



TAO COMMODITIES LIMITED

ACN 618 935 372

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

Tuesday, 21 January 2020

10:00AM (WST)

22 Townshend Rd, Subiaco WA 6008

This Notice of Meeting contains resolutions regarding an Acquisition. The Acquisition is subject to Shareholder approval under the ASX Listing Rules. If Shareholder approval is not obtained, the Acquisition may not proceed.

This Notice of General Meeting and Explanatory Memorandum 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 adviser without delay.

Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 6380 2470.

NOTICE OF GENERAL MEETING

Notice is given that the general meeting of Shareholders of TAO Commodities Limited (ACN 618 935 372) (**Company**) will be held at 22 Townshend Rd, Subiaco WA 6008 on Tuesday, 21 January 2020, commencing at 10:00AM (WST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matter to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this 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 4:00pm WST Monday, 20 January 2020.

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Resolution 1 – Approval of Acquisition of DSO Mining

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

“That, subject to the approval of all Key Resolutions, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes approval is given for the Company to acquire 100% of DSO Mining Pty Ltd (ACN 634 356 040) 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 DSO Mining Pty Ltd (ACN 634 356 040) or the Vendors (being the counterparties to the transaction), and any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any Associates of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 – Ratification of Option Fee Shares

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 416,667 Option Fee Shares issued to the Vendors under the Company’s Listing Rule 7.1 capacity 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 the Vendors (being the persons who participated in the issue) or any Associates of the Vendors.

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Resolution 3 – Approval of Acquisition Consideration

To consider and, if thought fit, to pass with or without amendment, the following resolutions each separately as ordinary resolutions:

- (a) *“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 22,916,667 Shares to the Vendors in respect of the Acquisition on the terms and conditions set out in the Explanatory Statement.”*
- (b) *“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue the 15,000,000 Unlisted Options to the Vendors in respect of the Acquisition on the terms and conditions set out in the Explanatory Statement.”*
- (c) *“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 6,250,000 Class A Performance Shares to the Vendors in respect of the Acquisition on the terms and conditions set out in the Explanatory Statement.”*
- (d) *“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 6,250,000 Class B Performance Shares to the Vendors in respect of the Acquisition 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 the Vendors, or any Associates of the Vendors.

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. Resolution 4 – Approval of Facilitation Fees

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

- (a) *“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,291,667 Shares to GTT Ventures Pty Ltd (ACN 601 029 636) in respect of the Facilitation Fee for the Acquisition on the terms and conditions set out in the Explanatory Statement.”*
- (b) *“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 3,000,000 Unlisted Options to GTT Ventures Pty Ltd (ACN 601 029 636) in respect of the Facilitation Fee for the Acquisition on the terms and conditions set out in the Explanatory Statement.”*
- (c) *“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 625,000 Class A Performance Shares to GTT Ventures Pty Ltd (ACN 601 029 636) in respect of the Facilitation Fee for the Acquisition on the terms and conditions set out in the Explanatory Statement.”*
- (d) *“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 625,000 Class B Performance Shares GTT Ventures Pty Ltd (ACN 601 029 636) in respect of the Facilitation Fee for the Acquisition 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 GTT Ventures Pty Ltd, Mr Glovac, or any Associates of GTT Ventures Pty Ltd or Mr Glovac, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reasons of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Resolution 5 – Approval of Placement Shares

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 20,833,333 shares to raise \$2,500,000 at \$0.12 per Share, 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 is expected to participate in, or who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or any Associates of those persons.

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. Resolution 6 – Approval of BW Equities Placement Options

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

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,800,000 Unlisted Options to BW Equities Pty Ltd (ACN 146 642 462) in respect of the Placement, 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 BW Equities Pty Ltd or any Associates of BW Equities Pty Ltd.

