



ACN 006 640 553

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the offices of the Company, at Suite 12, 11 Ventnor Avenue, West Perth, Western Australia on Tuesday, 27 November 2018 at 1:00pm (WST).

The Notice of Annual 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) 6245 2057

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

CALIDUS RESOURCES LIMITED

ACN 006 640 553

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Calidus Resources Limited (**Company**) will be held at the offices of the Company, at Suite 12, Level 1, 11 Ventnor Avenue, West Perth, Western Australia on Tuesday, 27 November 2018 at 1:00pm (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 Sunday, 25 November 2018 at 1:00pm (WST).

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

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Remuneration Report

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

"That the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, 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 this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Election of Director - Mr Mark Connelly

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

"That, in accordance with Articles 10.2(c), 10.3(c) and 10.3(j) of the Constitution, Listing Rule 14.4 and for all other purposes, Mr Mark Connelly, a Director who was appointed on 20 February 2018, retires and, being eligible, is elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 3 - Ratification of prior issue of Gardner Shares

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 7.4 and for all other purposes, Shareholders ratify the issue of 1,785,000 Shares to Gardner Mining Pty Ltd (or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Gardner Mining Pty Ltd (and its nominees) or any of their associates.

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.

5. Resolution 4 - Ratification of prior issue of Placement Securities

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 Listing Rule 7.4 and for all other purposes, Shareholders ratify the following issues of Securities:

- (a) 124,966,848 Shares issued under Listing Rule 7.1A;
- (b) 33,152 Shares issued under Listing Rule 7.1; and
- (c) 70,000,000 unquoted Options issued under Listing Rule 7.1;

to Alkane Resources Ltd (or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of Alkane Resources Ltd (and its nominees) or any of their associates.

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.

6. Resolution 5 - Cancellation of Shares issued to Mr Mark Connelly

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

"That, pursuant to and in accordance with sections 256B and 256C(2) of the Corporations Act and for all other purposes, Shareholders approval the selective reduction of the Company's capital and cancellation of 5,000,000 Shares issued to Mr Mark Connelly (or his nominees) with effect from the date that is 14 days after this Resolution is lodged with ASIC, on the terms and conditions set out in the Explanatory Memorandum."

Voting Prohibitions

The Company will disregard any votes cast in favour of this Resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on Shares is to be reduced, or by their associates.

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.

Further, 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 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.

7. Resolution 6 - Issue of Shares to Mr Mark Connelly

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 10.14 and for all other purposes, Shareholders approve the issue of 5,000,000 to Mr Mark Connelly (or his nominees) under the Company's Employee Securities Incentive Plan on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director (and their respective nominees) who is eligible to participate in the Employee Securities Incentive Plan or any of their associates.

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.

Voting Prohibition

Further, 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 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.

8. Resolution 7 - Approval of 10% Placement Facility

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any persons who are expected to participate in, or who will obtain a material benefit as a result of, an issue under the 10% Placement Facility (except a benefit solely by reason of being a holder of Shares) or any associate 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.

BY ORDER OF THE BOARD

Julia Beckett
Company Secretary
Calidus Resources Limited

Dated: 29 October 2018

CALIDUS RESOURCES LIMITED

ACN 006 640 553

EXPLANATORY MEMORANDUM

1. 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 the offices of the Company, at Suite 12, Level 1, 11 Ventnor Avenue, West Perth, Western Australia on Tuesday, 27 November 2018 at 1:00pm (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 2	Action to be taken by Shareholders
Section 3	Annual Report
Section 4	Resolution 1 - Remuneration Report
Section 5	Resolution 2 - Election of Director - Mr Mark Connelly
Section 6	Resolution 3 - Ratification of prior issue of Gardner Shares
Section 7	Resolution 4 - Ratification of prior issue of Placement Securities
Section 8	Resolution 5 - Cancellation of Shares issued to Mr Mark Connelly
Section 9	Resolution 6 - Issue of Shares to Mr Mark Connelly
Section 10	Resolution 7 - Approval of 10% Placement Facility
Schedule 1	Definitions
Schedule 2	Terms and conditions of Options
Schedule 3	Securities issued in the previous 12 months

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

2. Action to be taken by Shareholders

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

2.1 Voting in person

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

2.2 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.

