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## **CARNAVALE RESOURCES LIMITED**

**ACN 119 450 243**

## **NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11.00am (WST)

**DATE:** 22 November 2019

**PLACE:** Level 2, 389 Oxford Street, Mount Hawthorn, 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 in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9380 9098.***

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (WST) on 22 November 2019 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

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**YOUR VOTE IS IMPORTANT**

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

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**VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5.00pm (WST) (8.00pm Sydney time) on 20 November 2019.

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**VOTING IN PERSON**

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

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**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Further details on these changes are set out below.

***Proxy vote if appointment specifies way to vote***

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

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

***Transfer of non-chair proxy to chair in certain circumstances***

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

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

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

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Carnavale Resources Limited will be held at 11.00am (WST) on 22 November 2019 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

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

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

### AGENDA

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#### ORDINARY BUSINESS

##### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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#### 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, 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 2019."*

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

##### Voting Exclusion Statement

Voting restrictions apply to Resolution 1 under the Corporations Act.

A vote on Resolution 1 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 a member, whether as a shareholder or as a Key Management Personnel's proxy.

However, a vote may be cast on this Resolution by the above persons if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the KMP details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member; and
- (c) either:
  - (i) the appointment as a proxy is in writing and specifies how the proxy is to vote on this Resolution; or
  - (ii) the voter is the chair of the meeting and the appointment of the chair as proxy:
    - A. does not specify the way the proxy is to vote on the resolution; and
    - B. 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 Company or, if the Company is part of a consolidated entity, for the entity.

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**2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR R BRANS**

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

*"That Mr Rhett Brans, having retired in accordance with Clause 11.3 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."*

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**3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES AND OPTIONS**

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

*"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 75,000,000 Shares and 37,500,000 Options 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 a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the 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.

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**4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE - PERFORMANCE RIGHTS TO MR K ECKHOF**

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

*"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 33,333,333 Performance Rights to Mr K Eckhof 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 a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the 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.

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**5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO MR K ECKHOF**

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to a maximum of 65,666,667 Performance Rights to Mr K Eckhof 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 Mr K Eckhof or any of his associates. 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.

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**6. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT FACILITY**

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

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

**Voting Exclusion Statement**

The Company will disregard any votes cast in favour of this special 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 Company), or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the 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.

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**Explanatory Notes**

If you wish to appoint a member of the key management personnel (which includes each of the directors and the Chair) as your proxy, please read the voting exclusion above and in the proxy form carefully. Shareholders are encouraged to direct their proxies how to vote.

**How the Chair will vote available proxies-** The Chair of the Meeting intends to vote all available proxies in favour of all of the resolutions set out in the Notice. The proxy form expressly authorises the Chair to exercise undirected proxies in favour of remuneration related resolutions (Resolution 1).

**Default to the Chair** – Any directed proxies that are not voted on a poll at the Meeting will automatically default to the Chair of the Meeting, who is required to vote proxies as directed.

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**DATED: 17 OCTOBER 2019**  
**BY ORDER OF THE BOARD**



**PAUL JURMAN**  
**COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 11.00am (WST) on 22 November 2019 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the requirements of the Company's Constitution and the Corporations Act, the Company's audited financial statements for the financial year ended 30 June 2019, together with the report of the auditor thereon will be tabled at the Meeting, and shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report.

Representatives from the Company's auditors, HLB Mann Judd, will be present to take shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

The Annual Report is available on the Company's website at **[www.carnavaleresources.com](http://www.carnavaleresources.com)** for you to download or read online. Alternatively, you can obtain a hard copy by contacting the Company.

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### 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 2019.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

#### 2.2 Voting Consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, 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 2019 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 Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the Directors who were in office when the Company's 2019 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 a relevant consideration for this Annual General Meeting.

## 2.3 Proxy Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

Proxy	Directions given	No directions given
Key Management Personnel <sup>1</sup>	Vote as directed	Unable to vote <sup>3</sup>
Chair <sup>2</sup>	Vote as directed	Able to vote at discretion of Proxy <sup>4</sup>
Other	Vote as directed	Able to vote at discretion of Proxy

### Notes:

<sup>1</sup> Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

<sup>2</sup> Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

<sup>3</sup> Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

<sup>4</sup> The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR

In accordance with the requirements of the Company's Constitution, ASX Listing Rules and the Corporations Act, one-third of the directors of the Company (other than the Managing Director) and those who were last re-elected more than three years ago retire from office at this annual general meeting of the Company and, being eligible, offer themselves for re-election.