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Resolution 7 – Approval of GTT Placement Options

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

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 700,000 Unlisted Options to GTT Ventures Pty Ltd (ACN 601 029 636) in respect of the Placement, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion

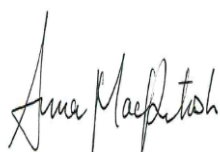
The Company will disregard any votes cast in favour of this Resolution by or on behalf of GTT Ventures Pty Ltd, Mr Glovac, or any Associates of GTT Ventures Pty Ltd or Mr Glovac, and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reasons of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of the resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chair to vote on the resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated 17 December 2019

BY ORDER OF THE BOARD



Ms Anna MacKintosh
Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at 22 Townshend Rd, Subiaco WA 6008 on Tuesday, 21 January 2020, commencing at 10:00AM (WST)

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

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

2. Action to be taken by Shareholders

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

2.1 Proxies

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:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) 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.

3. Background

3.1 Important Information

In the event that Resolution 1, and the key Resolutions 3, 4, 5 and 6 (**Key Resolutions**) are not approved by the Shareholders, the Placement and the Acquisition will not proceed.

Shareholder approval of the Resolutions in this Notice of Meeting does not guarantee that the Placement will be able to be completed, that the other conditions precedent to the Acquisition will be able to be satisfied or waived, or that the Acquisition will proceed and be Completed.

ASX takes no responsibility for the content of this Notice of Meeting.

3.2 Acquisition and Capital Raising

As announced on 25 October 2019, the Company has entered into a binding term sheet (**Term Sheet**) with DSO Mining Pty Ltd (ACN 634 356 040) (**DSO**) and the shareholders of DSO listed in Schedule 6 (**Vendors**) to grant the Company the option to acquire 100% of the issued capital of DSO (**Option**), a portfolio of WA-based Iron Ore exploration projects, comprised of the 26 tenements (**Tenements**) listed in Schedule 7 (**Acquisition**).

On 14 November 2019, the Company announced that it had completed its due diligence for the Acquisition and exercised the Option to proceed with the Acquisition.

The material terms and conditions of the Term Sheet are as follows:

- (a) The conditions precedent to the Acquisition include (but are not limited to):
 - (i) the Company obtaining all necessary shareholder and regulatory approvals, such as the Shareholders approving the transaction in respect of ASX listing Rules 7.1 and 11.1.2 (as sought pursuant to this Notice);
 - (ii) completion of a \$2,500,000 capital raising via placement of up to approximately 20,833,333 shares at \$0.12 per share (**Placement**);
 - (iii) all necessary ministerial and third party consents being obtained;
 - (iv) transfer of the granted Tenements from their current holders to DSO;
 - (v) the respective third party owners of the Tenement entering into deeds regarding the transfer of the application Tenements to DSO, as soon as they are able to do so;
 - (vi) the respective third party owners of the application Tenements executing powers of attorney appointing the Company as power of attorney in respect of the Tenements in application stage; and
 - (vii) appointment of DSO as the sole representative authorised to deal with the Tenements,
(**Conditions Precedent**).
- (b) Subject to satisfaction of the Conditions Precedent, the Company anticipates that Completion will occur shortly after the Meeting.
- (c) The consideration payable for the Acquisition at (or on and from) Completion is as follows:

- (i) an option fee of 416,667 Shares to the Vendors (**Option Fee Shares**);
 - (ii) a 2% Net smelter return royalty on the gross sales of all future metals obtained from the Tenements and sold on an arm's length basis (**Royalty**);
 - (iii) 22,291,667 Shares (**Consideration Shares**);
 - (iv) 15,000,000 unlisted options with an exercise price of \$0.30 and expiring four years from the date of issue, and otherwise on the terms and conditions set out in Schedule 3 (**Long Unlisted Options**);
 - (v) 625,000,000 class A performance shares on the terms and conditions set out in Schedule 5 (**Class A Performance Shares**); and
 - (vi) 625,000,000 class B performance shares in the terms and conditions set out in Schedule 5 (**Class B Performance Shares**).
- (d) The facilitation fees for the Acquisition, payable to GTT Ventures Pty Ltd (ACN 601 029 636) (**GTT**) are as follows:
- (i) 2,291,667 Shares;
 - (ii) 3,000,000 Long Unlisted Options;
 - (iii) 625,000 Class A Performance Shares; and
 - (iv) 625,000 Class B Performance Shares.

