



**Ventnor Resources Limited**

**ABN 59 142 014 873**

## **Notice of Annual General Meeting**

### **Explanatory Statement**

**and**

### **Proxy Form**

**Date of Meeting**

Friday, 30 November 2018

**Time of Meeting**

11.00am (WST)

**Place of Meeting**

The Celtic Club  
48 Ord Street  
West Perth WA 6005

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2018 Annual General Meeting of members of Ventnor Resources Limited (**Ventnor** or the **Company**) will be held on Friday, 30 November 2018, commencing at 11.00am (WST) at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

The enclosed Explanatory Statement accompanies and forms part of this Notice of Annual General Meeting.

### AGENDA

#### ORDINARY BUSINESS

##### Accounts and Reports

*To receive and consider the annual financial report for the financial year ended 30 June 2018, together with the reports by directors and auditors thereon.*

#### 1. 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, the Remuneration Report set out in the Company's Annual Report for the financial year ended 30 June 2018 be adopted."*

**Note: The vote on this resolution is advisory only and does not bind the directors of the Company.**

##### Voting Prohibition

Pursuant to section 250R(4) of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of, either of the following persons:

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

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting 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.

#### 2. Resolution 2: Re-election of Director (Mr Peter Pawlowitsch)

To consider, and if thought fit, to pass as an ordinary resolution the following:

*"That Mr Peter Pawlowitsch, being a Director of the Company who retires by rotation in accordance with Clause 11.3 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."*

## SPECIAL BUSINESS

### 3. Resolution 3: Approval of 10% Placement Capacity

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

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Equity Securities under this Resolution (except a benefit solely in the capacity of a holder of ordinary securities) or an associate of that person. However, the Company need not disregard a vote if 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 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.

### 4. Resolution 4: Grant of Options to Mr Paul Boyatzis

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 3,000,000 Incentive Options to Mr Paul Boyatzis or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

#### Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Paul Boyatzis and his nominees or an associate of those persons. However, the Company need not disregard a vote if 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 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.

#### Voting Prohibition

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

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

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting 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.

## 5. Resolution 5: Grant of Options to Mr Bruce Maluish

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 5,000,000 Incentive Options to Mr Bruce Maluish or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

### Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Bruce Maluish and his nominees or an associate of those persons. However, the Company need not disregard a vote if 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 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.

### Voting Prohibition

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

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

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting 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.

## 6. Resolution 6: Grant of Options to Mr Peter Pawlowitsch

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purposes of Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 3,000,000 Incentive Options to Peter Pawlowitsch or his nominee, on the terms and conditions set out in the Explanatory Statement.”*

### Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Peter Pawlowitsch and his nominees or an associate of those persons. However, the Company need not disregard a vote if 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 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.

### Voting Prohibition

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

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

However, a vote may be cast by such person if the vote is not cast on behalf of a person described in paragraph (a) or (b), and either:

- (c) the person voting is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (d) the person voting 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.

## 7. Resolution 7: Change of Name

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to VRX Silica Limited."*

### Voting at Annual General Meeting

The Directors have determined pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00pm (WST) on 28 November 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

Proxy and Voting Entitlement Instructions are included on the Proxy Form accompanying this Notice of Annual General Meeting.

### Annual Report Online

Shareholders who have not elected to receive a hard copy of the Annual Report can access the report on the company's website at [www.ventnorresources.com.au](http://www.ventnorresources.com.au).

BY ORDER OF THE BOARD



**John Geary**  
**Company Secretary** ✱

8 October 2018

## EXPLANATORY STATEMENT

### 1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of Ventnor Resources Limited (“**Company**”) in connection with the business to be conducted at the Annual General Meeting of members to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 30 November 2018, commencing at 11.00am (WST).

This Explanatory Statement forms part of and should be read in conjunction with the accompanying Notice of Annual General Meeting and Prospectus.

### 2. 2018 ANNUAL REPORT

In accordance with the requirements of the Company’s Constitution and the Corporations Act, the 2018 Annual Report will be tabled at the Annual General Meeting. Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Annual Report. There is no requirement for a formal resolution on this item.