Mr Brans retires under this provision and, being eligible, offers himself for re-election.

Details of Mr Brans's experience and qualifications are available in the Annual Report and on the Company's website and are summarised briefly below:

Mr Brans has 40 years of experience in project development of treatment plants and mine developments. In his former role as Executive Director at Perseus Mining Limited, he successfully completed a Bankable Feasibility Study and completed construction of the 5.5 million tonnes per year Edikan Gold Mine in Ghana. He also completed a Feasibility Study for the Sissingué Gold Project in Cote d'Ivoire, which was ready at the time for construction.

The Board considers Mr Brans to be an independent Director and supports his re-election to the Board.



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## **4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES AND OPTIONS**

### **4.1 Background**

As announced to ASX on 30 May 2019 and 31 May 2019, the Company advised it had issued 75 million Shares at an issue price of \$0.003 per Share to raise \$225,000 from sophisticated and professional investors. The Company also agreed to issue 37.5 million attaching options (Options) exercisable at \$0.007 on or before 30 September 2020) but was unable to do so as the Company did not have any placement capacity under ASX Listing Rules 7.1. The Options were subsequently issued on 26 July 2019 following completion of an Entitlement Issue to shareholders.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 75 million Shares and 37.5 million Options issued without Shareholder approval pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

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

By ratifying the issue of Shares and Options the subject of Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **4.2 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) 75 million Shares were issued on 31 May 2019 and 37.5 million Options were issued on 26 July 2019 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (b) the issue price for the Shares was \$0.003 each to raise a total of \$225,000 before expenses of the issue and the Options were free attaching on a one for two basis;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Options are in the same class as the existing listed CAVOA class, exercisable at \$0.007 each on or before 30 September 2020;
- (d) the Shares and Options were issued to sophisticated and professional investors, none of whom are related parties of the Company; and
- (e) the funds raised from the Capital Raising were used to fund ongoing exploration activities at the Company's Kikagati Tin Project in Uganda, Grey Dam Project in Western Australia and for working capital.

A voting exclusion statement is included in the Notice.

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## **5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – PERFORMANCE RIGHTS TO MR K ECKHOF**

### **5.1 Background**

As announced to ASX on 5 September 2019, the Company engaged Mr Klaus Eckhof as its Corporate and Technical Advisor. Mr Eckhof's appointment adds technical and international fund-raising expertise to the Company as it expands its exploration programs at its existing projects. Mr Eckhof will be responsible for marketing the Company and its projects throughout North America and Europe.

As compensation for his services, Carnavale agreed to issue Performance Rights to Mr Eckhof as follows:

**Tranche 1** – 33 million Performance Rights which will vest and convert into 33 million Shares in the event that the Company's Shares trade at a volume weighted average price of at least \$0.007 for a consecutive period of at least 15 business days. Tranche 1 was issued pursuant to the Company's existing placement capacity under ASX Listing Rules 7.1.

**Tranche 2** – 33 million Performance Rights which will vest and convert into 33 million Shares in the event that the Company's Shares trade at a volume weighted average price of at least \$0.009 for a consecutive period of at least 15 business days. 333,333 Performance Rights were issued pursuant to the Company's existing placement capacity under ASX Listing Rules 7.1, with the remaining 32,666,667 Performance Rights under this tranche subject to approval under Resolution 5.

**Tranche 3** – 33 million Performance Rights which will vest and convert into 33 million Shares in the event that the Company's Shares trade at a volume weighted average price of at least \$0.011 for a consecutive period of at least 15 business days.

The Performance Rights will expire on 31 December 2020.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 33,333,333 Performance Rights to Mr Eckhof at no cost and at an exercise price of nil, which shall vest upon satisfaction of the Vesting Conditions noted above.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 4.1 above. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **5.2 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) 33,333,333 Performance Rights were issued to Mr Eckhof on 6 September 2019 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (b) the issue price for the Performance Rights was nil;
- (c) the Performance Rights have an expiry date of 31 December 2020 and, are subject to the terms and conditions set out in Schedule 1;
- (d) the Performance Rights were issued to Mr Eckhof, who is not a related party of the Company; and
- (e) no funds were raised from the issue of the Performance Rights as they were issued for nil cash consideration to incentivise Mr Eckhof to facilitate and advise the Company on key relationships and marketing the Company and its projects throughout North America and Europe.