The Term Sheet otherwise contains terms, conditions, warranties and representations which are typical for an agreement of this type.

3.3 Placement

The purpose of the Placement is to satisfy the relevant Condition Precedent under the Term Sheet and for the Company to obtain funds required to pay for the costs of the Acquisition and provide working capital for the Company to explore the Tenements and as otherwise detailed in the Use of Funds at section 3.4 below.

The participants in the Placement (**Placement Participants**) will be exempt investors in accordance with section 708 of the Corporations Act (**Exempt Investor**).

As announced on 14 November 2019, the Placement is being managed by BW Equities Pty Ltd (ACN 146 643 462) (**BW Equities**) in conjunction with GTT.

BW Equities are, on a best endeavours basis, facilitating up to \$2,000,000 worth of the Placement. BW Equities will receive the following fees for its services:

- (a) a management fee of 2% (plus GST) of the total value of all funds raised in respect of the Placement by BW Equities;
- (b) a capital raising fee of 4% (plus GST) of the total value of all funds raised in respect of the Placement by BW Equities; and
- (c) subject to completion of the Placement and the Acquisition (including regulatory and shareholder approvals) up to 2,800,000 unlisted options with an exercise price of \$0.30 per option, expiring 12 months from date of issue (**Short Unlisted Options**).

GTT are, on a best endeavours basis, facilitating up to A\$500,000 of the Placement. GTT will receive the following fees for its services:

- (a) a management fee of 2% (plus GST) of the total value of all funds raised in respect of the Placement by GTT;

- (b) a capital raising fee of 4% (plus GST) of the total value of all funds raised in respect of the Placement by GTT; and
- (c) subject to completion of the Placement and the Acquisition (including regulatory and shareholder approvals) issue to GTT a maximum of 700,000 Short Unlisted Options.

3.4 Purpose and effect

Accordingly, this Notice of Meeting sets out a number of Resolutions for consideration in relation to the above Acquisition and Placement. If the Acquisition and Placement are approved, pro-forma details of the Company's revised capital structure and the possible full dilutionary effect are set out in Schedule 2.

3.5 Use of Funds

Indicative Use of Placement Funds	Indicative Amount of Placement Funds
Mining Right & Maintenance Costs	\$100,000
DSO Mining Exploration	\$1,720,000
Consultant and Expert Fees	\$80,000
Project Acquisition & Analysis	\$50,000
GTT Fees	\$30,000
BW Equity Fees	\$120,000
Working Capital	\$400,000
Total	\$2,500,000

* The Use of Funds is a statement of current intentions as at the date of this Notice, is indicative and subject to change.

In the event the Placement is not fully subscribed, the above Use of Funds will be scaled back at the Board's discretion.

The above Use of Funds table is a statement of current intentions as at the date of this Notice, as with any budget, intervening events (such as project and general market risk factors affecting the Company) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3.6 Financial Effect of the Acquisition

A pro-forma of the likely financial effect of the Acquisition and Placement is set out in Schedule 3.

3.7 Indicative Timetable

Events	Indicative Dates
Meeting	Tuesday 21 January 2020
Subject to Shareholder approval, Completion of Placement and Acquisition	by 17 February 2020

3.8 Changes to the Board and Senior Management

Felicity Repacholi-Muir will be appointed as a new director to the Company. Ms Repacholi-Muir is a broad based professional geologist with over 15 years experience in the field of mineral exploration and resource development. Ms Repacholi-Muir is currently Managing Director of Hodges Resources Limited (unlisted) and has NED experience as a founding Director of Whitestar Resources Ltd (ASX:WSR). Ms Repacholi-Muir is well versed in board-level project presentations, technical orientations and project funding campaigns. She is also experienced in conducting due diligence & project evaluation for venture capital business development.