Representatives from the Company’s auditors, RSM Australia Partners, will be present to take shareholders’ questions and comments about the conduct of the audit and the preparation and content of the audit report.

### 3. ADOPTION OF REMUNERATION REPORT: RESOLUTION 1

#### 3.1 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.

If at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company’s next annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of the Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the relevant annual general meeting. All of the Directors who were in office on the date when the Company’s applicable Directors Report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

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 annual general meeting.

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 ended 30 June 2018.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

### 3.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of the Key Management Personnel or any Closely Related Party as your proxy to vote on this Resolution 1, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of the Key Management Personnel or Closely Related Party on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 1.

The above note on voting does not apply if the voter is the Chair of the Meeting and the undirected proxy expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

### 3.3 Definitions

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

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

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

**Remuneration Report** means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 30 June 2018.

## 4. RE-ELECTION OF DIRECTOR: RESOLUTION 2

Resolution 2 relates to the re-election of Mr Peter Pawlowitsch as a Director.

In accordance with the requirements of clause 11.3 of the Company's Constitution and the Corporations Act, one-third of the directors of the Company retire from office at this Annual General Meeting of the Company. Mr Pawlowitsch retires by rotation and, being eligible, offers himself for re-election.

A summary of the qualifications and experience of Mr Pawlowitsch is provided in the Annual Report.

All the Directors, except for Mr Pawlowitsch, recommend that Shareholders vote in favour of Resolution 2

## 5. APPROVAL OF 10% PLACEMENT CAPACITY: RESOLUTION 3

### 5.1 General

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 up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out in Section 5.2 below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

## 5.2 Listing Rule 7.1A

Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation (as at 5 October 2018) of approximately \$47.4 million

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of Equity Securities on issue, being the Shares (ASX Code: VRX).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
  - (i) plus the number of Shares issued in the previous 12 months under an exception in Listing Rule 7.2;
  - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and
  - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under Listing Rule 7.1 or 7.4.

### 5.3 Technical information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

#### (a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX 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 five ASX trading days of the date in Section 5.3(a)(i), the date on which the Equity Securities are issued.

#### (b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

or such longer period if allowed by ASX (**10% Placement Capacity Period**).

The approval under Resolution 3 for the issue of Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rules 11.1.2 or 11.2.

#### (c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A(2), on the basis of the current market price of Shares and the number of Equity Securities currently on issue.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

No. Shares on Issue*	Dilution			
	Issue price per Share	\$0.065	\$0.130	\$0.195
		50% decrease in issue price	Current issue price	50% increase in issue price
364,653,201 (Current)	Shares issued	36,465,320	36,465,320	36,465,320
	Funds raised	\$2,370,246	\$4,740,492	\$7,110,737
546,979,801 (50% increase)	Shares issued	54,697,980	54,697,980	54,697,980
	Funds raised	\$3,555,369	\$7,110,737	\$10,666,106
729,306,402 (100% increase)	Shares issued	72,930,640	72,930,640	72,930,640
	Funds raised	\$4,740,492	\$9,480,983	\$14,221,475

\*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 above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 5 October 2018.
2. The issue price set out above is the closing price of the Shares on the ASX on 5 October 2018.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1.
7. Resolution 3 has been approved by Shareholders at the Meeting.

Shareholders should note that there is a risk of economic and voting dilution of existing ordinary security holders that may result from an issue of Equity Securities under Listing Rule 7.1A.2, including the risk that:

- (i) the market price for the Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue, or issued for non-cash consideration for the acquisition of a new asset.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

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

**(e) Allocation under the 10% Placement Capacity**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to a number of factors, including:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

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

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

**(f) Previous Approval under Listing Rule 7.1A and Equity Securities Issued**

The Company previously obtained approval under Listing Rule 7.1A at its annual general meeting held on 30 November 2017.

In the 12 months preceding the date of the 2018 Annual General Meeting, the Company issued a total of 141,257,612 Equity Securities, representing 63% of the total number of Equity Securities on issue at 30 November 2017.

The Equity Securities issued in the preceding 12 month period comprise of the details of these issues are set out in Schedule 2.