A voting exclusion statement is included in the Notice.

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## **6. RESOLUTION 5 – – ISSUE OF PERFORMANCE RIGHTS TO MR K ECKHOF**

### **6.1 Background**

As detailed in section 5.1 above, the Company has agreed to issue Performance Rights to Mr Eckhof.

Resolution 5 seeks Shareholder approval for the issue of up to 65,666,667 Performance Rights to Mr Eckhof as follows:

**Tranche 2** – 32,666,667 Performance Rights which will vest and convert into 32,666,667 Shares in the event that the Company's Shares trade at a volume weighted average price of at least \$0.009 for a consecutive period of at least 15 business days; and

**Tranche 3** – 33 million Performance Rights which will vest and convert into 33 million Shares in the event that the Company's Shares trade at a volume weighted average price of at least \$0.011 for a consecutive period of at least 15 business days.

The Performance Rights will expire on 31 December 2020.

A summary of ASX Listing Rule 7.1 is set out in section 4.1 above.

The effect of Resolution 5 will be to allow the Company to issue the Performance Rights to Mr Eckhof during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **6.2 Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Performance Rights to be issued to Mr Eckhof (or his nominee(s)) under Resolution 5:

- (a) the maximum number of Performance Rights to be issued to Mr Eckhof is 65,666,667;
- (b) the Performance Rights will be issued to Mr Eckhof or his nominee(s) no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Performance Rights will occur on the same date;
- (c) the Performance Rights are being issued to Mr Eckhof for nil cash consideration in satisfaction of services provided by Mr Eckhof;
- (d) the Performance Rights will be issued to Mr Eckhof or his nominee(s), who is not a related party of the Company;
- (e) the Performance Rights have an expiry date of 31 December 2020 and, are subject to the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue of the Performance Rights to Mr Eckhof as the Performance Rights are being issued to incentivise Mr Eckhof to facilitate and advise the Company on key relationships and marketing the Company and its projects throughout North America and Europe.

A voting exclusion statement is included in the Notice.

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## **7. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT CAPACITY**

### **7.1 General**

ASX Listing Rule 7.1A provides that "Eligible Entities" (as defined below) may seek Shareholder approval to issue "Equity Securities" (as defined below) up to 10% of

its issued share capital through placements over a 12 month period after the Meeting ('10% Placement Facility'). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

## **7.2 Conditions of Approval**

Approval under Listing Rule 7.1A is subject to the following:

- (a) shareholder approval by way of a special resolution at an annual general meeting; and
- (b) the company qualifying as an eligible entity. The company is an eligible entity if the company is outside the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

Carnavale Resources Limited is an Eligible Entity as defined above.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Capacity Period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

## **7.3 Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company. As at the date of this Notice the Company has two classes of quoted equity securities, being its ordinary shares and options exercisable at \$0.007 each on or before 30 September 2020 (ASX: CAVOA).

## **7.4 Minimum Issue Price**

The minimum price at which the Equity Securities may be issued for the purposes of Listing Rule 7.1A.3 is 75% of the volume weighted average price for Equity Securities in that particular class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- 7.4.1 the date on which the price at which the Equity Securities are to be issued is agreed; or
- 7.4.2 if the Equity Securities are not issued within five (5) Trading Days of the date in paragraph (a), the date on which the Shares are issued.

## **7.5 Date of issue (10% Placement Capacity Period)**

The date by which the Equity Securities may be issued pursuant to Listing Rule 7.1A.1 is the earlier of:

- 7.5.1 12 months after the date of this Meeting; and
- 7.5.2 the date of approval by Shareholders of any transaction under ASX 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) (after which date, an approval under Listing Rule 7.1A ceases to be valid).

## 7.6 Risks associated with the Issue

The possible risks associated with an issue of Securities under Listing Rule 7.1A.2 may include:

- the market price for Equity Securities in that class may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

Listing Rule 7.3A.2 requires the Company to provide a table demonstrating the potential dilution effect based on three different assumed prices of the Company's Shares and three different numbers of Shares on issue in the Company (Variable 'A' in Listing Rule 7.1 and 7.1A). For convenience, we will refer to the latter as Variable 'A'.