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

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

In accordance with sections 250BD of the Corporations Act, a vote on Resolution 1, 5 or 6 must not be cast (in any capacity) by or on behalf of:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1, 5 or 6 if the vote is not cast on behalf of a person who is excluded from voting on the relevant Resolution 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 1, 5 and 6.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, 5 or 6, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2018.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report which is available online at www.calidus.com.au;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chair about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Remuneration Report

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another

meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2017 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2019 annual general meeting, this may result in the re-election of the Board.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Resolution 1 is a non-binding resolution.

5. Resolution 2 - Election of Director - Mr Mark Connelly

5.1 General

Article 10.2(b) of the Constitution allows the Board to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to Article 10.3(j) of the Constitution, any Director so appointed must retire at the next annual general meeting of the Company and is then eligible for election by Shareholders under Article 10.2(c) of the Constitution. In addition, Listing Rule 14.4 provides that a Director appointed as an addition to the Board must not hold office (without re-election) past the next annual general meeting.

Article 10.3(c) of the Constitution requires that one third of the Directors (excluding the Managing Director) must retire at each annual general meeting (or if that is not a whole number, the whole number nearest to one third, rounded down). As at the date of this Notice, the Company has 3 Directors (excluding the Managing Director) and accordingly, one Director must retire.

On 20 February 2018, Mr Mark Connelly was appointed as an independent, Non-Executive Director and Chairman of the Company pursuant to Article 10.2(b) of the Constitution.

Accordingly, Mr Connelly resigns as a Director at the Meeting and, being eligible, seeks approval to be elected as a Director pursuant to Resolution 2.

The Board (excluding Mr Connelly) recommends that Shareholders vote in favour of Resolution 2.

Resolution 2 is an ordinary resolution.

5.2 Mr Mark Connelly

Bachelor of Business, ECU, MAICD, AIMM, Member of SME

Mr Connelly has extensive board and leadership experience in companies across a variety of commodities and jurisdictions including Australia, West Africa, North America and Europe. He was previously Managing Director of Papillion Resources

and was instrumental in the US\$570m takeover of Papillion by B2Gold Corp in October 2014. Prior to Papillon, Mr Connelly was Chief Operating Officer of Endeavour Mining Corporation, following its merger with Adamus Resources Limited where he was Managing Director and CEO. He was instrumental in not only the merger, but procurement of project finance and the development of the Nzema Mine in Ghana into a +100Koz pa mining operation.

Mr Connelly is currently Non-Executive Chairman at ASX-listed entities West African Resources Ltd, Tao Commodities Ltd and Primero Group.

6. Resolution 3 - Ratification of prior issue of Gardner Shares

6.1 General

As announced by the Company on 29 March 2018, the Company entered into an agreement with Gardner Mining Pty Ltd (**Gardner**) to acquire two tenements, E45/3615 and E45/4236 (**Gardner Tenements**), in consideration for the issue of 1,785,000 Shares to Gardner (or its nominees) (**Gardner Shares**).

The Gardner Shares were issued on 26 June 2018 within the 15% annual limit permitted by Listing Rule 7.1 without the need for Shareholder approval.

Resolution 3 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Gardner Shares.

Resolution 3 is an ordinary resolution.

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

6.2 Listing Rules 7.1 and 7.4

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.

Listing Rule 7.4 provides an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The effect of Shareholders passing Resolution 3 by ratifying the issue of the Gardner Shares will be to restore the Company's ability to issue further Equity Securities, to the extent of 1.785 million Equity Securities, during the next 12 months without the requirement to obtain prior Shareholder approval.

6.3 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Gardner Shares:

- (a) the total number of Gardner Shares issued was 1,785,000;

- (b) the Gardner Shares were issued for nil cash consideration;
- (c) the Gardner Shares were issued as fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Gardner Shares were issued to Gardner (or its nominees), none of whom are related parties of the Company;
- (e) the Gardner Shares were issued in consideration of the acquisition of the Gardner Tenements and therefore no funds were raised as a result of the issue; and
- (f) a voting exclusion statement is included in the Notice.