**5.4 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

## **6. PROPOSED GRANT OF OPTIONS TO DIRECTORS: RESOLUTIONS 4, 5 AND 6**

### **6.1 Background**

Resolutions 4, 5 and 6 propose the issue of Incentive Options to Directors.

Listing Rule 10.11 provides that the prior approval of shareholders is required for the issue of equity securities to a related party. If approval is given for the issue of securities under Listing Rule 10.11, approval is not required under Listing Rule 7.1. Listing Rule 10.13 sets out the information to be provided to shareholders in the notice of meeting.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party of the company without prior shareholder approval.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a public company issuing securities.

For the purpose of this meeting, a “related party” includes a director of the Company. Accordingly, the proposed grant of Incentive Options to the specified director involves the provision of a financial benefit to a related party of the Company.

Where no exception is applicable (as is the case in these circumstances), Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that Company, the public company must

- (a) obtain the approval of members in the way set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months after the approval is obtained.

The information required by Chapter 2E of the Corporations Act to be provided to shareholders is contained within this Explanatory Statement and the Notice.

In addition, as all of the Directors have a material personal interest in the issue of the securities that are the subject of resolutions 4, 5 and 6, the Company seeks approval under section 195 of the Corporations Act so that the Shareholders may pass a resolution to deal with this matter.

The purpose of the issue is to align the interest of Directors with those of the Company and its shareholders. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Board considers that the most appropriate means of achieving this is to provide the Directors with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

The issue of options as part of the remuneration packages of company directors is a well-established practice of junior publicly listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the Directors.

In determining the number of Incentive Options to be issued and the terms, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms and the market price of the Company's shares.

The Directors to whom the issue of Incentive Options is proposed, and the number of Incentive Options proposed to be issued are:

Name	Position	Incentive Options
Paul Boyatzis	Non-Executive Chairman	3,000,000
Bruce Maluish	Managing Director	5,000,000
Peter Pawlowitsch	Non-Executive Director	3,000,000

Listing Rule 10.11 and Chapter 2E of the Corporations Act require shareholder approval to be obtained for the issue of options to related parties.

The Incentive Options referred to in resolutions 4, 5 and 6 will be issued free of charge and within one month after the date of this meeting. The terms and conditions of the Incentive Options are set out in Schedule 1.

## 6.2 Chapter 2E Corporations Act Requirements

In accordance with Section 219 of the Corporations Act the following information is provided to Shareholders to allow them to assess whether or not it is in the Company's interests to pass resolutions 4, 5 and 6:

- Messrs Boyatzis, Maluish and Pawlowitsch are the related parties to whom the proposed resolutions would permit a financial benefit to be given. They are related parties of the Company by virtue of Section 228 of the Corporations Act (ie they are Directors).
- The nature of the financial benefit to be given to the related parties is the issue of the Incentive Options for no consideration on the terms and conditions set out in Schedule 1.

The Incentive Options to be issued will not be quoted on ASX and are non-transferable. They must be exercised by 30 November 2021, after which date all of the Incentive Options automatically lapse.

On the basis of the indicative option value as detailed below, the value of the Incentive Options proposed to be issued to the related parties is as follows:

Director	No. Options	Indicative Value \$
Paul Boyatzis	3,000,000	223,800
Bruce Maluish	5,000,000	373,000
Peter Pawlowitsch	3,000,000	223,800

The relevant base salaries per annum (including superannuation) of the Directors and the total financial benefit to be received by them for the year ended 30 June 2019, when added to the implied "value" to be received by each of them as a result of the issue of options that are the subject of resolutions 4, 5 and 6 are as follows:

Director	Position	Annual Remuneration \$	Value of Options to be Issued \$	Total Financial Benefit \$
Paul Boyatzis	Non-Executive Chairman	60,000	223,800	283,800
Bruce Maluish	Managing Director	219,000	373,000	592,000
Peter Pawlowitsch	Non-Executive Director	40,000	223,800	263,800

- The Board declines to make a recommendation to Shareholders in relation to resolutions 4, 5 and 6 due to each of their material personal interests in the outcome of the Resolutions (as applicable) on the basis that they are to be granted securities in the Company should resolutions 4, 5 and 6 be passed. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass resolutions 4, 5 and 6.

