



NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Thursday, 28 November 2019 at 11.30am (WST).

The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by email on david@miningcorporate.com.au.

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

KRAKATOA RESOURCES LIMITED

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Shareholders of Krakatoa Resources Limited (**Company**) will be held at the offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Thursday, 28 November 2019 at 11:30am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday, 26 November 2019 at 5:00pm (WST).

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

AGENDA

1. Annual Report

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2019, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Remuneration Report

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

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

Voting Prohibition

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a 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.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chair to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Re-election of Director - Mr Timothy Hogan

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

"That Mr Timothy Hogan, who retires by rotation in accordance with Article 11.3 of the Constitution and for all other purposes, and, being eligible and offering himself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."

4. Resolution 3 - Ratification of prior issue of Shares

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

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the following issues of Shares:

- (a) 15,000,000 Shares under Listing Rule 7.1 at \$0.022 per Share;
- (b) 5,250,000 Shares under Listing Rule 7.1 at \$0.05 per Share; and
- (b) 9,750,000 Shares under Listing Rule 7.1A at \$0.05 per Share,

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of these Resolutions by or on behalf of any person who participated in the issue of the Shares, or any of their respective associates.

However, the Company need not disregard a vote if:

- (c) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (d) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 4 - Approval to issue Shares to Locksley Holdings Pty Ltd

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 10,000,000 Shares to Locksley Holdings Pty Ltd (or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Locksley Holdings Pty Ltd (or its nominees) and any person who will obtain a material

benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 5 - Approval to issue Facilitator Options to King Corporate Pty Ltd

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 10,000,000 Quoted Options to King Corporate Pty Ltd (or its nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of King Corporate Pty Ltd (or its nominees) and any person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 6 - Approval to issue Technical Consultant Options

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

"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 5,000,000 unquoted Options to Technical Consultants (or their respective nominees) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Technical Consultants (or their respective nominees) and any person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 7 - Approval of 10% Placement Facility

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

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

Voting Exclusion

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

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Resolution 8 - Replacement of Constitution

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

"That, pursuant to and in accordance with section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form of the document tabled at the Meeting and signed by the Chair for the purposes of identification, with effect from the close of the Meeting."

10. Resolution 9 - Approval to increase Non-Executive Directors' Remuneration

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

"That, pursuant to and in accordance with the Constitution, Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the maximum total aggregate amount of fees payable to non-executive Directors to \$300,000 per annum on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a Director or any of their respective associates.

However, the Company need not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibitions

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD

David Palumbo
Director and Company Secretary
Krakatoa Resources Limited
Dated: 24 October 2019

KRAKATOA RESOURCES LIMITED

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EXPLANATORY MEMORANDUM

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Thursday, 28 November 2019 at 11.30am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Annual Report
Section 4	Resolution 1 - Remuneration Report
Section 5	Resolution 2 - Re-election of Director - Mr Timothy Hogan
Section 6	Resolution 3 - Ratification of prior issue of Shares
Section 7	Resolution 4 - Approval to issue Shares to Locksley Holdings Pty Ltd
Section 8	Resolution 5 - Approval to issue Facilitator Options to King Corporate Pty Ltd
Section 9	Resolution 6 - Approval to issue Technical Consultant Options
Section 10	Resolution 7 - Approval of 10% Placement Facility
Section 11	Resolution 8 - Replacement of Constitution
Section 12	Resolution 9 - Approval to increase Non-Executive Directors' Remuneration
Schedule 1	Definitions
Schedule 2	Terms and conditions of the Facilitator Options
Schedule 3	Terms and conditions of the Technical Consultants Options
Schedule 4	Securities issued in the previous 12 months

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

2. Action to be taken by Shareholders

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

2.1 Voting in person

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

2.2 Proxies

(a) Voting by proxy

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

(b) Proxy vote if appointment specifies way to vote

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

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

- (c) Transfer of non-chair proxy to chair in certain circumstances

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

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

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

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

In accordance with sections 250BD and 250R of the Corporations Act, votes on Resolutions 1 or 9 must not be cast (in any capacity) by, or on behalf of:

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

However, a person described above may cast a vote on Resolutions 1 or 9 if the vote is not cast on behalf of a person who is excluded from voting on the relevant Resolution and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution, but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

2.4 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, the Shareholder has expressly indicated a different voting intention.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolutions 1 or 9 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2019.

