISTING RULE 7.1

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 12,563,956 Placement Shares 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 a person 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.

RESOLUTION 8 – RATIFICATION OF THE ISSUE OF 15,871,641 PLACEMENT SHARES UNDER LISTING RULE 7.1A

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 15,871,641 Placement Shares 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 a person 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.

RESOLUTION 9 – APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR NATHAN MCMAHON

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

"That for the purposes of Section 200B of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company is authorised to issue up to 2,500,000 Director Options to Mr Nathan McMahon, who is a Director, and/or his nominee(s), 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 Mr Nathan McMahon and/or his nominee(s) 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.

Voting Prohibition Statement:

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

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

However, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

RESOLUTION 10 – APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR CLIVE JONES

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

"That for the purposes of Section 200B of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company is authorised to issue up to 2,500,000 Director Options to Mr Clive Jones, who is a Director, and/or his nominee(s), 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 Mr Clive Jones and/or his nominee(s) 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.

Voting Prohibition Statement:

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

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

However, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and

- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

RESOLUTION 11 – APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR TERRY GARDINER

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

“That for the purposes of Section 200B of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company is authorised to issue up to 1,500,000 Director Options to Mr Terry Gardiner, who is a Director, and/or his nominee(s), 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 Mr Terry Gardiner and/or his nominee(s) 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.

Voting Prohibition Statement:

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

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

However, a person described above (the “voter”) may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

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 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.

Undirected and Directed Proxies

The Company encourages all shareholders who submit proxies to direct their proxy how to vote on each resolution.

The Company will not disregard any votes cast on a resolution by a person if the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy.

If you intend to appoint the Chair as your proxy, you can direct him how to vote by marking the boxes for each resolution (for example, if you wish to vote "for", "against" or "abstain" from voting), or you cannot mark any of the boxes and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of all Resolutions).

If you intend to appoint another member of the KMP (such as one of the Directors) or one of their Closely Related Parties as your proxy, please ensure that you direct them how to vote on Resolutions 1, 9, 10 and 11. If you leave your proxy form undirected on Resolutions 1, 9, 10 and 11 the relevant KMP (other than the Chair) and their Closely Related Parties will not be able to vote your shares on those resolutions. If the Chair is your proxy and you do not direct the Chair how to vote in respect of Resolutions 1, 9, 10 and 11 on the proxy form, you will be deemed to have directed and expressly authorised the Chair to vote your proxy in favour of Resolutions 1, 9, 10 and 11. This express authorisation acknowledges that the Chair may vote your proxy even though Resolutions 1, 9, 10 and 11 are connected directly or indirectly with the remuneration of a KMP and even though the Chair may have an interest in the outcome of those resolutions and is prohibited from voting on those resolutions (other than as authorised proxy holder) because of that interest.

In accordance with the Corporations Act, any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair, who is required to vote proxies as directed.

If you appoint any other person as your proxy

You do not need to direct your proxy how to vote.

DATED: 18 OCTOBER 2018

BY ORDER OF THE BOARD

MIKE ROBBINS

COMPANY SECRETARY

EXPLANATORY MEMORANDUM

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 Annual General Meeting at the annual general meeting of Shareholders to be held at **The Celtic Club, 48 Ord Street, West Perth, Western Australia 6005 at 12.30pm (WST) on Friday 23 November 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 Annual 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.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the 2018 Financial Report together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report thereon.

The Company will not provide a hard copy of the 2018 Financial Report to Shareholders unless specifically requested to do so. The 2018 Financial Report is available on its website at www.cazalyresources.com.au.

2. ADOPTION OF REMUNERATION REPORT (RESOLUTION 1)

2.1 General

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

2.2 Voting Consequences

Under changes to the Corporations Act which came into effect on 1 July 2011 (known as the 'two strikes' rule), if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report at the two consecutive annual general meetings, the company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the company's AGM where the second consecutive strike is received. All of the directors, other than a Managing Director, who were in office when the board approved the last directors' report and who remain in office at the time of the Spill Meeting, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors is approved will be the directors of the company.

The Audited Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Audited Remuneration Report is part of the Directors' Report contained in the 2018 Financial Report.