- (d) The Directors each respectively have an interest in the outcome of proposed resolutions 4, 5 and 6. Details of the benefits and costs to the Company are contained herein.
- (e) Excluding any securities proposed to be allotted to the related parties pursuant to resolutions 4, 5 and 6, Messrs Boyatzis, Maluish and Pawlowitsch, and their associates have a relevant interest in the securities of the Company as set out below:

Name	Shares		Options	
	Direct	Indirect	Direct	Indirect
Paul Boyatzis	-	2,981,250	-	4,000,000 <sup>1</sup>
Bruce Maluish	6,060,535	6,250,000	7,000,000 <sup>2</sup>	-
Peter Pawlowitsch	-	21,508,436	-	4,000,000 <sup>3</sup>

Notes:

- 1,000,000 options expiring 28 November 2019, exercisable at 2.8 cents each, 3,000,000 options expiring 30 November 2020, exercisable at 7.2 cents.
- 2,000,000 options expiring 28 November 2019, exercisable at 2.8 cents each, 5,000,000 options expiring 30 November 2020, exercisable at 7.2 cents.
- 1,000,000 options expiring 28 November 2019, exercisable at 2.8 cents each, 3,000,000 options expiring 30 November 2020, exercisable at 7.2 cents.

- (f) ASX sets out best practice recommendations for ASX-listed companies, including a suggestion that non-executive directors should not receive options or bonus payments. These guidelines are not prescriptive and do not require a “one size fits all” approach to corporate governance. In the Board’s view, the guideline is inappropriate considering the Company’s circumstances, where the preservation of the Company’s cash resources is key and the retention of high quality and well-credentialed non-executive directors is considered important to the ongoing development and growth of the Company and its business.

There is no other information known to the Directors or the Company that is reasonably required by Shareholders to make a decision whether or not it is in the Company’s interests to pass resolutions 4, 5 and 6, other than as set out throughout this Explanatory Statement (including the current entitlements of the Directors to securities of the Company). The Directors believe that the Incentive Options proposed to be issued to the Directors are a cost-effective benefit for small companies that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and optionholders, as optionholders will only benefit if the market value of the underlying shares exceeds the option exercise price.

### Potential Benefits

If the options are issued pursuant to the proposed resolutions, the Company considers the following benefits arise:

- Messrs Boyatzis, Maluish and Pawlowitsch will have a vested interest in the affairs of the Company as an increase in the market price of Shares will create value in the Options and this will benefit all Shareholders.
- The issue of options is a non-cash form of remuneration, thus conserving liquid funds.
- The exercise of the Incentive Options will provide working capital for the Company at no significant cost. If all the Incentive Options proposed to be issued pursuant to resolutions 4, 5 and 6 are ultimately exercised, funds will be raised, though the exact amount will not be determinable until the date of the Meeting and the operation of the cashless exercise facility as part of the terms and conditions of the Incentive Options (as set out in Schedule 1). Based on an exercise price of 16.9 cents (see commentary as regards valuation of the Options below) and no use of the cashless exercise facility, an amount of \$1,859,000 would be raised.

## Dilution Effect and Potential Costs

The potential cost to the Company of the issue of an aggregate of 11,000,000 Incentive Options pursuant to resolutions 4, 5 and 6 is that there will be a dilution of the issued share capital if the Incentive Options are exercised. Based on 364,653,201 Shares currently on issue the exercise of the proposed options to related parties would have a dilution effect of approximately 3% of non-associated shareholders interest in the Company.

However, if the other existing Options on issue held by third parties were also to be exercised, the dilution effect would be 15.7%. The Company has the following Options on issue (as at the date of the Notice):

Options expiring 30 June 2021 exercisable at 10c	25,000,000
Options expiring 30 November 2020 exercisable at 7.2c	15,250,000
Options expiring 28 November 2019 exercisable at 2.8c	5,000,000
Options expiring 31 October 2019 exercisable at 2.8c	1,000,000

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in respect of the proposed issue of Options other than, if the Options are exercised at a time when the market price of Shares is greater than the exercise price of the Options, there will be detriment insofar as the Company will be required to issue Shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

The market price for Shares during the term of the Incentive Options would normally determine whether or not the Incentive Options are exercised. If, at the time any of the Incentive Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Incentive Options, there may be a perceived cost to the Company.