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

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

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

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

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

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

4. Resolution 1 - Remuneration Report

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

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

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

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2018 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2020 annual general meeting, this may result in the re-election of the Board.

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

Resolution 1 is an ordinary resolution.

5. Resolution 2 - Re-election of Director - Mr Timothy Hogan

5.1 General

Article 11.3 of the Constitution requires that one third of the Directors (excluding the Managing Director) must retire at each annual general meeting (or if that is not a whole number, the whole number nearest to one third, rounded down).

Article 11.5 of the Constitution requires that the Directors to retire are those who have held their office as Director for the longest period since their last election or appointment to that office.

Article 11.4 of the Constitution provides that a Director who retires in accordance with Article 11.3 is eligible for re-election.

As at the date of this Notice, the Company has two Directors and accordingly, one Director must retire.

Non-Executive Director Mr Timothy Hogan was last elected at the annual general meeting held on 24 October 2017 and has held office the longest since being last elected. Accordingly, Mr Hogan retires by rotation at this Meeting and, being eligible, seeks re-election pursuant to Resolution 2.

If elected, the Board considers Mr Hogan to be an independent Director.

Resolution 2 is an ordinary resolution.

The Board (other than Mr Hogan) recommends that Shareholders vote in favour of Resolution 2.

5.2 Mr Timothy Hogan

Mr Hogan has approximately 25 years' experience in the stockbroking industry in Australia, initially as a founding private client advisor at Hogan and Partners. Mr Hogan has provided corporate and execution services for a wide variety of corporate and private clients.

Mr Hogan is currently a Director of Barclay Wells Limited, a boutique advisory firm that specialises in Australian resource stocks, and has assisted many companies from their initial capital raising and flotation on the ASX through to production. Mr Hogan brings extensive experience and a wide range of contacts that will benefit the Company.

6. Resolution 3 - Ratification of prior issue of Shares

6.1 General

On 26 September 2019, the Company announced that it had received binding commitments for a placement to raise \$330,000 before costs (**September Placement**) by the issue of Shares at \$0.022 each (**September Placement Shares**) to sophisticated and professional investors (**September Placement Participants**).

On 16 October 2019, the Company announced that it had received binding commitments for a placement to raise approximately \$750,000 before costs (**October**

Placement) by the issue of Shares at \$0.05 each (**October Placement Shares**) to sophisticated and professional investors (**October Placement Participants**).

The Company issued a total of:

- (a) 15,000,000 September Placement Shares to September Placement Participants using the Company's placement capacity under Listing Rule 7.1 to raise \$330,000 (before costs);
- (b) 5,250,000 October Placement Shares to October Placement Participants using the Company's placement capacity under Listing Rule 7.1 to raise \$262,500 (before costs); and
- (c) 9,750,000 October Placement Shares to October Placement Participants using the Company's placement capacity under Listing Rule 7.1A to raise \$487,500 (before costs),

(collectively, the **Placement Shares**).

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

Each of the resolutions which form part of Resolution 3 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of each of the resolutions which form part of Resolution 3.

6.2 Listing Rules 7.1, 7.1A and 7.4

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

Listing Rule 7.1A provides that an eligible entity may seek shareholder approval at its annual general meeting to allow it to issue Equity Securities comprising up to 10% of its issued capital. The Company obtained this approval at its annual general meeting held on 28 November 2018.

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

The effect of the resolutions which form part of Resolution 3 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 and the additional 10% annual placement capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

6.3 Specific information required by Listing Rule 7.5

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

- (a) a total of 30,000,000 Placement Shares were issued as follows:

- (i) 15,000,000 September Placement Shares were issued on 27 September 2019 within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval;
 - (ii) 5,250,000 October Placement Shares were issued on 23 October 2019 within the 15% limit permitted under Listing Rule 7.1, without the need for Shareholder approval; and
 - (iii) 9,750,000 October Placement Shares were issued on 23 October 2019 within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval;
- (b) the Placement Shares were issued at \$0.022 per Share (27 September 2019) and \$0.05 per Share (23 October 2019);
 - (c) the Placement Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
 - (d) the Placement Shares were issued to the September Placement Participants and October Placement Participants, none of whom is a related party of the Company. There was no lead manager to the Placement as the Company self-managed it;
 - (e) the proceeds from the issue of the September Placement Shares were used towards due diligence on the Project, as well as for costs of the placement and general working capital. Proceeds from the October Placement Shares are intended to be used to fund the proposed exploration activities at the Belgravia Project; and
 - (f) a voting exclusion statement is included in the Notice.