At the Company's previous annual general meeting, held on 24 November 2017, less than 25% of votes were cast against the remuneration report at that meeting. Accordingly the Spill Resolution is not relevant for this Annual General Meeting.

Directors' Recommendation

The Directors, at their discretion, recommend that Shareholders vote in favour of adopting the Remuneration Report.

3. RE-ELECTION OF DIRECTOR – MR TERRY GARDINER (RESOLUTION 2)

3.1 Background

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three (3) years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

The Company currently has three (3) Directors and accordingly one (1) must retire by rotation.

Mr Terry Gardiner retires by rotation in accordance with the Constitution and, being willing and eligible for re-election, seeks re-election. The profile of Mr Terry Gardiner is set out in the 2018 Financial Report.

Directors' Recommendation

The Directors (other than Mr Terry Gardiner) recommend that Shareholders vote in favour of Resolution 2.

4. APPROVAL OF 10% PLACEMENT CAPACITY (RESOLUTION 3)

4.1 Purpose of resolution

The purpose of this special resolution is to authorise the Directors to seek Shareholder approval to allow it to issue a further 10% of the Company's issued share capital under Listing Rule 7.1A during the 10% Placement Period in addition to and without using the Company's 15% placement capacity under Listing Rule 7.1.

The additional 10% placement capacity under Listing Rule 7.1A is in addition to the existing 15% annual placement capacity available under Listing Rule 7.1.

4.2 General information

Listing Rule 7.1A came into effect on 1 August 2012 and enables "eligible entities" to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting if the Equity Securities are in an existing quoted class of the Company's securities ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement annual capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity and has a current market capitalisation of \$6.9 million.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility during the period up to 12 months after the Meeting. As Resolution 3 is a special resolution 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

If Shareholders approve Resolution 3 the exact number of Equity Securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to 4.3 (c) below).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities under the 10% Placement Facility.

4.3 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting, which is in addition to its 15% annual placement capacity.

(b) **Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has two classes of Equity Securities, namely Shares and Quoted Options.

(c) **Formula for calculating Additional 10% Placement Facility**

Listing rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(a x d) – e

a is the number of shares on issue 12 months before the date of issue or agreement:

- (i) *plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;*
- (ii) *plus the number of partly paid shares that became fully paid in the 12 months;*
- (iii) *plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% annual placement capacity without shareholder approval;*
- (iv) *less the number of fully paid shares cancelled in the 12 months.*

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% annual placement capacity.

d is 10%

e is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

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

At the date of this Notice, the Company has on issue 230,366,599 Shares on issue and therefore has a capacity to issue:

- (i) 15% or 34,554,990 Equity Securities under Listing Rule 7.1; and
- (ii) 10% or 23,036,660 Equity Securities subject to Shareholder approval being sought under this Resolution 3 under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities, or the agreement date, in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to 4.3(c) above).

(e) **Information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, the below information is provided in relation to the approval of the 10% Placement Facility:

Minimum Price

The minimum price at which Equity Securities may be issued under the 10% Share Issue Capacity is 75% of the VWAP of securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if they are not issued within 5 Trading Days of the date above, the date on which the Equity Securities are issued.

Date of Issue

The Equity Securities may be issued under the 10% Placement Facility commencing on the date of the Meeting and expires on the earlier to occur of:

- the date that is 12 months after the date of this Meeting; or
- the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).

Risk of economic and voting dilution

If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below.

Shareholders should note that there is a risk that:

- the market price for the Equity Securities to be issued may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.
- a) Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue. If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Facility, the economic and voting dilution of existing Shares would be as shown in the table below.
 - b) The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice, assuming the full 10% dilution.
 - c) The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.015 50% decrease in Issue Price	\$0.03 Issue Price	\$0.045 50% increase in Issue Price
Current Variable A 230,366,599 Shares	Shares issued	23,036,660 Shares	23,036,660 Shares	23,036,660 Shares
	Funds raised	\$345,550	\$691,100	\$1,036,650
50% increase* in current Variable A 345,549,899 Shares	Shares issued	34,554,990 Shares	34,554,990 Shares	34,554,990 Shares
	Funds raised	\$518,325	\$1,036,650	\$1,554,975
100% increase* in current Variable A 460,733,198 Shares	Shares issued	46,073,320 Shares	46,073,320 Shares	46,073,320 Shares
	Funds raised	\$691,100	\$1,382,200	\$2,073,299