In the 12 months before the date of this Notice, the highest, lowest and last trading price of shares on the ASX are as set out below:

	Date	Price
Low	1 November 2017	1.3 cents
High	1 October 2018	18 cents
Last Price	5 October 2018	13.0 cents

The value of Incentive Options to be issued has been calculated using the Black Scholes option pricing model as of 5 October 2018. The value of an option calculated by the Black Scholes option pricing model is a function of a number of variables. The indicative value of the Incentive Options has been calculated using the following variables:

	Incentive Options
Valuation date	5 October 2018
Exercise price	16.90 cents
Maximum option life	3 years
Underlying share price	13.0 cents
Vesting date	Immediately
Risk free rate of return	2.055%
Volatility	100%
Notional Indicative Value	7.46 cents

The underlying share price of 13.0 cents is based on the closing share price on ASX as at 5 October 2018 (being the last practical date before this Notice was finalised) and the exercise price is set at 16.9 cents which is the price that is 130% of closing share price on 5 October 2018 (as a representative figure of what the actual exercise price may be when calculated in accordance with the terms and conditions set out in Schedule 1).

Further details of the terms and conditions of the Incentive Options to be issued are outlined in Schedule 1.

## **ASX Requirements**

In compliance with the information requirements of Listing Rule 10.13 members are advised of the following particulars in relation to the proposed issue of Incentive Options under resolutions 4, 5 and 6:

**(a) Maximum number of options to be issued:**

11,000,000 Incentive Options

**(b) Date by which the Company will issue options:**

No later than one month after the date of the meeting.

**(c) Price at which options to be issued:**

Nil - The options are being issued to remunerate the specified directors as an incentive for future services.

**(d) Names of the allottees:**

Mr Paul Boyatzis or nominee  
Mr Bruce Maluish or nominee  
Mr Peter Pawlowitsch or nominee

**(e) Terms of issue:**

The Incentive Options will be issued for no consideration and on the terms and conditions as outlined in Schedule 1.

**(f) Intended use of funds raised:**

The Incentive Options will be issued for no consideration. There are no funds being raised from the allotment as the options will be issued as an incentive for future services. Funds raised through the exercise of the Incentive Options will be used for the advancement of Company projects and for working capital purposes.

**(g) Dates of allotment:**

Allotment will occur on one date.

## **7. PROPOSED CHANGE OF COMPANY NAME: RESOLUTION 7**

The Directors have determined to change the Company name to "VRX Silica Limited". Resolution 7 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 7 is a special resolution.

The change of name of the Company will take effect from when ASIC alters the details of the Company's registration.

## 8. DEFINITIONS

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

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

**ASX** means ASX Limited ABN 98 008 624 691.

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

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** include a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means this Explanatory Statement.

**Incentive Option** means an option to acquire a Share on the terms and conditions set out in Schedule 1.

**Listing Rules** means the official listing rules of ASX.

**Notice** means the notice of Annual General Meeting which forms part of this Explanatory Statement.

**Option** means an option to acquire a Share.

**Proxy Form** means the proxy form attached to this Notice.

**Schedule** means schedule of this Explanatory Statement.

**Section** means section of this Explanatory Statement.

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

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

**Ventnor** or **Company** means Ventnor Resources Limited ABN 59 142 014 873.

## SCHEDULE 1

### Terms and Conditions of Incentive Options

The terms and conditions of the Incentive Options (**Options**) are as follows:

- (a) Each Option entitles the holder to subscribe for and be allotted one ordinary fully paid share (**Share**) in Ventnor Resources Limited (ACN 142 014 873) (**Company**).
- (b) Each Option is exercisable at a price equal to the greater of
  - (i) \$0.10; and
  - (ii) the price equal to 130% of the volume weighted average price of the Shares on ASX for the five trading days prior to the date on which the Company's shareholders approve the issue of the Options,

(**Exercise Price**).

