
BUXTON RESOURCES LIMITED
ACN 125 049 550

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT AND
PROXY FORM

TIME: 12 noon (WST)
DATE: 29 November 2018
PLACE: Steve's Wine Cellar
30 The Avenue
Nedlands, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters I this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 0) 408 900 277

This page has been left blank intentionally.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Meeting of Shareholders to which this Notice of Meeting relates to will be held at 12 noon (WST) 29 November 2018 at:

Steve's Wine Cellar
30 The Avenue
Nedlands, Western Australia

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed proxy form and return in accordance with the instructions on that form

so that it is received not later than 12 noon (WST) on 27 November 2018.

Proxy forms received later than this time will be invalid.

BUXTON RESOURCES LIMITED

ACN 125 049 550

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Buxton Resources Limited will be held at Steve's Wine Cellar, 30 The Avenue, Nedlands, Western Australia on 29 November 2018 at 12 noon (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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 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 as contained in the Company's annual financial report for the financial year ended 30 June 2018."

Short Explanation: The Company is required to put a resolution to adopt the remuneration report of the Company at each annual general meeting. This is an advisory resolution only and does not bind the Directors or the Company.

Voting exclusion: A vote in respect of Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons (the "voter"):

- (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, the voter may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and

- (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the entity.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – FENG (FRANK) XUE

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

“That, for the purposes of article 6.3 of the Constitution and for all other purposes, Feng (Frank) Xue, a Director who retires by rotation, and being eligible, is re-elected as a Director.”

Short Explanation: Feng (Frank) Xue is currently a Director and is presented for re-election in accordance with the rotation requirements of the Company's Constitution.

RESOLUTION 3 - RATIFICATION OF SHARES TO DRILLING CONTRACTOR PARTIES

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given to the issue of 2,962,962 Shares to drilling contractor parties on the terms set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: The Company seeks approval to ratify the Shares issued and refresh the Company's placement capacities.

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or an associate of those persons. However, the Company need not disregard a vote if it:

- (a) 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 person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

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

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: Listing Rule 7.1A permits eligible entities to obtain shareholder approval to issue an additional 10% of the entities' issued ordinary securities during a 12 month period. Shareholder approval must be given by a special resolution (at least 75% approval) at an annual general meeting.

Voting exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) it is cast by a person as 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 person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – APPROVAL TO RENEW PROPORTIONAL TAKEOVER PROVISIONS

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

"That, for the purpose of section 648G of the Corporations Act and for all other purposes, Shareholders renew the proportional takeover approval provision of the Constitution as set out in Annexure 1 of this Notice for a period of 3 years from the date of this Meeting."

Short Explanation: Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the Shareholders. The Company obtained Shareholder approval on 30 November 2015 to include the proportional takeover approval provision in the Constitution.

The proportional takeover approval provision ceases to apply after 3 years and the Company is seeking to renew this provision.

By order of the Board



Sam Wright
Company Secretary
9 October 2018

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 27 November 2018 at 4:00pm (WST).
4. A proxy form is attached. If required it should be completed, signed and returned in accordance with the instructions on that form.

BUXTON RESOURCES LIMITED
ACN 125 049 550

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.buxtonresources.com.au.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Financial Report for the financial period ended 30 June 2018;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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 Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2018.

A reasonable opportunity will be provided for questions about or comments on the Remuneration Report at the Annual General Meeting.

2.2 **Voting consequences**

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

2.3 **Previous voting results**

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

2.4 **Proxy restrictions**

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1.

If you appoint a member of the key management personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

The Chairman intends to vote all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

Key management personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2018. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

3. **RESOLUTION 2 – RE-ELECTION OF DIRECTOR – FENG (FRANK) XUE**

Article 6.3 of the Constitution requires that where the Company has 3 or more Directors, one-third (rounded down to the nearest whole number) must retire at each annual general meeting. Additionally, each of the Constitution and Listing Rule 14.4 provide that a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment. The retirement rules do not apply to a managing director.

Mr Xue was last re-elected on 21 November 2016 and retires in accordance with these provisions and, being eligible, offers himself for re-election as a Director.

Mr Xue is a non-executive Director of the Company. Details of the qualifications and expertise of Mr Xue are set out in the 2018 Annual Report of the Company.