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- The current Shares on issue are the Shares on issue at 16 October 2018.
- The issue price set out above is the closing price of the Shares on the ASX on 16 October 2018.
- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility hence the voting dilution is shown in each example as 10%.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances, and if necessary seek advice from their professional advisers.
- No unlisted options of the Company are exercised into Shares before the date of issue of the Equity Securities.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and not dilution under the 15% placement capacity under ASX Listing Rule 7.1, under ASX Listing Rule 7.2, or Shareholder approvals under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares.

Purpose of issue under 10% Placement Facility

The Company may seek to issue the Equity Securities for the following purposes:

- as cash consideration, in which case the Company intends to use the funds raised towards continued exploration and development of the Company's projects, the evaluation and acquisition of new opportunities and general working capital; or
- as non-cash consideration for the exploration and development of the Company's projects, the evaluation and acquisition of new assets and other investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

Allocation under the 10% Placement Facility

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the purpose of the issue;
- the alternative methods of raising funds that are available to the Company, including but not limited to, an entitlement issue or other issue in which existing security holders can participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the circumstances of the Company, including but not limited to the financial situation and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders, who are not related parties of the Company or their associates.

Previous Approval under ASX Listing Rule 7.1A

The Company last obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 24 November 2017.

Voting Exclusion

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not invited any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

4.4 Listing Rule 7.3A.6 Details of Equity Securities issued during last 12 months

Date of Issue	3 November 2017	8 January 2018	8 January 2018	8 January 2018
Number issued	1,304,757	1,083,455	3,166,035	7,300,000
Class/Type	Ordinary Shares	Ordinary Shares	Ordinary Shares	Unquoted Options
Summary of Terms	NA	NA	NA	Exercisable on or before 31 December 2019 @ \$0.06
Name of Persons Issued Securities	Orbit Drilling	Meriwa Street, Sabre Power Systems, Oracle Securities & Thomas Corr	Acuity Capital	Convertible note holders
Deemed/Issue Price	\$0.0391	\$0.04098	\$0.05621	Nil
Discount to market	NA	NA	Nil	NA
CASH ISSUES				
Cash Received	NA	NA	\$177,297	Nil
Cash Spent	NA	NA	\$177,297	Nil
Use of Cash	NA	NA	Ongoing exploration, new projects and working capital	NA
Cash Unspent	NA	NA	\$Nil	NA
NON-CASH ISSUES				
Non-cash consideration	Drilling services	Consulting fees on convertible notes	NA	Unquoted Options
Current value of non-cash consideration	\$24,119	\$32,504	NA	\$86,870 using Black Scholes at issue date

Date of Issue	8 January 2018	19 April 2018	2 May 2018
Number issued	3,649,167	6,000,000	28,435,597
Class/Type	Ordinary Shares	Ordinary Shares	Ordinary Shares
Summary of Terms	Conversion of unquoted options	NA	Placement
Name of Persons Issued Securities	Various	Sequoi Nominees, Reedbuck Nominees & KDN Geo Consulting	Professional or sophisticated investors
Deemed/Issue Price	\$0.04	\$0.06	\$0.054
Discount to market	NA	NA	Nil
CASH ISSUES			
Cash Received	\$145,967	NA	\$1,535,522
Cash Spent	\$145,967	NA	\$670,522
Use of Cash	Ongoing exploration, new projects and working capital	NA	Development of Kaoko Kobalt project, ongoing exploration and working capital
Cash Unspent	\$Nil	NA	\$865,000
NON-CASH ISSUES			
Non-cash consideration	NA	Option to earn a 95% equity interest in Kaoko Kobalt Project	NA
Current value of non-cash consideration	NA	\$180,000	NA

Pursuant to and in accordance with Listing Rule 7.3A.6 (a), the total number of Equity Securities issued since the date of the last AGM held on 24 November 2017 are as follows:

Class/Type	On Issue 24 November 2017	Number Issued Since 24 November 2017	% Issued Since 24 November 2017
Ordinary Shares	188,032,345	42,334,254	22.5%
Quoted Options	18,913,847	Nil	0%
Unquoted Options	17,599,168	7,300,000	41.5%
Total	224,545,360	49,634,254	22.1%

Directors' Recommendation

The Directors consider that the approval of the issue of the 10% placement facility described above is beneficial for the Company as it provides the company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further shareholder approval), should it be required and which will be in addition to, and without using, the company's 15% annual placement capacity. At the date of the notice, the Company has no plans to use the 10% placement facility should it be approved. Accordingly the Directors recommend that shareholders vote in favour of resolution 3.