7. Resolution 4 - Approval to issue Shares to Locksley Holdings Pty Ltd

7.1 General

On 26 September 2019, the Company announced that it had entered into a binding terms sheet (**Acquisition Agreement**) with Locksley Holdings Pty Ltd (ACN 083 912 092) (**Vendor**) to acquire a 100% interest in Exploration License 8153 (**Exploration License**), which comprises of the Belgravia Project (**Project**). The Acquisition Agreement grants the Company a 21-day option period to undertake due diligence on the Project for consideration of \$10,000.

On 11 October 2019, the Company announced that it has satisfactorily completed legal and technical due diligence on the Exploration License and has provided written notice to inform the Vendors that the Company has elected to exercise the option to purchase the Project.

As part consideration for the Project, the Company agreed to issue 10,000,000 Shares to the Vendor.

Resolution 4 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of 10,000,000 Shares to the Vendor.

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

7.2 Listing Rule 7.1

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

The effect of Resolution 4 will be to allow the Company to issue the Shares 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 under Listing Rule 7.1.

7.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Shares:

- (a) a maximum of 10,000,000 Shares are to be issued to the Vendor;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Shares will be issued as part consideration for the acquisition of the Project from the Vendor;
- (d) the Shares will be issued to the Vendor (or its nominees), whom is not a related party of the Company (though Mr Stephen Woodham, who controls the Vendor, has been engaged as an exploration consultant in conjunction with the acquisition);
- (e) the Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (f) no funds will be raised from the Shares as they will be issued for nil cash consideration;
- (g) it is intended that the issue of the Shares will occur shortly after the Meeting; and
- (h) a voting exclusion statement is included in the Notice.

8. Resolution 5 - Approval to issue Facilitator Options to King Corporate Pty Ltd

8.1 General

Upon completion of the Acquisition Agreement, the Company has agreed to pay the facilitator of the transaction, King Corporate Pty Ltd a facilitator fee of 10,000,000 Quoted Options (**Facilitator Options**).

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Facilitator Options.

Resolution 5 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 5.

8.2 Listing Rule 7.1

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

The effect of Resolution 5 will be to allow the Company to issue the Options 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 under Listing Rule 7.1.

8.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of Facilitator Options:

- (a) a maximum of 10,000,000 Quoted Options are to be issued as Facilitator Options;
- (b) the Facilitator Options will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Facilitator Options will be issued for nil cash consideration.
- (d) the Facilitator Options will be issued to King Corporate Pty Ltd (or its nominees), none of whom is a related party of the Company;
- (e) the Facilitator Options issued to King Corporate Pty Ltd (or its nominees) will be issued at \$0.05 each on or before 31 July 2021 on the following terms and conditions set out in Schedule 2;
- (f) any Shares issued on the exercise of the Facilitator Options will be fully paid ordinary Shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (g) no funds will be raised from the Facilitator Options as they will be issued for nil cash consideration;
- (h) it is intended that the issue of the Facilitator Options will occur on shortly after the Meeting; and
- (i) a voting exclusion statement is included in the Notice.

9. Resolution 6 - Approval to issue Technical Consultant Options

9.1 General

The Company has agreed, subject to Shareholder approval, to issue 5,000,000 unquoted Options exercisable at \$0.075 each on or before 31 July 2021 to Technical Consultants (**Technical Consultants**) (or their respective nominees) as partial consideration for the exploration consultancy services provided to the Company (**Technical Consultant Options**).

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of Options to the Technical Consultants.

Resolution 6 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 6.

9.2 Listing Rule 7.1

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

The effect of Resolution 6 will be to allow the Company to issue the Options 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 under Listing Rule 7.1.

9.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of Options:

- (a) a maximum of 5,000,000 Options are to be issued as Technical Consultant Options;
- (b) the Technical Consultant Options will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Technical Consultant Options will be issued for nil cash consideration.
- (d) the Technical Consultant Options will be issued to the Technical Consultants (or their respective nominees), whom is not a related party of the Company;
- (e) the Technical Consultant Options issued to the Technical Consultants (or their respective nominees) will be issued at an exercise price \$0.075 each on or before 31 July 2021 on the following terms and conditions set out in Schedule 3;
- (f) any Shares issued on the exercise of the Technical Consultant Options will be fully paid ordinary Shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (g) no funds will be raised from the Technical Consultant Options as they will be issued for nil cash consideration;
- (h) it is intended that the issue of the Technical Consultant Options will occur shortly after the Meeting; and
- (i) a voting exclusion statement is included in the Notice.