7. Resolution 4 - Ratification of prior issue of Placement Securities

7.1 General

As announced by the Company on 17 October 2018, the Company entered into a subscription agreement with Alkane Resources Ltd (ASX:ALK) (**Alkane**) for a placement of 125,000,000 Shares at 2.95 cents each, together with 70,000,000 free-attaching unquoted Options, (**Placement Securities**) to raise \$3,687,500 (before costs).

On 18 October 2018, the Company issued the Placement Securities to Alkane (or its nominees) using the Company's placement capacity under Listing Rules 7.1 and 7.1A without the need for Shareholder approval.

Resolutions 4(a)-(c) (inclusive) seek the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Securities.

Each of the resolutions which form part of Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of each of the resolutions which form part of Resolution 4.

7.2 Listing Rules 7.1 and 7.1A

A summary of Listing Rule 7.1 is contained in Section 6.2 above.

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of its issued capital. The Company obtained this approval at its annual general meeting held on 31 October 2017.

7.3 Listing Rule 7.4

Listing Rule 7.4 provides an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 and 7.1A), those securities will be deemed to have been

made with shareholder approval for the purpose of Listing Rules 7.1 and 7.1A, as applicable.

The effect of the resolutions which form part of Resolution 4 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 and the additional 10% annual placement capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

7.4 Specific information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Placement Securities:

- (a) the total number of Placement Securities issued was 125,000,000 Shares and 70,000,000 free-attaching unquoted Options as follows:
 - (i) 33,152 Shares and 70,000,000 were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval; and
 - (ii) 124,966,848 Shares were issued within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval;
- (b) the Shares were issued at \$0.0295 each and the unquoted Options were issued as free-attaching to the Shares for nil cash consideration;
- (c) the Shares were issued as fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue, and the Options are exercisable at \$0.035 each on or before 1 November 2019 and were otherwise issued on the terms and conditions set out in Schedule 2;
- (d) the Placement Securities were issued to Alkane (or its nominees), none of whom are related parties of the Company;
- (e) the funds raised from the Placement Securities are intended to be used primarily to complete feasibility studies on the Warrawoona Gold Project and for general working capital; and
- (f) a voting exclusion statement is included in the Notice.

8. Resolution 5 - Cancellation of Shares issued to Mr Mark Connelly

8.1 General

On 20 February 2018, the Company appointed Mr Mark Connelly to the Board and issued 5 million Shares to Mr Connelly (or his nominees) under the Company's Employee Securities Incentive Plan (**Connelly Shares**). The issue of the Connelly Shares was funded by a limited recourse, interest-free loan provided by the Company pursuant to the Plan and the Connelly Shares are subject to a voluntary holding lock expiring 20 February 2019.

The Company did not obtain Shareholder approval under Listing Rule 10.11 for the issue of the Connelly Shares as it was of the view that Listing Rule 10.12 exception 6 applied to the issue of the Connelly Shares. Shareholder approval was also not sought under Chapter 2E of the Corporations Act as the Board considered that the issue of Connelly Shares was reasonable remuneration which had been negotiated on arm's length terms.

However, Listing Rule 10.14 provides that an entity must not permit a director, or an associate of a director, (among others) to acquire securities under an employee incentive scheme without shareholder approval. Accordingly, the issue of the Connelly Shares without prior Shareholder approval was in breach of Listing Rule 10.14. The Company wishes to advise Shareholders that the breach was an administrative oversight and that steps have been taken to avoid such a breach re-occurring in the future. The Company notes that if the cancellation of the Connelly Shares is not approved by Shareholders, Mr Connelly will sell the Connelly Shares and any proceeds up to \$200,000 will be provided to the Company in satisfaction of the limited recourse loan, with any surplus funds to be provided to a charity of Mr Connelly's choice.

Further to discussions with ASX regarding this matter, the Company is seeking to remedy the breach by cancelling the Connelly Shares pursuant to Resolution 5 and is seeking Shareholder approval pursuant to Resolution 6 to re-issue the Shares to Mr Connelly (or his nominees) for the purposes of Listing Rule 10.14.

As Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney, or in the case of a corporate Shareholder, by a corporate representative).

The Board (other than Mr Connelly) recommends that Shareholders vote in favour of Resolution 5.