5. RATIFICATION OF THE ISSUE OF 1,083,455 SHARES TO CONSULTANTS (RESOLUTION 4)

5.1 General

On 14 December 2017, the Company announced the completion of a capital raising through the issue of unsecured convertible notes via Oracle Capital Group ('Oracle') to raise \$750,000 through the issue of up to 750,000 convertible notes (each with a face value of \$1). Under the Oracle Convertible Note Deed, Oracle (or its nominees) was also entitled to a fee of up to \$45,000 (ex GST) which could be paid in Shares or cash.

Resolution 4 seeks ratification from Shareholders for the prior issue of 1,083,455 Shares to nominees of Oracle in lieu of payment in cash of the above fee. The Shares were issued on 8 January 2018.

5.2 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 4, the issue of 1,083,455 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

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

(a) *Number of securities issued*

1,083,455 Shares

(b) *Deemed Issue price of securities*

In lieu of payment for services of provided at an average deemed issue price of \$0.04098.

(c) *Terms of the securities*

Shares were issued fully paid and rank parri passu in all respects with the Company's other Shares on issue.

(d) *The name of the persons to whom Cazaly issued the securities or the basis on which those persons were determined*

Meriwa Street Pty Ltd – 487,555 Shares, Sabre Power Systems Pty Ltd – 93,704 Shares, Oracle Securities Pty Ltd – 355,783 Shares and Thomas Corr – 146,413 Shares

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

No funds were raised by the issue.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4, as it ratifies the above issue of Shares and retains the Company's flexibility to issue further securities representing up to 15% of the Company's Share capital during the next 12 months.

6. RATIFICATION OF THE ISSUE OF 3,166,035 SHARES TO ACUITY CAPITAL (RESOLUTION 5)

6.1 General

The Company has a Controlled Placement Deed ('CPD') in place with Acuity Capital Investment Management Pty Ltd ('Acuity'). The CPD provides Cazaly with standby equity capital of up to \$2m until April 2019. Cazaly retains full control of the placement process, including having sole discretion as to whether or not to utilise the CPD. Cazaly is under no obligation to raise capital under the CPD. If Cazaly does decide to utilise the CPD, it is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by the Company and a 10% discount to a Volume Weighted Average Price ('VWAP') over a period of Cazaly's sole choosing.

The Company was issued with a notice of exercise of CPD option by Acuity on 8 January 2018, as per the terms of the CPD. The Company was required to issue Acuity a total of 3,166,035 Shares at a deemed issue price of \$0.056 for total consideration of \$177,297.

Resolution 5 seeks ratification from Shareholders for the prior issue of 3,166,035 Shares to Acuity under the terms and conditions of the CPD. The Shares were issued on 8 January 2018.

6.2 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 5, the issue of 3,166,035 Shares will be excluded from the calculations of the Company's 15% limit under ASX Listing Rule 7.1.

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

(a) *Number of securities issued*

3,166,035 Shares

(b) *Deemed Issue price of securities*

In lieu of payment for services provided at an average deemed issue price of \$0.056.

(c) *Terms of the securities*

Shares were issued fully paid and rank parri passu in all respects with the Company's other Shares on issue.

(d) *The name of the persons to whom Cazaly issued the securities or the basis on which those persons were determined*

Acuity Capital Investment Management Pty Ltd

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

Funds were used for further exploration work on Cazaly projects as well as for general working capital purposes.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5, as it ratifies the above issue of Shares and retains the Company's flexibility to issue further securities representing up to 15% of the Company's Share capital during the next 12 months.