10. Resolution 7 - Approval of 10% Placement Facility

10.1 General

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% annual placement capacity under Listing Rule 7.1.

Resolution 7 seeks Shareholder approval by way of a special resolution to provide the Company the ability to issue Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 10.2(f) below). The number of Equity Securities to be issued under the 10% Placement Facility will be determined in

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

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

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

10.2 Listing Rule 7.1A

(a) Is the Company an eligible entity?

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

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$8.25 million, based on the closing price of Shares (\$0.050) on 23 October 2019.

(b) What Equity Securities can be issued?

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 the Notice, the Company has on issue two quoted class of Equity Securities; Shares and Quoted Options.

(c) How many Equity Securities can be issued?

Listing Rule 7.1A.2 provides that under the approved 10% Placement Facility, the Company may issue or agree to issue a number of Equity Securities calculated in accordance with 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:

- (1) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (2) plus the number of partly paid shares that became fully paid in the 12 months;
- (3) plus the number of fully paid Shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include any issue of Shares under the Company's 15% annual placement capacity without Shareholder approval; and
- (4) less the number of fully paid Shares cancelled in the 12 months.

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

D is 10%.

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

(d) What is the interaction with Listing Rule 7.1?

The Company's ability to issue Equity Securities under Listing Rule 7.1A will be in addition to its 15% annual placement capacity under Listing Rule 7.1.

(e) At what price can the Equity Securities be issued?

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

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

(Minimum Issue Price).

(f) When can Equity Securities be issued?

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A will be valid from the date of Meeting and will expire on the earlier to occur of:

- (A) the date that is 12 months after the date of the Meeting; or
- (B) the date of Shareholder approval of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

(g) What is the effect of Resolution 7?

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

10.3 Specific information required by Listing Rule 7.3A

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

(a) **Minimum issue price**

If the Company issues Equity Securities for cash consideration under the 10% Placement Facility, then the issue price will be not less than the Minimum Issue Price.

If the Company issues Equity Securities for non-cash consideration under the 10% Placement Facility, then, in accordance with the Listing Rules, the Company will provide a valuation of the non-cash consideration to the market that demonstrates that the issue price of the Equity Securities complies with Listing Rule 7.1A.3.

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

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' economic and voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are converted into Shares).

The below table shows:

- (i) the dilution of existing Shareholders based on the current market price of Shares and the current number of Shares for "A" calculated in accordance with the formula in Listing Rule 7.1A.2 (see Section 10.2(c)) as at the date of the Notice (**Variable A**);
- (A) two examples where Variable A has increased, by 50% and 100%; and
- (B) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Share on issue Variable A in Listing Rule 7.1A.2	Dilution			
	Issue price per Share	\$0.025 50% decrease in Issue Price	\$0.050 Issue Price	\$0.010 100% increase in Issue Price
165,000,000 Shares Current Variable A	10% Voting Dilution	16,500,000 Shares	16,500,000 Shares	16,500,000 Shares
	Funds raised	\$412,500	\$825,000	\$1,650,000
247,500,000 Shares 50% increase in current Variable A	10% Voting Dilution	24,750,000 Shares	24,750,000 Shares	24,750,000 Shares
	Funds raised	\$618,750	\$1,237,500	\$2,475,000
330,000,000 Shares 100% increase in current Variable A	10% Voting Dilution	33,000,000 Shares	33,000,000 Shares	33,000,000 Shares
	Funds raised	\$825,000	\$1,650,000	\$3,300,000

Notes:

1. The table has been prepared on the following assumptions:
 - (a) the issue price is \$0.050 being the closing price of the Shares on ASX on 23 October 2019, being the last day that the Company's Shares traded on the ASX before this Notice was printed;
 - (b) Variable A is 165,000,000, comprising:
 - (i) 135,000,000 existing Shares on issue as at the date of this Meeting, assuming the Company has not issued any Shares in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval under Listing Rule 7.1 and 7.4; and
 - (ii) a total of 30,000,000 Shares ratified if Resolutions 3(a), 3(b) and 3(c) is passed at the Meeting;
 - (c) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
 - (d) no convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities; and
 - (e) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
2. The number of Shares on issue (i.e. Variable A) may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue, scrip issued under a takeover offer or upon exercise of convertible securities) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.
3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
4. The 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 Meeting.
5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Shareholders should note that there is a risk that:

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

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

(c) Final date for issue

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

Shareholder approval of the 10% Placement Facility will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

(d) Purposes of issues under 10% Placement Facility

The Company may seek to issue Equity Securities under the 10% Placement Facility for cash consideration, in which case the Company intends to use funds raised for exploration of its projects and potentially the funding for any suitable acquisition opportunities identified by the Board.