Table A below shows the dilution of existing Shareholdings on the basis of the current market price of Shares and the current number of Shares 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%. The number of ordinary Shares on issue may increase as a result of issues of ordinary Shares that do not require Shareholder approval or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of ordinary Shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0015 50% decrease in issue price	\$0.003 Issue price	\$0.006 100% increase in issue price
<b>Current Variable 'A'</b> 1,485,403,629	<b>10% Voting Dilution</b>	148,540,363 shares	148,540,363 Shares	148,540,363 shares
	<b>Funds Raised</b>	\$222,811	\$445,621	\$891,242
<b>50% increase in current Variable 'A'</b> 2,228,105,444	<b>10% Voting Dilution</b>	222,810,544 Shares	222,810,544 Shares	222,810,544 Shares
	<b>Funds Raised</b>	\$334,216	\$668,432	\$1,336,864
<b>100% increase in current Variable 'A'</b> 2,970,807,258	<b>10% Voting Dilution</b>	297,080,726 shares	297,080,726 shares	297,080,726 shares
	<b>Funds Raised</b>	\$445,621	\$891,242	\$1,782,484

(\*) Table A has been prepared on the following assumptions:

- 7.6.1 The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.

- 7.6.2 No options are exercised into Shares before the date of the issue of Shares.
- 7.6.3 The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- 7.6.4 The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the AGM.
- 7.6.5 The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- 7.6.6 The issue of securities under the 10% Placement Facility consists only of Shares.
- 7.6.7 The issue price of \$0.003, being the closing price of the Shares on ASX on 16 October 2019 (the date on which this Explanatory Statement was prepared).

## **7.7 The Purposes of Issue under 10% Placement Capacity**

The purposes for which the Company may issue Equity Securities pursuant to Listing Rule 7.1A include the following:

- exploration activities on its existing mineral interests;
- assessment of any future mineral property opportunities;
- assessment of any other investment opportunities; and
- for ongoing future working capital purposes.

The Company may issue Shares for non-cash consideration for the acquisition of new resources assets. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

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

## **7.8 The Company's Allocation Policy**

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

- 7.8.1 The purpose of the issue;
- 7.8.2 the methods of raising funds that are available to the Company including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- 7.8.3 the effect of the issue of the Equity Securities on the control of the Company;
- 7.8.4 the financial situation and solvency of the Company; and
- 7.8.5 advice from corporate, legal, financial and broking advisors (if applicable).

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

A voting exclusion statement is included in this Notice. 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 the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

#### **7.9 Previous Approval under ASX Listing Rule 7.1A**

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2018 Annual General Meeting.

#### **7.10 Equity Securities issued or expected to be issued in the 12 months prior to the Meeting**

In the period following the 2018 Annual General Meeting and to the date of this Notice, the Company has issued a total of 1,269,439,413 Equity Securities which represented 168.36% of the total Equity Securities on issue at the commencement of that 12 month period. This information is provided for compliance with ASX Listing Rule 7.3A.6.

The details of issues of all Equity Securities made in the 12 months preceding the date of the Meeting are detailed on the following page.

#### **7.11 Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

7.11.1 a list of the recipients of the Equity Securities and the number of Equity Securities issued to each recipient (not for release to the market), in accordance with Listing Rule 7.1A.4; and

7.11.2 the information required by Listing Rule 3.10.5A for release to the market.

#### **7.12 Board Recommendation**

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

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#### **Cautionary Notes**

The Directors recognise and acknowledge the importance of Shareholders making their decision on the basis of the best possible information. However, once this material for the Notice of Meeting and Explanatory Statement is prepared and despatched to Shareholders, the Company has no legal obligation to continuously update the content of this material nor is it practical and logistically possible to do that and inform each Shareholder individually.

By its nature, the exploration industry is subject to numerous risks and the Company's Share price is affected by a range of factors. From the time of preparing this material to the date of the General Meeting, the Company's Share price may go up or down. The Company will continue to comply with its continuous disclosure obligations and make appropriate announcements to the ASX.

Shareholders are strongly encouraged to keep track of any announcements that the Company may make and of the Company's Share price up to the date of the General Meeting as that information may have an effect on the calculations and the data that is provided in this Notice and the Explanatory Statement. If you do not understand the effect of such information, you should consult your professional advisor.