The Directors recommend the re-election of Mr Xue as a Director.

4. RESOLUTION 3 – RATIFICATION OF SHARES TO DRILLING CONTRACTOR PARTIES

This Resolution seeks Shareholder approval in relation to the issue of 2,962,962 Shares issued as a placement to the directors of the drilling contractors (DDH1 Drilling Pty Ltd) on 3 August 2018.

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

Listing Rule 7.4 provides that an issue of securities made without the approval under Listing Rule 7.1 is treated as having been made with approval if the issue of securities did not breach Listing Rule 7.1 (that is, the issue was within the Company's 15% capacity or any additional 10% placement under Listing Rule 7.1A) and shareholders subsequently approve it.

The Shares issued the subject of this Resolution were issued within the Company's 15% capacity. The Company seeks Shareholder approval to ratify the securities issued and refresh the Company's 15% capacity.

In accordance with Listing Rule 7.5, the following information is provided to Shareholders:

- (a) The number of securities issued was 2,962,962 Shares.
- (b) The Shares were issued at an issue price of 13.5 cents each.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- (d) The Shares were issued to Murray Pollock and Matt Thurston being directors of the drilling contractors, DDH1 Drilling Pty Ltd. These parties are not related parties of the Company.
- (e) The Company intends to use the funds for exploration activities and for general working capital.

5. RESOLUTION 4 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

5.1 General

Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("Additional Placement Capacity").

The Company seeks Shareholder approval under this Resolution to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in Listing Rule 7.1A.2 (set out below).

5.2 Requirements of Listing Rule 7.1A

(a) Eligible entities

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.

(b) Shareholder approval

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote. A resolution under Listing Rule 7.1A cannot be put at any other shareholder meeting.

(c) Equity Securities

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Equity Securities that are quoted on ASX are fully paid ordinary Shares.

(d) Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity

If this Resolution is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

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

A	The number of shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none">• plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;• plus the number of partly paid shares that became fully paid in the 12 months;• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under Listing Rules 7.1 or 7.4;• less the number of fully paid shares cancelled in the 12 months.
D	10%
E	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 Rules 7.1 or 7.4.

(e) Interaction between Listing Rules 7.1 and 7.1A

The Additional Placement Capacity under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company has 114,313,784 Shares on issue as at the date of this Notice. If the Resolutions the subject of this Notice are passed, the Company will be permitted to issue:

- 17,147,068 Equity Securities under Listing Rule 7.1; and
- 11,431,378 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out above).

The effect of this Resolution will be to allow the Company to issue securities under Listing Rule 7.1A without using the Company's placement capacity under Listing Rule 7.1.

5.3 Information for Shareholders as required by Listing Rule 7.3A

(a) Minimum price

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted 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 the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.

(b) Risk of economic and voting dilution

If this Resolution is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset,

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

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.

The table also shows:

- 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 may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro-rata entitlement issue) or future placements under Listing Rule 7.1 that are approved by Shareholders in the future;

- 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		
		7.5 cents 50% decrease in Issue Price	15 cents Issue Price	30 cents 100% increase in Issue Price
Current Variable "A" 114,313,784 Shares	10% Voting Dilution	11,431,378 Shares	11,431,378 Shares	11,431,378 Shares
	Funds raised	\$857,353	\$1,714,707	\$3,429,413
50% increase in current Variable "A" 171,470,676 Shares	10% Voting Dilution	17,147,068 Shares	17,147,068 Shares	17,147,068 Shares
	Funds raised	\$1,286,030	\$2,572,060	\$5,144,120
100% increase in current Variable "A" 228,627,568 Shares	10% Voting Dilution	22,862,757 Shares	22,862,757 Shares	22,862,757 Shares
	Funds raised	\$1,714,707	\$3,429,413	\$6,858,827

This table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- 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%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is 15 cents, being the closing price of the Shares on ASX on 9 October 2018.

The Company's ability to issue securities under Listing Rule 7.1A is in addition to its ability to issue securities under Listing Rule 7.1.

(c) **Placement Period**

Shareholder approval of the Additional Placement Capacity under Listing Rule 7.1A is valid from 29 November 2018 (the date of this Meeting) and expires on the earlier of:

- 29 November 2019, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under Listing Rule 11.1.2 (significant change to nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking) (the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that shareholders' approve a transaction under Listing Rules 11.1.2 or 11.2.