The Company will comply with the disclosure obligations under the Listing Rules upon issue of any Equity Securities.

(e) Allocation policy

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

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

(f) Issues in the past 12 months

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 28 November 2018.

In the 12 months preceding the date of the Meeting and as at the date of this Notice, the Company has issued 122,500,000 Equity Securities. This represents 87.3% of the total number of Equity Securities on issue at the commencement of that 12 month period.

Details of each issue of Equity Securities by the Company during the 12 months preceding the date of the Meeting are set out in Schedule 4.

(g) Voting exclusion statement

A voting exclusion statement is included in the Notice.

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

11. Resolution 8 - Replacement of Constitution

11.1 General

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 8 seeks the approval of Shareholders to repeal the Company's existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares.

The Proposed Constitution incorporates amendments to the Corporations Act and the Listing Rules since the current Constitution was adopted in 2012 upon admission to the ASX. The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary.

Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 8.

11.2 Summary of material proposed changes

(a) Restricted Securities (article 2.7)

ASX is proposing to introduce a number of changes to the escrow regime in the Listing Rules in December 2019 to make aspects of the listing process and

ongoing compliance with the Listing Rules more efficient for issuers and for ASX.

Amongst these, ASX is proposing to introduce a two-tier escrow regime where ASX can and will require certain more significant holders of Restricted Securities (as defined by the Listing Rules) and their controllers to execute a formal escrow agreement in the form of Appendix 9A, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of Restricted Securities and to simply give a notice to the holder of Restricted Securities in the form of a new Appendix 9C advising them of those restrictions.

Under article 2.7 of the Proposed Constitution, holders of Restricted Securities will be taken to have agreed in writing that those Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the applicable escrow period. Holders of Restricted Securities will also not be entitled to participate in any return of capital on those Securities during the applicable escrow period, except as permitted by the Listing Rules or ASX.

(b) Partial (proportional) takeover provisions (article 4.9 and schedule 5)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

11.3 Information required by section 648G of the Corporations Act

(a) Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(b) Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) **Knowledge of any acquisition proposals**

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

(d) **Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (i) proportional takeover bids may be discouraged;
- (ii) lost opportunity to sell a portion of their Shares at a premium; and
- (iii) the likelihood of a proportional takeover bid succeeding may be reduced.

(e) **Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 8.

12. Resolution 9 - Approval to increase Non-Executive Directors' Remuneration

12.1 General

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

The Constitution also requires that remuneration payable to the non-executive Directors will not exceed the sum determined by the Company in general meeting from time to time, and the total aggregate fixed sum will be divided between the non-executive Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$250,000. This level was approved by Shareholders at a general meeting held in 2012 prior to the Company's listing and has not been increased. Resolution 9 seeks the approval of Shareholders pursuant to Listing Rule 10.17 and the Constitution to increase the total aggregate fixed sum per annum to be paid to the non-executive Directors to \$300,000.

Resolution 9 is an ordinary resolution.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

12.2 Rationale for the increase

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year, rather the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate both existing and any new non-executive Directors joining the Board;
- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) has the ability to attract and retain non-executive Directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

12.3 Specific information required by Listing Rule 10.17

Pursuant to and in accordance with Listing Rule 10.17, the following information is provided in relation to the proposed increase in the aggregate amount payable to non-executive Directors:

- (a) the Company is proposing to increase the total aggregate fixed sum per annum to be paid to the non-executive Directors by \$50,000;
- (b) the maximum aggregate amount per annum to be paid to all non-executive Directors is \$300,000, and includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under Listing Rules 10.11 or 10.14 with approval of Shareholders; and

- (c) in the past 3 years, the Company has issued Equity Securities to non-executive Directors, or their nominees, pursuant to Listing Rules 10.11 and 10.14 as follows:

Non-Executive Director	Shareholder approval	Equity Securities	Date of issue
Timothy Hogan	Listing Rule 10.11: Participation in placement	2,000,000 options ¹	25 May 2017
	Listing Rule 10.11: Director options	4,000,000 options ²	24 October 2017
	Listing Rule 10.11: Participation in placement	6,000,000 options ³	28 August 2019
David Palumbo	Listing Rule 10.11: Director options	4,000,000 options ²	24 October 2017
	Listing Rule 10.11: Participation in placement	2,539,389 options ³	28 August 2019
Aryo Bimo (resigned 7 August 2017)	Listing Rule 10.11: Participation in placement	1,000,000 options ¹	25 May 2017

Notes:

1. Quoted Options exercisable at \$0.10 each on or before 31 May 2019.
2. Unquoted Options exercisable at \$0.10 each on or before 24 October 2020.
3. Quoted Options exercisable at \$0.05 each on or before 31 July 2021.

Schedule 1 - Definitions

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

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

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

\$ or A\$ means Australian Dollars.

Acquisition Agreement means the binding terms sheet between the Company and Locksley Holdings Pty Ltd (ACN 083 912 092) dated 20 September 2019.

Annual Report means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2019.

Article means an article of the Constitution.

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

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

Board means the board of Directors.

Chair means the person appointed to chair the Meeting of the Company convened by the Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Consulting Agreement means the consulting agreement between the Company and Mr Stephen Woodham for the provision of exploration consulting services.

Company means Krakatoa Resources Limited (ACN 155 231 575).

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

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

Director means a director of the Company.

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

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

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Exploration License means Exploration License 81538153, which comprises of the Belgravia Project.

Facilitator Options means the Options issued on 27 September 2019 to King Corporate Pty Ltd, which are the subject of Resolution 5.

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

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

Listing Rules means the listing rules of ASX.

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

Minimum Issue Price has the meaning given in Section 10.2(e).

Notice means this notice of annual general meeting.

October Placement has the meaning given in Section 6.1.

October Placement Participants has the meaning given in Section 6.1.

October Placement Shares means the Shares issued on 23 October 2019 to the October Placement Participants, which are the subject of Resolution 3.

Option means an option to acquire a Share.

Placement Shares means the September Placement Shares and October Placement Shares.

Project means the Belgravia Project.

Proposed Constitution means the proposed new constitution of the Company, a copy of which may be sent to Shareholders upon request to the Company Secretary, which is the subject of Resolution 8.

Proxy Form means the proxy form attached to the Notice.

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

Resolution means a resolution referred to in the Notice.

Schedule means a schedule to the Notice.

Section means a section of the Explanatory Memorandum.

Securities means any Equity Securities of the Company (including Shares and Options).

September Placement has the meaning given in Section 6.1.

September Placement Participants has the meaning given in Section 6.1.

September Placement Shares means the Shares issued on 27 September 2019 to the September Placement Participants, which are the subject of Resolution 3.

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

Shareholder means the holder of a Share.

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

Technical Consultants means consultants providing exploration consultancy services to the Company.

Technical Consultant Options means the Options which are the subject of Resolution 6.

Trading Day has the meaning given in the Listing Rules.

Vendor means Locksley Holdings Pty Ltd (ACN 083 912 092).

VWAP means volume weighted average market price.

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

Schedule 2 - Terms and conditions of the Facilitator Options

Each Option will be granted on the following terms and conditions:

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Exercise Price and Expiry Date):** The Options will have an exercise price of \$0.05 (**Exercise Price**) and an expiry date of 5:00pm (WST) on 31 July 2021 (**Expiry Date**). Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) **(Exercise Period):** The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (d) **(Notice of Exercise):** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (e) **(Exercise Date):** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (f) **(Quotation):** The Company will apply for official quotation on ASX of the Options.
- (g) **(Timing of issue of Shares on exercise):** After an Option is validly exercised, the Company must, within, 15 Business Days of receipt of the Notice of Exercise and receipt of cleared funds equal to the Exercise Price of the exercised Option:
 - (i) issue the Share; and
 - (ii) do all such acts, matters and things to obtain the grant of official quotation of the Share on ASX no later than 10 Business Days after issuing the Share.
- (h) **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.
- (i) **(Reconstruction of capital):** In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the Expiry Date, all rights of the Option holder will be varied in accordance with the Listing Rules.
- (j) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (k) **(Change in exercise price):** The Company may change the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue) in accordance with Listing Rule 6.22.2A.