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### Equity Securities made in the 12 months preceding the date of the Meeting

<b>Date of issue:</b>	24 December 2018	31 May 2019 and 26 July 2019	26 July 2019 and 28 August 2019.	6 September 2019
<b>Number issued:</b>	10,000,000 Shares	75,000,000 Shares and 37,500,000 free attaching options	742,404,069 Shares and 371,202,011 Options.	33,333,333 Performance Rights.
<b>Class:</b>	Ordinary shares	Ordinary shares and Listed Options (CAVOA)	Ordinary shares and Listed Options (CAVOA)	Performance Rights
<b>Summary of terms:</b>	Option extension fee in relation to the Kikagati Project.	Placement	Non-Renounceable Entitlement Issue	Each right can convert to an ordinary share, subject to satisfaction of specific vesting criteria and have an expiry date of 31 December 2020. Refer Schedule 1.
<b>Names of persons who received securities or basis on which those persons was determined:</b>	Shareholders of African Panther Resources (U) Limited ("APRU"), the 100% owner of the Kikagati Project.	Sophisticated, professional and other investors.	1 for 1 non-renounceable entitlement issue to all shareholders together with one free attaching Option for every two Shares issued.	Klaus Eckhof.
<b>Price:</b>	\$0.006 (non-cash)	\$0.003	\$0.003	N/A.
<b>Discount to market price (if any):</b>	N/A.	26.5% - 15-day VWAP preceding 30 May 2019 (announcement of Placement) was \$0.0041.	Nil discount to market on the date of lodgement of prospectus.	N/A.
<b>Total cash consideration received:</b>	Non-cash	\$225,000	\$2,227,212	Non-cash
<b>Amount of cash consideration spent:</b>	N/A.	\$225,000.	\$500,000.	N/A.
<b>Use of cash consideration</b>	N/A.	Ongoing exploration activities at the Company's existing projects and for ongoing working capital.	Ongoing exploration activities at the Company's existing projects and for working capital.	N/A.
<b>Intended use for remaining amount of cash (if any)</b>	N/A.	N/A.	As above.	N/A.
<b>Current value of non-cash consideration</b>	\$30,000.	N/A.	N/A.	\$100,000 – based on the closing price of the Shares on ASX on 16 October 2019.



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## GLOSSARY

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**10% Placement Facility** has the meaning given in Section 7.1.

**10% Placement Capacity Period** has the meaning given in Section 7.5.

**\$** means Australian dollars.

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

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

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

**Board** means the current board of directors 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 member's spouse;
- c) a dependent of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- e) a company the member controls; or
- f) a person prescribed by the *Corporations Regulations 2001 (Cth)* for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** or **Carnavale** means Carnavale Resources Limited (ACN 119 450 243).

**Constitution** means the Company's constitution.

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

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

**Explanatory Statement means** the explanatory statement accompanying the Notice.

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

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

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Securities** means Shares and Options.

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

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

**WST** means Western Standard Time as observed in Perth, Western Australia.

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**SCHEDULE 1 - TERMS AND CONDITIONS OF PERFORMANCE RIGHTS – RESOLUTIONS 4 AND 5**