(d) **Purposes for which the new Equity Securities may be issued**

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

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated such acquisition), continued expenditure on the Company's current assets and for general working capital; or
- non-cash consideration for acquisition of new assets and investments or for the payment of goods and services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) **Allocation policy**

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A on the issue of any new securities.

(f) **Details of Equity Securities issued in the 12 months preceding the date of Meeting**

The Company has previously received Shareholder approval for the Additional Placement Capacity. Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

- The total number of Equity Securities issued in the 12 months preceding this Meeting is 8,812,962 Equity Securities. These Equity Securities represent 6.74% of the total number of Equity Securities on issue at 29 November 2017 of 130,720,822 (12 months before this Meeting).
- The details for the issue of Equity Securities issued during the 12 months preceding the date of the Meeting are set out below.

Date of issue:	3 August 2018
Number of Equity Securities:	500,000
Class of Equity Securities and Summary of terms:	Fully paid ordinary shares
Names of persons or basis on which allottees were determined:	Exercise of 12.5 cent options by option holders
Price at which securities issued:	12.5 cents
Discount to then market price:	26.5%
Total cash consideration received:	\$62,500
Amount of cash consideration spent:	Nil
Remaining cash to be spent:	\$62,500 remaining and intended to fund exploration activities and for general working capital.

Date of issue:	3 August 2018
Number of Equity Securities:	2,962,962
Class of Equity Securities and Summary of terms:	Fully paid ordinary shares
Names of persons or basis on which allottees were determined:	The Shares were issued to Murray Pollock and Matt Thurston being directors of drilling contractors, DDH1 Drilling Pty Ltd. These parties are not related parties of the Company
Price at which securities issued:	13.5 cents per share
Discount to then market price:	Nil
Total cash consideration received:	\$400,000
Amount of cash consideration spent:	Nil
Remaining cash to be spent:	\$400,000 remaining and intended to fund exploration activities and for general working capital.

Date of issue:	3 August 2018
Number of Equity Securities:	5,350,000
Class of Equity Securities and Summary of terms:	Unlisted Options (exercise price 19 cents, expiry date 30 June 2021)
Names of persons or basis on which allottees were determined:	4,400,000 of the Options were issued to Directors in accordance with Shareholder approval obtained at the 27 July 2018 EGM and under the Employee Incentive Plan. 950,000 of the Options were issued to employees (being unrelated parties) under the Employee Incentive Plan.
Price at which securities issued:	The Options were issued for no cash consideration.
Non-cash consideration and the current value of the non-cash consideration:	The Options were issued as an incentive to parties under the Employee Incentive Plan. The current value of the options is 7.1 cents per Option in accordance with a Black and Scholes valuation.

(g) **Voting exclusion**

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

6. RESOLUTION 5 – APPROVAL TO RENEW PROPORTIONAL TAKEOVER PROVISIONS

6.1 Background

Under the Corporations Act, a company may include provisions in its constitution to enable it to refuse to register shares acquired under a proportional takeover bid unless a resolution approving the bid is passed by the shareholders.

The Company obtained Shareholder approval on 30 November 2015 to include the proportional takeover approval provision in the Constitution. By section 648G of the Corporations Act, the proportional approval takeover provision ceases to apply after 3 years (being 29 November 2018). The Company may renew the proportional takeover provision for a period of up to 3 years.

The proportional takeover approval provision is set out in Annexure 1 to the Notice and the provision forms Schedule 5 of the Constitution.

By this Resolution the approval of Shareholders is sought to renew the proportional takeover approval provision in the Constitution for a further 3 year period from the date of this Meeting. The Corporations Act requires the Company to provide Shareholders with various material including an explanation of the proposed proportional takeover approval provision. This information is set out below so that Shareholders may make an informed decision on whether to support or oppose the Resolution.

6.2 **What is a proportional takeover bid?**

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholder's securities in the relevant bid class.

Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the Shareholder will dispose of the specified portion of their bid class securities and retain the balance of their bid class securities. This means that control of the Company may pass without members having the chance to sell all their securities to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

6.3 **Effect of the provision to be renewed**

If a proportional takeover bid is made to Shareholders of the Company, the Board will be required to convene a meeting of Shareholders to vote on a resolution to approve the proportional takeover bid ("**Approving Resolution**"). That meeting must be held at least 14 days before the offer under the proportional takeover bid closes.