7. RATIFICATION OF THE ISSUE OF 6,000,000 SHARES TO THE VENDORS OF THE KAOKO KOBALT PROJECT (RESOLUTION 6)

7.1 General

On 26 March 2018, the Company announced that it had acquired an option to earn the rights to a 95% equity interest in the Kaoko Kobalt Project (the 'Project') in Namibia which is primarily prospective for copper-cobalt mineralisation.

The Project comprises exploration licence EPL6667, which was granted to local Namibian owned company KDN Geo Consulting CC ('KDN') in February 2018 for an initial 3 year period. The Project is very large, being ~85 km long and covering an area of approximately 967 square kilometres and abuts Celsius Resources Limited's Opuwo Cobalt project. The acquisition details are:

Cazaly acquired an option for the right to purchase 100% of the capital in Kunene North Pty Ltd ('Kunene'), an Australian unlisted private company. Kunene's main asset is the interest in the Joint Venture ('KDN JV') that Kunene holds with KDN (a local Namibian company controlled by historically disadvantaged Namibians). The KDN JV is administered through a jointly owned Namibian company, Philco One Hundred and Seventy Three (Proprietary) Limited ('Philco').

KDN JV

Philco is owned 51% by Kunene and 49% by KDN. Kunene can earn further equity in Philco and the Project as follows:

- i) Spending N\$1 million (~A\$90,000) by 15 March 2019 to earn a further 25% in Philco (76% total);
- ii) Paying KDN N\$1 million (~A\$90,000) no later than when Kunene has earned 76% equity (*);
- iii) Spend N\$2 million (~A\$180,000) by 18 November 2020 to earn a further 19% in Philco (95% total);
- iv) KDN's remaining 5% free carried to a definitive feasibility study and to be NEEEF compliant (governmental draft "New Equitable Economic Empowerment Framework"); and
- v) KDN's expenditure thereafter to be carried in a loan account.

(*) Cazaly issued two (2) million Shares to KDN to obviate the N\$1 million payment due in clause (ii) of the KDN JV.

Kunene Purchase Agreement

Cazaly entered into an option agreement to purchase all of the capital in Kunene, and therefore its rights under the KDN JV, as follows:

- i) Pay an option fee of US\$5,000 for an exclusive option period expiring on 15 April 2018. If Cazaly were to exercise the option, then it shall;
- ii) Issue 4 million Shares to the shareholders of Kunene;
- iii) Issue 10.5 million Shares upon the delineation of a JORC compliant mineral resource containing at least 10,000t of contained cobalt (or other metal equivalent); and
- iv) Pay A\$1 million (or issuing Shares to that amount) upon a formal Decision to Mine being made in respect of the Project.

On completion of the transaction, Cazaly will be required to

- issue a total of six (6) million Shares (the subject of this Resolution) being four million Shares to the Kunene shareholders and two million Shares to KDN and be obligated to:
 - Spend N\$3 million (~A\$270,000) by 18 November 2020 on the Project,
 - Issue 10.5 million Shares upon the delineation of a JORC compliant resource containing at least 10,000t of contained cobalt (or other metal equivalent), and
 - Pay A\$1 million (or issue Shares to that amount) upon a formal Decision to Mine being made in respect of the Project.

The option fee was paid. The due diligence on the Project and Kunene was completed, including confirmation that a request had been made to the Namibian Ministry of Mines and Energy Licence for EPL6667 to be transferred into Philco, and the Company exercised its option to purchase 100% of the issued capital of Kunene. A declaration of trust was executed between KDN and Kunene whereby KDN would hold the initial 51% Kunene ownership of EPL6667 in trust until the transfer was made to Philco. The transfer of EPL6667 was made effective from 31 July 2018.

Resolution 6 seeks ratification from Shareholders for the prior issue of 6,000,000 Shares to the vendors of the Kaoko Kobalt Project. The Shares were issued on 19 April 2018.

7.2 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 6, the issue of 6,000,000 Shares will be excluded from the calculations of the Company's 15% limit under ASX Listing Rule 7.1.

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

(a) Number of securities issued

6,000,000 Shares

(b) Deemed Issue price of securities

Issued as consideration for the acquisition of an interest in the Project at a deemed issue price of \$0.06.

(c) Terms of the securities

Shares were issued fully paid and rank parri passu in all respects with the Company's other Shares on issue.