There will be no other changes to the Company directors or senior management.

All directors and secretaries of DSO will resign at Completion of the Acquisition and be replaced with the Company's nominees.

3.9 Changes to the Company's Business Model

Completion of the Acquisition remains subject to various other Conditions Precedent as set out in section 3.1(b). If the Acquisition and Placement is approved, post-Completion, the Company will seek to commence exploration activities on the Tenements.

In respect of the Company's existing projects, the Company is currently in discussions with its USA based geological team regarding a proposed new work program on its existing Milford Project which will include soil samples, mapping and geophysics of a new region across the tenements. Additionally, geophysical analysis will be run across the 'phase 1 area' in an attempt to better understand the results and whether the existing drill locations are acceptable or whether further work/drilling is warranted in that area.

3.10 Other Matters

The Company is also seeking approval to ratify the previous issue of the Option Fee Shares in respect of the Acquisition.

3.11 Information regarding the Company's relationship with GTT

GTT is engaged as the Company's corporate advisor and has provided:

- (a) corporate advisory and facilitation services in respect of the Acquisition; and
 - (b) services in respect of the Placement,
- as described above.

Mr Patrick Glovac, Managing Director of the Company, is also a director and shareholder of GTT.

The Company has considered and determined that GTT is not an entity that is controlled by Mr Glovac.

Accordingly, Shareholder approval is not required in relation to section 208 of the Corporations Act.

4. Resolution 1 – Approval of Acquisition of DSO Mining

4.1 General

A summary of the background and terms of the Acquisition is set out in section 3.

Resolution 1 seeks Shareholder approval for the Acquisition on the terms set out in this Notice and the resulting change in the nature and scale of the Company's activities resulting from the Acquisition.

4.2 ASX Listing Rule 11.1.2

ASX Listing Rule 11.1.2 empowers ASX to require a listed company to obtain the approval of its shareholders to a significant change to the nature or scale of its activities. The Acquisition will involve a significant change to the nature or scale of the Company's activities for these purposes and, as is its usual practice, ASX has imposed a requirement under Listing Rule 11.1.2 that the Company obtain Shareholder approval to the Acquisition.

Resolution 1 seeks the required Shareholder approval to the Acquisition under and for the purposes of Listing Rule 11.1.2.

If Resolution 1 is passed, (and the Key Resolutions) the Company will be able to proceed with the Acquisition and acquire DSO and the Tenements, issue the Consideration and Facilitation Fees and seek to commence exploration of the Tenements.

If Resolution 1 is not passed, (and the other Key Resolutions) the Company will not be able to proceed with the Acquisition, it will not acquire DSO or the Tenements and it will not issue the Consideration or Facilitation Fees. The Company may seek suitable other investment opportunities to deliver value to the Shareholders.

4.3 Information specific to ASX Listing Rule 11.1.2

The following information is provided in relation to Resolution 1:

- (a) the parties and material terms of the Acquisition are set out in section 3.2;
- (b) information regarding the likely effect of the Acquisition is set out in section 3.6;
- (c) changes to the Company's business model are set out in section 3.9;
- (d) the Company is proposing to raise up to \$2,500,000 from the issue of securities under the Placement and the funds will be used as set out in the Use of Funds at section 3.5. No funds will be raised from the issue of the securities under the Acquisition, as they are being issued as part consideration;
- (e) changes to the board and senior management of the Company are set out in section 3.8;

- (f) a timetable for the Acquisition is set out at section 3.7; and
- (g) a voting exclusion statement is set out in the Notice.

4.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1. The Chair intends to vote undirected proxies in favour of Resolution 1.

5. Resolution 2 – Ratification of Option Fee Shares

5.1 General

Pursuant to the Acquisition described in section 3.2, the Company issued the Option Fee Shares to the Vendors, as announced on 25 October 2019 under the Company's Listing Rule 7.1 capacity.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Option Fee Shares.