The resolution shall be taken to have been passed if a majority of Shares voted at the meeting, excluding the securities of the bidder and its associates, vote in favour of the resolution. The Directors will breach the Corporations Act if they fail to ensure the Approving Resolution is voted on. However, if no resolution is voted on before the end of the 14th day before the close of the offer, the resolution will be deemed to have been passed.

Where the Approving Resolution is passed or deemed to have been passed, transfers of Shares resulting from accepting the offer will be registered provided they otherwise comply with relevant regulatory requirements. If the resolution is rejected, then in accordance with the Corporations Act, the offer will be deemed to be withdrawn.

The proportional takeover approval provision does not apply to full takeover bids.

6.4 **Reasons for proposing the resolution**

The Directors consider that Shareholders should continue to have the proportional takeover approval provision in the Constitution. Without the inclusion of such a provision, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their securities to the bidder.

Accordingly, Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

The provision deals with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provision is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

6.5 No knowledge of present acquisitions proposals

As at the date on which this Explanatory Statement is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

6.6 Potential advantages and disadvantages for the Directors and Shareholders of the Company

Advantages:

The renewal of the proportional takeover approval provision will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such a provision, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that insertion of such a provision has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

The Directors consider that renewing a proportional takeover approval provision will benefit all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

Disadvantages:

As to the possible disadvantages to Shareholders of renewing a proportional takeover approval provision, it may be argued that the proposal makes a proportional takeover bid more difficult and that such proportional takeover bids will therefore be discouraged. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all or some of their Shares at a premium to persons seeking control of the Company. Such a provision may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

6.7 Review of advantages and disadvantages of the proportional takeover approval provision

While the proportional takeover approval provision has been in effect under the Company's Constitution, no takeover bids for the Company have been made, either proportional or otherwise. Accordingly, there are no actual examples against which the advantages or disadvantages of the existing proportional takeover provision (that is, Schedule 5 of the Constitution) could be reviewed for the Directors and Shareholders of the Company. The

Directors are not aware of any potential takeover bid that was discouraged by the proportional takeover approval provision.

6.8 Directors' Recommendation

On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that renewal of the proportional takeover approval provision is in the interests of Shareholders.

The Directors recommend that Shareholders vote in favour of this Resolution.

If this Resolution is approved, then the proportional takeover approval provision will take effect for a further 3 years from the date of the Meeting (until 28 November 2021).

BUXTON RESOURCES LIMITED
ACN 125 049 550

GLOSSARY

In the Notice and this Explanatory Statement, the following expressions have the following meanings:

"**Additional Placement Capacity**" means the capacity to issue Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A.

"**ASX**" means the ASX Limited (ABN 98 008 624 691).

"**Listing Rules**" or "**Listing Rules**" means the Listing Rules of the ASX.

"**Board**" means the Board of Directors of the Company.

"**Business Day**" has the same meaning as in the Listing Rules.

"**Chairman**" or "**Chair**" means the chairman of the Company.

"**Company**" or "**Buxton Resources**" means Buxton Resources Limited (ACN 125 049 550).

"**Constitution**" means the constitution of the Company.

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

"**Directors**" means the directors of the Company from time to time.

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

"**Explanatory Statement**" means this Explanatory Statement.

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

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

Option means a right, but not an obligation to purchase a fully paid ordinary share in the capital of the Company

"**Resolution**" means a resolution referred to in the Notice.

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

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

"**WST**" or "**Western Standard Time**" means Western Standard Time, Perth, Western Australia.

ANNEXURE 1 – PROPORTIONAL TAKEOVER APPROVAL PROVISION IN CONSTITUTION

(Resolution 5)

SCHEDULE 5 – APPROVAL REQUIRED FOR PROPORTIONAL TAKEOVER

1. Resolution to Approve Proportional Off-Market Bid

- (a) Where offers have been made under a proportional off-market bid in respect of a class of securities of the Company (**bid class securities**), the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the proportional off-market bid is prohibited unless and until a resolution (in this Schedule 5 referred to as a **prescribed resolution**) to approve the proportional off-market bid is passed in accordance with the provisions of this Constitution.
- (b) A person (other than the bidder or a person associated with the bidder) who, as at the end of the day on which the first offer under the proportional off-market bid was made, held bid class securities is entitled to vote on a prescribed resolution and, for the purposes of so voting, is entitled to one vote for each of the bid class securities.
- (c) A prescribed resolution is to be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the prescribed resolution.
- (d) A prescribed resolution that has been voted on is to be taken to have been passed if the proportion that the number of votes in favour of the prescribed resolution bears to the total number of votes on the prescribed resolution is greater than one half, and otherwise is taken to have been rejected.