(d) The name of the persons to whom Cazaly issued the securities or the basis on which those persons were determined

2,000,000 Shares each to Sequoi Nominees Pty Ltd, Reedbuck Nominees Pty Ltd and KDN Geo Consulting CC

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

No funds were raised by the issue

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 6, as it ratifies the above issue of Shares and retains the Company's flexibility to issue further securities representing up to 15% of the Company's Share capital during the next 12 months.

8. RATIFICATION OF THE ISSUE OF A TOTAL OF 28,435,597 PLACEMENT SHARES (RESOLUTIONS 7 & 8)

8.1 Background

The Company completed a placement of Shares via the issue of 28,435,597 Shares ('Placement Shares'), at an issue price of \$0.054 per Placement Share, to raise gross proceeds of \$1,535,522. The Placement Shares were issued on 2 May 2018. The ratification of the issue of the Placement Shares is sought under Resolutions 7 and 8 in accordance with the requirements of ASX Listing Rule 7.4.

8.2 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 7.1A provides that certain eligible companies may seek shareholder approval at its AGM to issue up to a further 10% of its fully paid ordinary securities on issue at the start of the 12 month period commencing on the date of the AGM ("10% share issue capacity"). The Company is an eligible company and sought and received Shareholder approval to the 10% share issue capacity at its AGM on 24 November 2017. The Shareholder approval is valid for 12 months from the date of the last AGM.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rules 7.1 and 7.1A will be treated as having been made with shareholder approval for the purposes of those Listing Rules if shareholders subsequently approve it and the issue did not breach Listing Rules 7.1 or 7.1A.

Accordingly, the Company is seeking shareholder ratification for the issue of the Placement Shares as follows:

- 12,563,956 Placement Shares issued under the Company's 15% share issue capacity under Listing Rule 7.1; and
- 15,871,641 Placement Shares issued under the Company's 10% share issue capacity under Listing Rule 7.1A.

If Shareholders approve Resolution 7, the issue of 12,563,956 Placement Shares will be excluded from the calculations of the Company's 15% limit under ASX Listing Rule 7.1. If Shareholders approve Resolution 8, the issue of 15,871,641 Placement Shares will be excluded from the calculations of the Company's 10% limit under ASX Listing Rule 7.1A.

8.3 ASX Listing Rule Disclosure Requirements

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

(a) Number of securities issued

28,435,597 Placement Shares

(b) Price at which the securities were issued

\$0.054 per Placement Share

(c) Terms of the securities

The Placement Shares are fully paid and rank pari passu in all respects with the Company's other Shares on issue and are listed on the ASX.

(d) The name of the persons to whom Cazaly issued the securities or the basis on which those persons were determined

The Placement Shares were issued to various professional or sophisticated investors. None of the investors were related parties of the Company or their associates.

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

The net funds raised will be used to further develop and evaluate the Kaoko Kobalt Project in Namibia, other Cazaly projects and/or working capital requirements of the Company.

8.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 7 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

The Board recommends Shareholders vote in favour of Resolution 8 as it allows the Company greater flexibility to issue further Securities representing up to 10% (under ASX Listing Rule 7.1A) of the total number of Shares on issue in any 12 month period without Shareholder approval.

9. APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR NATHAN MCMAHON, MR CLIVE JONES AND MR TERRY GARDINER (RESOLUTIONS 9, 10 & 11)

9.1 General

Resolutions 9 to 11 seek the approval of Shareholders for the issue of a total of 6,500,000 Director Options to Directors and/or their nominee(s) as follows:

Resolution	Director	# of Director Options (i)
Resolution 9	Nathan McMahon	2,500,000
Resolution 10	Clive Jones	2,500,000
Resolution 11	Terry Gardiner	1,500,000

- (i) Expiry date on or before 5.00pm WST on the date that is two (2) years less one day following the date of issue at an exercise price of \$0.06.

Shareholder approval of the grant of the Director Options the subject of Resolutions 9 to 11 is sought for the purposes of ASX Listing Rule 10.11, which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a director without shareholder approval.

The object of Resolutions 9 to 11 is to provide the Directors with a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company. The Directors believe that the success of the Company in the future will depend in large part upon the skills of the people engaged to manage the Company's operations. Accordingly it is important that the Company is able to attract and retain people of the highest calibre. The Directors consider that the most appropriate means of achieving this is to provide directors with an opportunity to participate in the Company's future growth and an incentive to contribute to that growth.