- (l) **(Adjustment for bonus issues):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Option exercise price.
- (m) **(Transferability):** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Schedule 3 - Terms and conditions of the Technical Consultant Options

Each Option will be granted on the following terms and conditions:

- (a) **(Entitlement):** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **(Exercise Price and Expiry Date):** The Options will have an exercise price of \$0.075 (**Exercise Price**) and an expiry date of 5:00pm (WST) on 31 July 2021 (**Expiry Date**). Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) **(Exercise Period):** The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (d) **(Notice of Exercise):** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (e) **(Exercise Date):** A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (f) **(Quotation):** The Company will not apply for official quotation on ASX of the Options.
- (g) **(Timing of issue of Shares on exercise):** Within 15 Business Days after the later of the following:
 - (i) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
 - (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (iii) issue the Shares pursuant to the exercise of the Options;
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (v) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If the Company is unable to deliver a notice under paragraph (g)(iv) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company will lodge with ASIC a "cleansing prospectus" prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors. Where a "cleansing prospectus" is required, any Shares

issued on exercise of Options will be subject to a holding lock until such time as a prospectus is issued by the Company.

- (h) **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then issued Shares of the Company.
- (i) **(Reconstruction of capital):** In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the Expiry Date, all rights of the Option holder will be varied in accordance with the Listing Rules.
- (j) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (k) **(Change in exercise price):** The Company may change the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue) in accordance with Listing Rule 6.22.2A.
- (l) **(Adjustment for bonus issues):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Option exercise price.
- (m) **(Transferability):** The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

Schedule 4 - Securities issued in the previous 12 months

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

Date of Issue	Number of Securities	Type of Security	Recipient of Security	Issue Price and details of any discount to Market Price ¹ (if applicable)	Consideration, Use of Funds and Current Value ² as at the date of this Notice
24/06/2019	17,500,000	Shares	Sophisticated and professional investors under a placement, as approved at the Shareholders' meeting on 16 August 2019	\$0.022 per Share, representing a discount of 22.7% to the Market Price on the date of issue	\$385,000 (before costs) was raised and spent on exploration activities on its existing projects, evaluation of acquisition opportunities and working capital requirements.
28/08/2019	75,000,000	Quoted Options ²	Selected participants under the Options Offer	\$0.001 issue price (on a 1:1 basis)	\$75,000 (before costs) was raised and spent on exploration activities on its existing projects, evaluation of acquisition opportunities and working capital requirements.
27/09/2019	15,000,000	Shares	Sophisticated and professional investors under the September Placement	\$0.022 per Share, representing a discount of 36.4% to the Market Price on the date of issue	\$330,000 (before costs) was raised, of which none has been expended, with the remainder intended to also be spent on the due diligence on the Belgravia Project and working capital requirements.
23/10/2019	15,000,000	Shares	Sophisticated and professional investors under the October Placement	\$0.05 per Share, representing a premium of 2% to the Market Price on the date of issue	\$750,000 (before costs) was raised, of which none has been expended, but which is intended to be spent to fund the cash consideration for the Belgravia Project and proposed exploration activities at the Belgravia Project.

Notes:

1. "Market Price" means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Quoted Options exercisable at \$0.05 each on or before 31 July 2021 (ASX Code: KTA).

Krakatoa Resources Limited

ABN 39 155 231 575



KTA

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

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:30am (WST)**
Tuesday 26 November 2019

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



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

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

☐

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



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I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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

☐

the Chairman
of the Meeting

OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Krakatoa Resources Limited to be held at the offices of the Company, at Level 11, 216 St Georges Terrace, Perth, Western Australia on Thursday, 28 November 2019 at 11:30am (WST) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 9 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 9 are 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 Resolutions 1 and 9 by marking the appropriate box in step 2.

Step 2 Items of Business

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

		For	Against	Abstain			For	Against	Abstain
1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Director – Mr Timothy Hogan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(a)	Ratification of prior issue of Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9	Approval to increase Non-Executive Directors' Remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3(b)	Ratification of prior issue of Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
3(c)	Ratification of prior issue of Shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
4	Approval to issue Shares to Locksley Holdings Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
5	Approval to issue Facilitator Options to King Corporate Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
6	Approval to issue Technical Consultant Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

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

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

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Computershare