8.2 Sections 256B and 256C(2) of the Corporations Act

Section 256B of the Corporations Act provides that a company may reduce its share capital by cancelling the shares for no consideration if the reduction:

- (a) is fair and reasonable to the company's shareholders;
- (b) does not materially prejudice the company's ability to pay its creditors;
and
- (c) is approved by shareholders under section 256C of the Corporations Act.

To enable the Company to make the capital reduction by cancelling the Connelly Shares, section 256C(2) of the Corporations Act requires a special resolution of the Shareholders passed at a general meeting as the capital reduction proposed for the Company is a selective reduction because the terms of the reduction will not be the same for all Shareholders; only the 5 million Connelly Shares will be cancelled.

The Directors (other than Mr Connelly) believe the proposed capital reduction is fair and reasonable to Shareholders as a whole because the Connelly Shares were inadvertently issued without Shareholder approval in contravention of Listing Rule 10.14. The Directors (other than Mr Connelly) also believe that the proposed capital reduction will not materially prejudice the Company's ability to pay its creditors as those Connelly Shares will, subject to Shareholder approval under

Resolution 6, be re-issued to Mr Connelly (or his nominees) at the same deemed issue price as they were previously issued.

Therefore, the Directors (other than Mr Connelly) consider it appropriate and necessary to cancel the Connelly Shares, and seek Shareholder approval to re-issue the Shares to Mr Connelly (or his nominees) for the purposes of Listing Rule 10.14 pursuant to Resolution 5.

There is no information known to the Company that is material to the decision on how to vote on Resolution 5 other than what has been disclosed in this Notice.

Pursuant to the Corporations Act, the Company may cancel the Connelly Shares 14 days after the lodgement of this Resolution (once it has been approved by Shareholders) with ASIC.

9. Resolution 6 - Issue of Shares to Mr Mark Connelly

9.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 5,000,000 Shares to Mr Mark Connelly (or his nominees) (**New Connelly Shares**), under the Company's Employee Incentive Securities Plan (**Plan**) to replace the Connelly Shares to be cancelled in accordance with Resolution 5. The issue of the New Connelly Shares will be funded by a limited recourse, interest-free loan provided by the Company pursuant to the Plan and the Shares will be subject to a voluntary holding lock expiring 20 February 2019.

Resolution 6 seeks Shareholder approval for the issue of 5,000,000 Shares under the Plan to Mr Connelly or his nominees.

The Board (excluding Mr Connelly) recommends that Shareholders vote in favour of Resolution 6.

Resolution 6 is an ordinary resolution.

9.2 Listing Rule 10.14

Shareholder approval is required under Listing Rule 10.14 where an entity issues, or agrees to issue, securities to a director (or associate of a director) under an employee incentive scheme.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rules 7.1 or 10.11 is not required.

9.3 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

The issue of the Shares to Mr Connelly (or his nominees) constitutes a financial benefit and Mr Connelly is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Reeves who has a material personal interest in Resolution 6) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the New Connelly Shares to Mr Connelly because the issue of the Shares is considered reasonable remuneration and will be made on the same terms as Shares issued to non-related parties under the Plan.

9.4 Specific information required by Listing Rule 10.15

Pursuant to and in accordance with the requirements of Listing Rule 10.15, the following information is provided in relation to the proposed issue of New Connelly Shares to Mr Connelly (or his nominees):

- (a) a maximum of 5,000,000 Shares may be issued to Mr Mark Connelly, a Director of the Company, or his nominees;
- (b) the New Connelly Shares will be issued for \$0.04 each;
- (c) other than the Connelly Shares to be cancelled (see Resolution 5), no Securities have been issued to Directors under the Plan since it was approved by Shareholder on 31 October 2017;
- (d) subject to the requirements of the Listing Rules and the determination of the Board, all of the Directors and their respective nominees are entitled to participate in the Plan, being Messrs David Reeves, Keith Coughlan, Peter Hepburn-Brown, Adam Miethke and Mark Connelly;
- (e) the issue of the New Connelly Shares will be funded by a limited recourse, interest-free loan provided by the Company pursuant to the Plan. The unsecured loan will be for \$200,000, repayable 15 years after the date of the loan advance, and Mr Connelly's liability will be limited to the value of the New Connelly Shares;
- (f) the New Connelly Shares will be issued to Mr Connelly (or his nominees) no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on one date following the cancellation of the Connelly Shares pursuant to Resolution 5; and
- (g) a voting exclusion statement is included in the Notice.