If Shareholder approval is obtained for Resolutions 9 to 11, the Director Options will be granted within one month of Shareholder approval.

9.2 Terms of Director Options

Subject to Shareholder approval, the Director Options will be granted on the terms and conditions set out in Annexure "A" to this Explanatory Memorandum.

9.3 Part 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Director Options to Messrs McMahon, Jones and Gardiner under Resolutions 9, 10 and 11 respectively, constitutes the provision of a financial benefit to related parties.

It is the view of the Directors that the proposed grant of Director Options pursuant to Resolutions 9, 10 and 11, falls within the exceptions under section 210 of the Corporations Act (financial benefit on arm's length terms or terms less favourable) and section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the positions held by Messrs McMahon, Jones and Gardiner. Accordingly, the Directors have determined not to seek Shareholder approval under section 208 of the Corporations Act for the grant of the Director Options to Messrs McMahon, Jones and Gardiner pursuant to Resolutions 9, 10 and 11 respectively.

The Board's view concluded that the totality of Messrs McMahon, Jones and Gardiner's remuneration packages, including the equity component of 6,500,000 Director Options now to be considered for approval by Shareholders, is fair and reasonable in the circumstances of Cazaly given its size and stage of development, market practice of other companies in the mineral exploration industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves, and in light of Messrs McMahon, Jones and Gardiner's management experience and knowledge of the mineral exploration industry.

9.4 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that, subject to certain exemptions (none of which are relevant here), a company must not issue options to a related party without shareholder approval. Resolutions 9 to 11 seek this approval.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 pursuant to Resolutions 9 to 11 is set out below:

a) *The name of the persons*

Mr Nathan McMahon or his nominee.
Mr Clive Jones or his nominee.
Mr Terry Gardiner or his nominee.

b) *The maximum number of securities to be issued (if known) or the formula for calculating the number of securities to be issued to the person*

The maximum number of Director Options which will be granted to Mr McMahon and/or his nominee under Resolution 9 is 2,500,000.
The maximum number of Director Options which will be granted to Mr Jones and/or his nominee under Resolution 10 is 2,500,000.
The maximum number of Director Options which will be granted to Mr Gardiner and/or his nominee under Resolution 11 is 1,500,000.

c) *The date by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting*

The Director Options will be issued within one month of the date of the Meeting.

d) *The issue price of the securities and a statement of the terms of issue*

No consideration is payable by Messrs McMahon, Jones and Gardiner on the grant of the Director Options. Once granted, the Director Options are exercisable at \$0.06 on or before the date that is two (2) years less one day following the date of issue of the Director Options.

9.5 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to issue the Director Options to Messrs McMahon, Jones and Gardiner and/or their nominee(s) as approval is being obtained under ASX Listing Rule 10.11.

Shareholders should note that the issue of securities to Messrs McMahon, Jones and Gardiner and/or their nominee(s) will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

9.6 Grant of potential termination benefits for the purposes of section 200B and 200E of the Corporations Act

Section 200B of the Corporations Act restricts the benefits that can be given to persons who hold a 'managerial or executive office' (as defined in the Corporations Act) on leaving their employment with a company. Specifically, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office in the company if the benefit is approved by shareholders, under section 200E of the Corporations Act, or an exception under section 200F, 200G or 200H of the Corporations Act applies. The Company will always comply with its obligations under ASX Listing Rules 10.18 and 10.19.

The term 'benefit' has a wide meaning and may possibly include benefits resulting from the Board exercising its discretions when an executive and/or Director ceases to be employed by the Company.

Specifically, where an executive has ceased their employment before their Shares and/or Options have vested or been converted, the Board may in certain circumstances exercise its discretion to determine that some or all of the Shares and/or Options will vest or be converted (and determine the basis on which vesting or conversion will occur), having regard to the relevant performance hurdles at the time the executive's employment ceases. The exercise of these discretions may constitute a 'benefit' for the purposes of section 200B of the Corporations Act.