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- (i) **Lapse:** Unless the Board determines otherwise in its absolute discretion, a Performance Right will lapse on the earliest to occur of:
  - (a) a purported transfer, assignment, mortgage, charge, disposition of or encumbrance of the Performance Right, other than with the prior written consent of the Board;
  - (b) the holder of such Performance Right (a “**Performance Rights Holder**”) ceasing to be a service provider (“**Eligible Person**”) to the Company for any reason, subject to the provisions described below;
  - (c) a determination by the Board that a Performance Rights Holder has acted fraudulently or dishonestly or is in breach of his or her obligations to the Carnavale Group;
  - (d) subject to any automatic vesting in accordance with other terms, if applicable vesting conditions have not been met in the prescribed period; or
  - (e) the expiry date of 31 December 2020.
- (ii) **Cessation of Entitlement – Death or Ill Health:** Subject to any invitation's terms and conditions, if the Performance Rights Holder ceases to be an Eligible Person due to ill health or death, then (a) if all relevant vesting conditions are met the Performance Rights may be exercised (by the personal representatives in the case of death) until they lapse in accordance with the terms of the Performance Rights; or (b) if any relevant vesting conditions have not been met, the Performance Rights will automatically lapse immediately upon the Performance Rights Holder ceasing to be an Eligible Person, unless the Board determines otherwise that all or a portion of those Performance Rights immediately vest, notwithstanding non-fulfilment of the vesting conditions.
- (iii) **Cessation of Entitlement – Termination for Cause:** Subject to any invitation's terms and conditions, if the Performance Rights Holder is terminated for cause, then (a) if all relevant vesting conditions are met, the right to exercise Performance Rights is immediately suspended for a period of 10 Business Days, during which period the Board may determine to lift the suspension and allow such Performance Rights to be exercisable for a period of 20 Business Days after the holder ceases to be an Eligible Person, following which such Performance Rights will lapse (however, if the Board does not determine to lift the suspension, the Performance Rights will automatically lapse at the end of the 10 Business Day suspension); or (b) if any relevant vesting conditions have not been met, the Performance Rights will lapse on the day the holder ceases to be an Eligible Person.
- (iv) **Cessation of Entitlement – Termination by Consent or Cessation of Services for Other Reasons:** Subject to any invitation's terms and conditions, if the Performance Rights Holder ceases to be an Eligible Person (a) by their own volition; or (b) for reasons other than ill health or death, termination for cause or by consent, then: (A) if all relevant vesting conditions are met, the Performance Rights may be exercised for a period of 20 Business Days after the holder ceases to be an Eligible Person, following which such Performance Rights will lapse; or (B) if any relevant vesting conditions have not been met, the Performance Rights will lapse on the day the Performance Rights Holder ceases to be an Eligible Person, unless the Board determines otherwise that all or a portion of those Performance Rights immediately vest, notwithstanding non-fulfilment of the vesting condition.

- (v) **Change of Control:** The Board may in its absolute discretion determine that all or a portion of the unvested Performance Rights automatically vest and are automatically exercised on the occurrence of a change of control (as further defined below).
- (vi) **Reorganisation:** In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued shares, the number of Performance Rights to which each Performance Rights Holder is entitled will be adjusted in the manner provided for in the ASX listing rules applicable at the time the reorganisation comes into effect.
- (vii) **Assignability:** If the Performance Right Holder purports to transfer, assign, mortgage, charge or otherwise dispose of or encumber any Performance Rights, the Performance Rights immediately lapse. Performance Rights are transferable only to the extent necessary to allow exercise by personal in the event of death of the holder.
- (viii) **Vesting:**
  - **Tranche 1 Performance Rights** - the Performance Rights will vest and convert into Shares, on the basis of 1 Share for each Performance Right, in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.007 for a consecutive period of at least 15 business days;
  - **Tranche 2 Performance Rights** – the Performance Rights will vest and convert into Shares, on the basis of 1 Share for each Performance Right, in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.009 for a consecutive period of at least 15 business days;
  - **Tranche 3 Performance Rights** – the Performance Rights will vest and convert into Shares, on the basis of 1 Share for each Performance Right, in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.011 for a consecutive period of at least 15 business days;
- (ix) **Participation in new issues:** There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

**Change of Control** means:

- a) a Takeover Bid is made to acquire all Shares, a person obtains a Voting Power in the Company of more than 50%, and the Takeover Bid is or has become unconditional;
- b) a Court has sanctioned a compromise or arrangement (other than for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other entity or entities);
- c) a selective buy-back or capital reduction is announced in respect of the Company which would result in a person who previously had Voting Power of less than 50% in the Company obtaining Voting Power of more than 50%; or
- d) a person otherwise lawfully acquires a Voting Power in the Company of more than 50%.

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

VOTE

ONLINE

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.

2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE»

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ The meeting chairperson
 

OR

or failing the person named, or if no person is named, the Chairperson 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, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 11:00am WST on Friday 22 November 2019 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia and at any adjournment 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 marking the appropriate box below under **SECTION B: Voting Directions**.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

#### RESOLUTION

	For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-Election of Director - Mr R Brans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Ratification of Prior Issue - Shares and Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of Prior Issue - Performance Rights to Mr K Eckhof	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Issue of Performance Rights to Mr K Eckhof	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

### SECTION C: Signature of Security Holder(s)

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

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 11:00am WST on Wednesday 20 November 2019.

**Name:**

(    )

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

**Email** registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.