5.2 ASX Listing Rule 7.1 and Listing Rule 7.4

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.

If Resolution 2 is passed, the Option Fee Shares will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 and it will make available the equivalent amount of capacity for the Company to issue further securities, if necessary.

If Resolution 2 is not passed, the Option Fee Shares will be deemed to have taken up a portion of the 15% placement capacity and the Company will not have the equivalent amount of capacity available to issue further securities, if necessary.

5.3 Technical information required by ASX Listing Rule 7.4

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

- (a) the Option Fee Shares were issued to the Vendors;
- (b) 416,667 Option Fee Shares were issued under the Company's Listing Rule 7.1 capacity;

- (c) the Option Fee 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;
- (d) the Option Fee Shares were issued on 25 October 2019;
- (e) no funds were raised from the issue of the Option Fee Shares, however, pursuant to the Term Sheet, the deemed issue price was \$0.12 per Option Fee Share;
- (f) the purpose of the issue of the Option Fee Shares is as consideration for the Vendors' entry into the Term Sheet and for grant of the option to acquire DSO. No funds were raised from issue of the Option Fee Shares, as they were issued for nil cash consideration but rather as consideration for the Vendors entry into the Term Sheet;
- (g) a summary of the material terms of the Term Sheet under which the issue of the Option Fee Shares is made, is set out in section 3; and
- (h) a voting exclusion statement is set out in the Notice.

5.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 2. The Chair intends to vote undirected proxies in favour of Resolution 2.

6. Resolution 3 – Approval of Acquisition Consideration

6.1 General

A summary of the background and terms of the Acquisition is set out in section 3 above.

Pursuant to the terms of the Term Sheet, if the Acquisition proceeds to Completion, the Company must pay the consideration to the Vendors.

Resolutions 3(a) to 3(d) seek Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of the following:

- (a) 22,291,667 Consideration Shares;
 - (b) 15,000,000 Long Unlisted Options;
 - (c) 625,000 Class A Performance Shares; and
 - (d) 625,000 Class B Performance Shares,
- (Acquisition Securities).**

6.2 ASX Listing Rule 7.1 and Listing Rule 7.4

A summary of ASX Listing Rule 7.1 is set out in section 5.2 above.

The effect of Resolutions 3(a) to 3(d) will be to allow the Company to issue the Acquisition Securities pursuant to the Term Sheet 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.

If Resolutions 3(a) to 3(d) are passed, (along with the Resolution 1 and the other Key Resolutions) the Company will be able to proceed with the Acquisition and acquire DSO and the Tenements, issue the Consideration and Facilitation Fees and seek to commence exploration of the Tenements.

If Resolutions 3(a) to 3(d) are not passed, (along with the Resolution 1 and the other Key Resolutions) the Company will not be able to proceed with the Acquisition, it will not acquire DSO or the Tenements and it will not issue the Consideration or Facilitation Fees. The Company may seek suitable other investment opportunities to deliver value to the Shareholders. Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the ratification of the Acquisition Securities:

- (a) the Acquisition Securities will be issued to the Vendors. None of the Vendors are related parties of the Company;
- (b) the number of Acquisition Securities to be issued under Resolution 3(a) to 3(d) is:
 - (i) Resolution 3(a): 22,291,667 Consideration Shares;
 - (ii) Resolution 3(b): 15,000,000 Long Unlisted Options;
 - (iii) Resolution 3(c): 625,000 Class A Performance Shares; and
 - (iv) Resolution 3(d): 625,000 Class B Performance Shares,
- (c) the Acquisition Securities will be issued on the following terms:
 - (i) Resolution 3(a) Consideration Shares: will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
 - (ii) Resolution 3(b) Long Unlisted Options: with an exercise price of \$0.30 per option, expiring four years from date of issue and otherwise on the terms and conditions set out in Schedule 3 of this Notice;
 - (iii) Resolution 3(c) Class A Performance Shares: which are convertible into ordinary Shares subject to performance milestones and terms as set out in Schedule 5 of this Notice; and
 - (iv) Resolution 3(d) Class B Performance Shares: which are convertible into ordinary Shares subject to performance milestones and terms as set out in Schedule 5 of this Notice,
- (d) the Acquisition Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Acquisition Securities will all be issued on the same day;
- (e) the issue price of the Acquisition Securities is as follows:
 - (i) Resolution 3(a) Consideration Shares: nil, as the Consideration Shares are issued as part consideration for the Acquisition;
 - (ii) Resolution 3(b) Long Unlisted Options: nil;
 - (iii) Resolution 3(c) Class A Performance Shares: nil; and
 - (iv) Resolution 3(d) Class B Performance Shares: nil,
- (f) the purpose of the issue of the Acquisition Securities is as consideration for the Acquisition. No funds will be raised from the issue of the Acquisition Securities as they are issued for nil cash consideration but rather as consideration for the Acquisition;

- (g) a summary of the material terms of the Term Sheet under which the issue of the Acquisition Securities is made, is set out in section 3; and
- (h) a voting exclusion statement is set out in the Notice.

6.3 Dilution

The dilutionary effect of Resolutions 3(a) to 3(d) is set out in Schedule 2.

6.4 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3(a) to 3(d). The Chair intends to vote undirected proxies in favour of Resolution 3(a) to 3(d).

7. Resolution 4 – Approval of Facilitation Fee

7.1 General

Pursuant to the terms of the Term Sheet, GTT will be paid fees in respect of GTT's services in facilitating the Acquisition.

Resolutions 4(a) to 4(d) seek Shareholder approval pursuant to ASX Listing Rule 10.11 for the issue of the following:

- (a) 2,291,667 Facilitation Shares;
- (b) 3,000,000 Long Unlisted Options;
- (c) 625,000 Class A Performance Shares; and
- (d) 625,000 Class B Performance Shares,
(Facilitation Securities).

Details regarding the Company's relationship with GTT are set out in section 3.11 and below.

7.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues or agrees to issue securities to a related party or an Associate of a related party or a person whose relationship with the entity or a related party or Associate of a related party is in ASX's opinion such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies. The exceptions to ASX Listing Rule 10.12 do not apply. Accordingly, the Company is seeking ASX Listing Rule 10.11 approval on the basis GTT is an Associate of Mr Glovac (as Mr Glovac is a related party of the Company in his capacity as Managing Director of the Company).

The effect of Resolutions 4(a) to 4(d) will be to allow the Company to issue the Facilitation Securities pursuant to the Term Sheet during the period of one month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

If Resolutions 4(a) to 4(d) are passed, (along with the Resolution 1 and the other Key Resolutions) the Company will be able to proceed with the Acquisition and acquire DSO and the Tenements, issue the Consideration and Facilitation Fees and seek to commence exploration of the Tenements.

If Resolutions 4(a) to 4(d) are not passed, (along with the Resolution 1 and the other Key Resolutions) the Company will not be able to proceed with the Acquisition, it will not acquire DSO or the Tenements and it will not issue the Consideration or Facilitation Fees. The Company may seek suitable other investment opportunities to deliver value to the Shareholders.

7.3 Technical information required by ASX Listing Rule 10.11

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the ratification of the Consideration Shares:

- (a) the Facilitation Securities will be issued to GTT;
- (b) pursuant to ASX Listing Rule 10.11.4, GTT is an Associate of Mr Glovac. Mr Glovac is a related party of the Company in his capacity as Managing Director of the Company. GTT's relationship with the Company is further set out in section 3.11;
- (c) the number of Facilitation Securities to be issued under Resolution 3(a) to 3(d) is:
 - (i) Resolution 4(a): 2,291,667 Facilitation Shares;
 - (ii) Resolution 4(b): 15,000,000 Long Unlisted Options;
 - (iii) Resolution 4(c): 625,000 Class A Performance Shares; and
 - (iv) Resolution 4(d): 625,000 Class B Performance Shares,
- (d) the Facilitation Securities will be issued on the following terms:
 - (i) Resolution 4(a) Facilitation Shares: will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
 - (ii) Resolution 4(b) Long Unlisted Options: with an exercise price of \$0.30 per option, expiring 12 months from date of issue and otherwise on the terms and conditions set out in Schedule 3 of this Notice;
 - (iii) Resolution 4(c) Class A Performance Shares: which are convertible into ordinary Shares subject to performance milestones and terms as set out in Schedule 5 of this Notice; and
 - (iv) Resolution 4(d) Class B Performance Shares: which are convertible into ordinary Shares subject to performance milestones and terms as set out in Schedule 5 of this Notice,
- (e) the Facilitation Securities will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the Acquisition Securities will all be issued on the same day;
- (f) the issue price of the Facilitation Securities is as follows:
 - (i) Resolution 4(a) Facilitation Shares: nil, as the Facilitation Shares are issued as consideration for GTT's services in respect of the Acquisition;
 - (ii) Resolution 4(b) Long Unlisted Options: nil;
 - (i) Resolution 4(c) Class A Performance Shares: nil; and
 - (ii) Resolution 4(d) Class B Performance Shares: nil,
- (g) the purpose of the issue of the Facilitation Securities is as consideration for GTT's services in facilitating the Acquisition. No funds will be raised from the issue of the

Facilitation Securities as they are issued for nil cash consideration but rather as consideration for GTT's facilitation services in respect of the Acquisition;

- (h) the issue of the Facilitation Securities is not intended to remunerate or incentivise Mr Glovac in his capacity as Managing Director of the Company;
- (i) a summary of the material terms of the Term Sheet under which the issue of the Facilitation Securities is made, is set out in section 3; and
- (j) a voting exclusion statement is set out in the Notice.

7.4 Dilution

The dilutionary effect of Resolutions 4(a) to 4(d) is set out in Schedule 2.

7.5 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3. The Chair intends to vote undirected proxies in favour of Resolutions 4(a) to 4(d).

8. Resolution 5 – Approval of Placement Shares

8.1 General

Pursuant to the terms of the Placement described in section 3.3, Resolution 5 seeks Shareholder approval for the issue of up to 20,833,333 shares to raise \$2,500,000 at \$0.12 per Share (**Placement Shares**).

8.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 5.2 above.

The effect of Resolution 5 will be to allow the Company to issue the Placement Shares pursuant to the Placement 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.

If Resolution 5 is passed, (along with the Resolution 1 and the other Key Resolutions) the Company will be able to proceed with the Acquisition and acquire DSO and the Tenements, issue the Consideration and Facilitation Fees and seek to commence exploration of the Tenements.

If Resolution 5 is not passed, (along with the Resolution 1 and the other Key Resolutions) the Company will not be able to proceed with the Acquisition, it will not acquire DSO or the Tenements and it will not issue the Consideration or Facilitation Fees. The Company may seek suitable other investment opportunities to deliver value to the Shareholders.

8.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement Shares:

- (a) the Placement Shares will be issued to Placement participants
- (b) the maximum number of Placement Share securities to be issued is 20,833,333;

- (c) the Placement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all of the Placement Shares will be on the same date;
- (e) the issue price of the Placement Shares is \$0.12;
- (f) the purpose of the issue of the Placement Shares is to raise funds for the exploration of the Tenements the subject of the Acquisition and satisfy the Conditions Precedents under the Term Sheet and as otherwise described in the Use of Funds as section 3.5. The funds raised from the Placement Shares will be used in the manner set out in in the Use of Funds as section 3.5;
- (g) a summary of the material terms of the Term Sheet under which the issue is made, is set out in section 3; and
- (h) a voting exclusion statement is set out in the Notice.

8.4 Dilution

The dilutionary effect of Resolution 5 is set out in Schedule 2.