The Board, therefore, seeks shareholder approval for the exercise of the Board's discretion in respect of Messrs McMahon, Jones and Gardiner and any Director Options that have not been converted into Shares at the time of cessation of their engagement with the Company.

Provided Shareholder approval under section 200E of the Corporations Act is given, the value of these benefits will not be counted towards the cap in the termination benefits that can be given to an executive without shareholder approval under section 200F or section 200G of the Corporations Act.

Shareholders are asked to approve, under section 200E of the Corporations Act, the giving of any benefits to Messrs McMahon, Jones and Gardiner upon them ceasing to hold their office as a Director of the Company for the purpose of the Company complying with section 200B of the Corporations Act.

Directors' Recommendation

Mr Nathan McMahon declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr Nathan McMahon) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 9.

Mr Clive Jones declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr Clive Jones) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 10.

Mr Terry Gardiner declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr Terry Gardiner) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 11.

GLOSSARY

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.

2018 Financial Report means the Company's financial report for the financial year ended 30 June 2018, which can be downloaded from the Company's website at www.cazalyresources.com.au.

Acuity means Acuity Capital Investment Management Pty Ltd.

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

Annexure means an annexure to this Explanatory Memorandum.

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 or **Chair** means the Chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) that may be made for this purpose.

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

Constitution means the Company's constitution.

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

CPD means Controlled Placement Deed.

Director means a director of the Company.

Director Options means Options as detailed in Annexure A.

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

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

KDN means KDN Geo Consulting CC a Namibian owned and registered company.

KDN JV means the Joint Venture between Kunene and KDN.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Kunene means Kunene North Pty Ltd, an Australian unlisted private company.

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

Option means an option to acquire a Share.

Philco means Philco One Hundred and Seventy Three (Proprietary) Ltd, a jointly owned, Namibian registered company and manager of the KDN JV.

Placement Shares means the Shares issued on 2 May 2018 and being the subject of Resolutions 7 and 8.

Project means the Kaoko Kobalt Project in Namibia.

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

Remuneration Report means the remuneration report set out in the Directors' Report section of the 2018 Financial Report.

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:

- (f) 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
- (g) 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.

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

Terms and Conditions of Director Options

The terms and conditions of the Director Options are as follows:

- (a) Each Director Option gives the Director Option holder the right to subscribe for one Share. To obtain the right given by each Director Option, the Director Option holder must exercise the Director Options in accordance with the terms and conditions of the Director Options. The Director Options will have an expiry date on or before 5.00pm WST on the date that is 2 years less one day following the date of issue (**Director Option Expiry Date**) at an exercise price of \$0.06 per Director Option.
- (b) Any Director Option not exercised before the relevant Director Option Expiry Date will automatically lapse on that Director Option Expiry Date.
- (c) A Director Option holder may exercise their Director Options by lodging with the Company, before the relevant Director Option Expiry Date:
 - a. written notice of exercise of Director Options specifying the number of Director Options being exercised (**Director Option Exercise Notice**); and
 - b. cheque or electronic funds transfer for the relevant Director Option Exercise Price for the number of Director Options being exercised.
- (d) A Director Option Exercise Notice is only effective when the Company has received the full amount of the relevant Director Option Exercise Price in cleared funds.
- (e) Within 14 Business Days of receipt of the Director Option Exercise Notice accompanied by the relevant Director Option Exercise Price for the number of Director Options being exercised, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Director Option Exercise Notice.
- (f) All Shares allotted upon the exercise of Director Options will upon allotment rank pari passu in all respects with other Shares.
- (g) In the event the Company is listed on ASX at the time of exercise of the Director Options the Company will apply for quotation on ASX of all Shares allotted pursuant to the exercise of Director Options within 10 Business Days after the date of allotment of those Shares.
- (h) If at any time the issued capital of the Company is reconstructed, all rights of a Director Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules (if applicable) at the time of the reconstruction.
- (i) There are no participating rights or entitlements inherent in the Director Options and Director Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 3 Business Days after the issue is announced. This will give Director Option holders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- (j) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Director Options, the exercise price of the Director Options will be treated in accordance with the Listing Rules (if applicable).
- (k) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Director Options, the number of securities over which a Director Option is exercisable may be increased by the number of securities which the Director Option holder would have received if the Director Option had been exercised before the record date for the bonus issue.