10. Resolution 7 - Approval of 10% Placement Facility

10.1 General

Listing Rule 7.1A 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 (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement 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. Based on the ASX closing price on 19 October 2018, the Company has a market capitalisation of approximately \$39.7 million. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 10.2(c) below).

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.

Resolution 7 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

10.2 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.

(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 on issue two quoted classes of Equity Securities, Shares and Options.

(c) Formula for calculating 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:

$$(A \times D) - E$$

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

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (D) 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% 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 the issue or agreement to issue that are not issued with Shareholder approval 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 the Notice, the Company has on issue 1,418,953,495 Shares and has the capacity to issue:

- (i) 212,843,024 Equity Securities under Listing Rule 7.1 (subject to Shareholder approvals being sought under Resolutions 3, 4(b), 4(c), 5 and 6); and
- (ii) 141,895,349 Equity Securities under Listing Rule 7.1A (subject to Shareholder approval being sought under Resolutions 4(a) and 7).

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 in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 10.2(c)).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of Shareholder approval 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),

(10% Placement Period).

10.3 Listing Rule 7.1A

The effect of Resolution 7 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

10.4 Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

(a) **Minimum issue price**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

If the Equity Securities are issued for non-cash consideration, then, In accordance with the Listing Rules, the Company will provide a valuation of the non-cash consideration to the market that demonstrates that the issue price of the securities complies with Listing Rule 7.1A.3.

(b) **Risk of economic and voting dilution**

If this Resolution 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 below tables (in the case of Options, only if the Options are converted into Shares). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below tables show:

- (iii) 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 the Notice;
- (iv) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (v) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2*		Dilution		
		\$0.014 50% decrease in Issue Price	\$0.028 Issue Price	\$0.056 100% increase in Issue Price
Current Variable A 1,418,953,495 Shares	10% Voting Dilution	141,895,350 Shares	141,895,350 Shares	141,895,350 Shares
	Funds raised	\$1,986,535	\$3,973,070	\$7,946,140
50% increase in current Variable A 2,128,430,243 Shares	10% Voting Dilution	212,843,024 Shares	212,843,024 Shares	212,843,024 Shares
	Funds raised	\$2,979,802	\$5,959,605	\$11,919,209
100% increase in current Variable A 2,837,906,990 Shares	10% Voting Dilution	283,790,699 Shares	283,790,699 Shares	283,790,699 Shares
	Funds raised	\$3,973,070	\$7,946,140	\$15,892,279

* 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 with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2. No convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The tables do not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
5. The tables show only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
6. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
7. The issue price is \$0.028 being the closing price of the Shares on ASX on 19 October 2018.
8. Variable A is equal to the number of existing Shares on issue as at the date of this Notice, being 1,418,953,495, assuming the Company has not issued any Shares in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 and 7.4 (i.e. assuming that Shareholder approvals are obtained under Resolutions 3, 4, 5 and 6).

(c) Final date for issue

The Company will only issue the Equity Securities during the 10% Placement Period.

(d) Purposes of issues under 10% Placement Facility

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

- (i) cash consideration, in which case the Company intends to use funds raised for the acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and scoping and feasibility study expenditure on the Company's current assets and/or general working capital; or
- (ii) non-cash consideration for the provision of services to the Company or the acquisition of new projects, assets and investments. In such circumstances the Company will provide a

valuation of the non-cash consideration as required under Listing Rule 7.1A.3.

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

(e) Allocation policy

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:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) financial situation and solvency of the Company; and
- (iv) 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 the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.

Further, if the Company is successful in acquiring new projects, assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new projects, assets or investments.

(f) Issues in the past 12 months

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 31 October 2018.

In the 12 months preceding the date of the Meeting and as at the date of this Notice, the Company has issued 469,285,000 Equity Securities, comprised of 387,285,000 Shares, 70,000,000 unquoted Options and 12,000,000 Performance Rights. This represents 27% of the total number of Equity Securities on issue at the commencement of that 12 month period.