- (c) The Options will expire on 30 November 2021 (**Expiry Date**).
- (d) The Options are exercisable at any time on or prior to the Expiry Date by notice in writing to the Company accompanied by payment of the exercise price subject to paragraph (e).
- (e)
  - (i) Notwithstanding paragraph (d), in order to exercise some or all of the Options, the holder may, subject to sub-paragraph (e)(iv), elect to pay the Exercise Price by using the cashless exercise facility provided for under this paragraph (e) (**Cashless Exercise Facility**).
  - (ii) The Cashless Exercise Facility entitles the holder to set-off the Exercise Price against the number of Shares which the holder is entitled to receive upon exercise of the holder's Options. By using the Cashless Exercise Facility, the holder will receive Shares to the value of the surplus after the Exercise Price has been set-off.
  - (iii) If the holder elects to use the Cashless Exercise Facility, the holder will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (determined as the volume weighted average prices at which Shares were traded on the ASX over the five trading day period immediately preceding the exercise date) calculated in accordance with the following formula:

$$S = \frac{O \times (MSP - EP)}{MSP}$$

Where:

S = Number of Shares to be issued on exercise of the Options.

O = Number of Options.

MSP = Market value of the Shares (calculated using the volume weighted average prices at which Shares were traded on the ASX over the five trading day period immediately preceding the exercise date).

EP = Option exercise price.

- (iv) If the difference between the total Exercise Price otherwise payable for the Options on the Options being exercised and the then market value of the Shares at the time of exercise (calculated in accordance with sub-paragraph (e)(iii)) is zero or negative, then the holder will not be entitled to use the Cashless Exercise Facility.

- (f) The Options are non transferable.
- (g) All Shares issued upon exercise of the Options will rank *pari passu* in all respects with the then existing Shares. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of the Options.
- (h) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Options. However, if from time to time on or prior to the Expiry Date the Company makes an issue of new Shares to its shareholders, the Company will if practicable given the timetable for the issue send a notice to each holder of Options as soon as reasonably practicable before the record date referable to that issue to give holders an opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (i) If from time to time on or prior to the Expiry Date the Company makes an issue of Shares to its shareholders by way of capitalisation of profits or reserves (a **Bonus Issue**), then upon exercise of their Options, Optionholders will be entitled to have issued to them (in addition to the Shares which would otherwise be issued to them upon such exercise) the number of Shares of the class which would have been issued to them under that Bonus Issue (**Bonus Shares**) if on the record date for the Bonus Issue they have been registered as holder, if, immediately prior to that date, they had fully exercised their Options and the Shares the subject of such exercise had been duly allotted and issued to them. The Bonus Shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the Bonus Issue and upon issue will rank *pari passu* in all respects with the other Shares allotted upon exercise of the Options.
- (j) There is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital (other than a Bonus Issue) during the currency of the Options.
- (k) In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

## SCHEDULE 2

### Equity Securities issued since 2017 AGM

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
21/12/2017	12,000,000	Unlisted Options (7.2 cents, 1-Dec 2020)	Directors, Company Secretary	Issue price: nil cents per option. Discount::nil%	Total cash consideration	\$nil
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
22/12/2017	20,696,623	Fully paid ordinary shares.	Non-Renounceable Rights Issue on a 1:8 Entitlement Basis	Issue price: 3.5 cents per share. Discount::27%	Total cash consideration	\$724,382
					Amount of cash consideration spent and description of what consideration was spent on	Working capital
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
05/01/2018	7,227,656	Fully paid ordinary shares.	Placement of NRRI shortfall shares	Issue price: 3.5 cents per share. Discount::27%	Total cash consideration	\$252,968
					Amount of cash consideration spent and description of what consideration was spent on	Working capital
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
09/01/2018	3,250,000	Unlisted Options (7.2 cents, 30-Nov 2020)	Employees/ consultants under Employee Incentive Plan	Issue price: nil cents per option. Discount::nil %	Total cash consideration	\$nil
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
01/08/2018	54,883,333	Fully paid ordinary shares.	Placement to sophisticated / institutional investors, Tranche 1 acquisition Mucnea Silica Sand Project, acquisition Wisecat Pty Ltd,	Issue price: 6 cents per share. Discount::15%	Total cash consideration	\$2,193,000
					Amount of cash consideration spent and description of what consideration was spent on	Working capital, asset acquisition
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A