2. Meetings

- (a) The provisions of this Constitution that apply in relation to a general meeting of the Company apply, with modifications as the circumstances require, in relation to a meeting that is convened pursuant to this paragraph 2 as if the last mentioned meeting was a general meeting of the Company.
- (b) Where takeover offers have been made under a proportional off-market bid, the Directors are to ensure that a prescribed resolution to approve the proportional off-market bid is voted on in accordance with this Schedule 5 before the 14th day before the last day of the bid period for the proportional off-market bid (the resolution deadline).

3. Notice of Prescribed Resolution

Where a prescribed resolution to approve a proportional off-market bid is voted on in accordance with this Schedule 5 before the resolution deadline, the Company is, on or before the resolution deadline:

- (a) to give the bidder; and
- (b) if the Company is listed, each relevant financial market (as defined in the Corporations Act) in relation to the Company,

a notice in writing stating that a prescribed resolution to approve the proportional off-market bid has been voted on and that the prescribed resolution has been passed, or has been rejected, as the case requires.

4. Takeover Resolution Deemed Passed

Where, at the end of the day before the resolution deadline, no prescribed resolution to approve the proportional off-market bid has been voted on in accordance with this Schedule 5, a resolution to approve the proportional off-market bid is to be, for the purposes of this Schedule 5, deemed to have been passed in accordance with this Schedule 5.

5. Takeover Resolution Rejected

Where a prescribed resolution to approve a proportional off-market bid under which offers have been made is voted on in accordance with this Schedule 5 before the resolution deadline, and is rejected, then:

(a) despite Section 652A of the Corporations Act:

- (i) all offers under the proportional off-market bid that have not been accepted as at the end of the resolution deadline; and
- (ii) all offers under the proportional off-market bid that have been accepted and from whose acceptance binding contracts have not resulted as at the end of the resolution deadline,

are deemed to be withdrawn at the end of the resolution deadline;

(b) as soon as practicable after the resolution deadline, the bidder must return to each person who has accepted any of the offers referred to in paragraph 5.5(a)(ii) any documents that were sent by the person to the bidder with the acceptance of the offer;

(c) the bidder:

- (i) is entitled to rescind; and
- (ii) must rescind as soon as practicable after the resolution deadline,

each binding takeover contract resulting from the acceptance of an offer made under the proportional off-market bid; and

(d) a person who has accepted an offer made under the proportional offmarket bid is entitled to rescind the takeover contract (if any) resulting from the acceptance.

6. Renewal

This Schedule 5 ceases to have effect on the third anniversary of the date of the adoption of the last renewal of this Schedule 5.

This page has been left blank intentionally.

This page has been left blank intentionally.

Lodge your vote: **Online:**
www.investorvote.com.au **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 AustraliaAlternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com**For all enquiries call:**
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

BUX

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030**Proxy Form****XX****Vote and view the annual report online**

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

**Your access information that you will need to vote:****Control Number: 999999****SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

 **For your vote to be effective it must be received by 12 noon (WST) Tuesday, 27 November 2018****How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

Appointment of Proxy**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.**A proxy need not be a securityholder of the Company.****Signing Instructions for Postal Forms****Individual:** Where the holding is in one name, the securityholder must sign.**Joint Holding:** Where the holding is in more than one name, all of the securityholders 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 form when you return it.**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.**Attending the Meeting**Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Buxton Resources Limited hereby appoint

the Chairman of the Meeting OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Buxton Resources Limited to be held at Steve's Wine Cellar, 30 The Avenue, Nedlands, Western Australia on Thursday, 29 November 2018 at 12 noon (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Feng (Frank) Xue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of Shares to Drilling Contractor Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Renew Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

BUX

999999A

Computershare +