Details of each issue of Equity Securities by the Company during the 12 months preceding the date of the Meeting are set out in Schedule 3

(g) Voting exclusion statement

A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Schedule 1 - Definitions

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

10% Placement Facility has the meaning given in Section 10.1.

10% Placement Period has the meaning given in Section 10.2(f).

\$ or A\$ means Australian Dollars.

Alkane means Alkane Resources Ltd (ACN 000 689 216).

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2018.

Article means an article of the Constitution.

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

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

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 Calidus Resources Limited (ACN 006 640 553).

Company Secretary means the company secretary of the Company, Ms Julia Beckett.

Connelly Shares means the 5 million Shares issued to Mr Mark Connelly (or his nominees) as described in Section 8.1.

Constitution means the constitution of the Company as at the date of the Meeting.

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

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

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.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Gardner means Gardner Mining Pty Ltd (ACN 130 634 785).

Gardner Shares means the 1,785,000 Shares issued to Gardner which are the subject of Resolution 3.

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.

Listing Rules means the listing rules of ASX.

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

New Connelly Shares means the 5 million Shares to be issued to Mr Mark Connelly (or his nominees) as described in Section 9.1.

Notice means this notice of annual general meeting.

Option means an option to acquire a Share.

Plan means the Company's Employee Securities Incentive Plan approved by Shareholders at the Company's 2017 annual general meeting held on 31 October 2017.

Placement Securities means the 125,000,000 Shares and 70,000,000 free-attaching unquoted Options issued to Alkane which are the subject of Resolutions 4(a), (b) and (c).

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means all Equity Securities of the Company, including a Share, an Option, a Performance Right and a Performance Share.

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

Shareholder means a shareholder of the Company.

Strike means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

Trading Day has the meaning given in the Listing Rules.

VWAP means volume weighted average market price.

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

Schedule 2 - Terms and conditions of Options

The terms of the Options are as follows:

1. **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. **(Issue Price):** No cash consideration is payable for the issue of the Options.
3. **(Exercise Price):** The Options have an exercise price of \$0.035 per Option (**Exercise Price**).
4. **(Expiry Date):** The Options expire at 5:00pm (WST) on 1 November 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
5. **(Exercise Period):** The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
6. **(Quotation of the Options):** The Company will not apply for quotation of the Options on ASX.
7. **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company.
8. **(Notice of Exercise):** The Options may be exercised 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.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at 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**).

9. **(Timing of issue of Shares on exercise):** Within 5 Business Days after the later of the following:
 - (a) the Exercise Date; and
 - (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (c) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (d) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and

- (e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is required but unable to deliver a notice under paragraph 9(d) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company or until 12 months has elapsed from the date of issue of the Shares, whichever is the shorter.

- 10. **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
- 11. **(Quotation of Shares on exercise):** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.
- 12. **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- 13. **(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.
- 14. **(Adjustment for bonus issues of Shares):** 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 Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.

Schedule 3 - Securities issued in the previous 12 months

Details of each issue of Equity Securities by the Company during the 12 months preceding the date of the Meeting are set out in the table below:

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount to Market Price ¹ (if applicable)	Consideration, Use of Funds and Current Value ² as at the date of this Notice
18/12/17	250,000,000	Shares	Holders of Performance Shares ³	Nil issue price (nil cash consideration)	Nil cash consideration. Conversion of Performance Shares. Current Value: \$7,000,000
20/2/18	5,000,000	Shares	Director Mark Connelly, under the Plan (see Resolution 5)	\$0.04 per Share, representing a discount of 2.41% to the Market Price on the date of issue	No funds were raised by the issue of the Shares as they were funded by a limited recourse, interest-free loan for \$200,000 under the Plan. Current Value: \$140,000
13/6/18	12,000,000	Performance Rights ⁴	Employees under the Plan	Nil issue price (nil cash consideration)	Performance based remuneration for services provided to the Company. Current Value: \$294,000
22/6/18	1,785,000	Shares	Gardner Mining Pty Ltd (see Resolution 3)	Nil issue price (nil cash consideration)	Consideration for the acquisition of two tenements (see Section 6.1). Current Value: \$49,980
22/6/18	5,000,000	Shares	Holder of unquoted Options (Director David Reeves) ⁵	\$0.03 per Share, representing a discount of 18.91% to the Market Price on the date of issue	\$150,000 (before costs) was raised, all of which has been expended on exploration and development of the Warrawoona Gold Project and for working capital requirements.