Date of issue	Number issued	Class/Type of equity security and Summary of terms	Names of persons who received securities or basis on which those persons was determined	Issue Price / Discount	Consideration	
19/09/2018	58,450,000	Fully paid ordinary shares.	Director participation in placement, Tranche 2 Muchea Silica Sand Project	Issue price: 6 cents per share. Discount::15%	Total cash consideration	\$207,000
					Amount of cash consideration spent and description of what consideration was spent on	Working capital, asset acquisition
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
19/09/2018	25,000,000	Unlisted Options (10 cents, 30-June 2021)	Australian Silica Pty Ltd, Goldfire Enterprises Pty Ltd	Issue price: \$0.00001 per option Australian Silica Pty Ltd, nil cents per option Goldfire Enterprises Pty Ltd. Discount::nil%	Total cash consideration	\$200
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A
26/09/2018	5,500,000	Unlisted Options (10 cents, 30-Nov 2021)	Employees/ consultants under Employee Incentive Plan	Issue price: nil cents per option. Discount::nil %	Total cash consideration	\$nil
					Amount of cash consideration spent and description of what consideration was spent on	N/A
					Intended use for remaining cash consideration	N/A
					Non-cash consideration paid and current value of that non-cash consideration	N/A

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Ventnor Resources Limited

## PROXY FORM

The Secretary  
Ventnor Resources Limited  
Level 1, 6 Thelma Street  
West Perth WA 6005

[Name/Address 1]  
[Name/Address 2]  
[Name/Address 3]  
[Name/Address 4]  
[Name/Address 5]

[Barcode]

being a member(s) of Ventnor Resources Limited, hereby appoint as my/our proxy

of \_\_\_\_\_

or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the Annual General Meeting of the Company to be held at 11.00am (WST) on 30 November 2018 and at an adjournment thereof in respect of \_\_\_\_\_% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – P Pawlowitsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Grant of Options to P Boyatzis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Options to B Maluish	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Grant of Options to P Pawlowitsch	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Change of Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted computing the required majority on a poll.

***Where permitted, the Chairman intends to vote all undirected proxies in favour of all resolutions.***

**If the member is an individual or joint holder:**

\_\_\_\_\_  
Usual Signature

\_\_\_\_\_  
Usual Signature

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

**If the member is a Company:**

Signed in accordance with the Constitution of the company  
in the presence of:

\_\_\_\_\_  
Director/Sole Director

\_\_\_\_\_  
Director/Secretary

\_\_\_\_\_  
Sole Director and Sole Secretary

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2018

## INSTRUCTIONS FOR COMPLETING PROXY FORM

1. A member entitled to attend and vote is entitled to appoint not more than two proxies.
2. Where more than one proxy is appointed and that appointment does not specify the proportion or number of the member's votes, each proxy may exercise half of the votes.
3. A proxy need not be a member of the Company.
4. If the member is a company it must execute under its Common Seal or otherwise in accordance with its Constitution.
5. **Important for Resolutions 1, 4, 5 and 6:**

The Company will disregard any votes cast on Resolutions 1, 4, 5 and 6 (in any capacity) by or on behalf of member of the Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of such a member (together "prohibited persons"). However, the Company will not disregard a vote if the prohibited person (who may or may not be the Chair of the Meeting) does so as your proxy appointed on this form and **you have specified how the proxy is to vote** on the proposed resolution (and you are not a prohibited person).

### LODGING YOUR PROXY FORM

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at the address given below no later than 11.00am (WST) on 28 November 2018. Any proxy form received after that time will not be valid for the scheduled meeting.

In person: Ventnor Resources Limited  
Level 1  
6 Thelma Street  
West Perth WA 6005

By mail: Ventnor Resources Limited  
Level 1  
6 Thelma Street  
West Perth WA 6005

By fax: (08) 9226 3764