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount to Market Price ¹ (if applicable)	Consideration, Use of Funds and Current Value ² as at the date of this Notice
22/6/18	500,000	Shares	Holders of unquoted Options ⁶	\$0.025 per Share, representing a discount of 32.4% to the Market Price on the date of issue	\$12,500 (before costs) was raised, all of which has been expended on exploration and development of the Warrawoona Gold Project and for working capital requirements.
18/10/18	125,000,000	Shares	Alkane Resources Ltd (or its nominees)	\$0.0295 per Share, representing a premium of 5.4% to the Market Price on the date of issue	\$3,687,500 (before costs) was raised, of which none has been expended, but which is intended to be used primarily to complete feasibility studies on the Warrawoona Gold Project and for general working capital.
18/10/18	70,000,000	Unquoted Options ⁷	Alkane Resources Ltd (or its nominees)	Nil issue price (nil cash consideration)	Nil cash consideration. Free-attaching to Shares issued 18 October 2018.

Notes:

1. "Market Price" means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. In respect of quoted Equity Securities the current value is based on the closing price of the Shares (\$0.028) on ASX on 19 October 2018. The value of unquoted Equity Securities (unquoted Performance Rights) is measured using the Black & Scholes pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Equity Security, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk-free interest rate for the term of the Equity Security. No account is taken of any performance conditions included in the terms of the Equity Security other than market-based performance conditions (i.e. conditions linked to the price of Shares).

3. Class A Performance Shares which vested and converted into Shares upon the Company's announcement of a JORC 2012 compliant Indicated or Measured Resource of at least 6Mt with cut-off grade of 0.5g/t Au for at least 500,000oz of gold at the Klondyke Gold Project.
4. Performance Rights convert into Shares based on the difference between the market price of Shares at time of exercise and 4.1 cents per Share. Performance Rights must be held for 12 months before conversion and expire 13 June 2021.
5. Unquoted Options exercisable at \$0.03 each on or before 13 June 2020. Shares issued upon exercise of the Options are subject to a voluntary holding lock until 22 June 2019
6. Unquoted Options exercisable at \$0.025 each on or before 9 June 2020.
7. Unquoted Options exercisable at \$0.035 each on or before 1 November 2019, on the terms and conditions set out in Schedule 2.

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Vote by Proxy: CAI

Your proxy voting instruction must be received by **1.00pm (WST) on Sunday 25 November 2018**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders not owned by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares 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 shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

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

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



Return your completed form



BY MAIL:
Automatic
GPO Box 5193
Sydney NSW 2001



IN PERSON:
Automatic
Level 5, 126 Phillip Street
Sydney NSW 2000

Contact us – All enquiries to Automic



WECHAT: <https://automic.com.au/>



EMAIL: hello@automic.com.au



PHONE:
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

STEP 1: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of Calidus Resources Limited, to be held at **1.00 pm (WST) on Tuesday, 27 November 2018 at Suite 12, 11 Ventnor Avenue, West Perth, Western Australia**, hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

[illegible]

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

Unless indicated otherwise by ticking the “for,” “against” or “abstain” box you will be authorising the Chair to vote in accordance with the Chair’s voting intention.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 5 and 6 are connected directly or indirectly with the remuneration of a member of the Kue Management Personnel, which includes the Chair.

STEP 2: Your Voting Direction

Resolutions		For	Against	Abstain
1.	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Election of Director – Mr Mark Connelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Ratification of prior issue of Gardner Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4a.	Ratification of prior issue of Placement Securities - 14,66,840 Shares issued under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4b.	Ratification of prior issue of Placement Securities - 152 Shares issued under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4c.	Ratification of prior issue of Placement Securities - 70,000,000 unquoted Options issued under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Cancellation of Shares issued to Mr Mark Connelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Issue of Shares to Mr Mark Connelly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1

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Sole Director and Sole Company Secretary

Securituholder 2

Director

Securituholder 3

--

Director / Company Secretary

Contact Name:

[illegible]

Email Address:

[illegible]

Contact Daytime Telephone

[illegible]

Date (DD/MM/YY)

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By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).