8.5 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 5. The Chair intends to vote undirected proxies in favour of Resolution 5.

9. Resolution 6 – Approval of BW Equities Placement Options

9.1 General

Pursuant to the terms of the Placement described in section 3.3, Resolution 6 seeks Shareholder approval for the issue of up to 2,800,000 Short Unlisted Options (**BW Equities Placement Options**).

9.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 5.2 above.

The effect of Resolution 6 will be to allow the Company to issue the BW Equities Placement Options pursuant to the BW Equities Mandate 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.

If Resolution 6 is passed, (along with the Resolution 1 and the other Key Resolutions) the Company will be able to proceed with the Acquisition and acquire DSO and the Tenements, issue the Consideration and Facilitation Fees and seek to commence exploration of the Tenements.

If Resolution 6 is not passed, (along with the Resolution 1 and the other Key Resolutions) the Company will not be able to proceed with the Acquisition, it will not acquire DSO or the Tenements and it will not issue the Consideration or Facilitation Fees. The Company may seek suitable other investment opportunities to deliver value to the Shareholders.

9.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Placement Shares:

- (a) the BW Equities Placement Options will be issued to BW Equities, BW Equities is not a related party of the Company;
- (b) the maximum number of BW Equities Placement Options to be issued is 2,800,000;
- (c) the BW Equities Placement Options will be unlisted options exercisable at \$0.30 and expiring 12 months from the date of issue and otherwise on terms and conditions as set out in Schedule 4;
- (d) the BW Equities Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all of the Placement Shares will be on the same date;
- (e) the issue price of the BW Equities Placement Options is nil as the BW Equities Placement Options are issued as consideration for BW Equities' services in respect of the Placement;
- (f) the purpose of the issue of the Placement Options is as consideration for BW Equities' services in respect of the Placement. No funds will be raised from the issue of the BW Equities Placement Options as they are issued as consideration for BW Equities' services in respect of the Placement;
- (g) a summary of the material terms of the Placement and the BW Equities Mandate under which the issue of the BW Equities Placement Options is made, is set out in section 3; and
- (h) a voting exclusion statement is set out in the Notice.

9.4 Dilution

The dilutionary effect of Resolution 6 is set out in Schedule 2.

9.5 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6. The Chair intends to vote undirected proxies in favour of Resolution 6.

10. Resolution 7 – Approval of GTT Placement Options

10.1 General

Pursuant to the terms of the Placement described in Section 3.3, Resolution 7 seeks Shareholder approval under ASX Listing Rule 10.11 for the issue of up to 700,000 Short Unlisted Options (**GTT Placement Options**).

Details of the Company's relationship with GTT are set out at section 3.11 and below.

10.2 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in section 7.2 above.

The Company is seeking ASX Listing Rule 10.11 approval on the basis GTT is an Associate of Mr Glovac (as Mr Glovac is a related party of the Company in his capacity as Managing Director of the Company).

The effect of Resolution 7 will be to allow the Company to issue the GTT Placement Options pursuant to the GTT Mandate during the period of one month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

If Resolution 7 is passed, (along with the Resolution 1 and the other Key Resolutions) the Company will be able to proceed with the Acquisition and acquire DSO and the Tenements, issue the Consideration and Facilitation Fees and seek to commence exploration of the Tenements.

If Resolution 7 is not passed, (along with the Resolution 1 and the other Key Resolutions) the Company will not be able to proceed with the Acquisition, it will not acquire DSO or the Tenements and it will not issue the Consideration or Facilitation Fees. The Company may seek suitable other investment opportunities to deliver value to the Shareholders.

10.3 Technical information required by ASX Listing Rule 10.11

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Placement Shares:

- (a) the GTT Placement Options will be issued to GTT;
- (b) pursuant to ASX Listing Rule 10.11.4, GTT is an Associate of Mr Glovac. Mr Glovac is a related party of the Company in his capacity as Managing Director of the Company. GTT's relationship with the Company is further set out in section 3.11;
- (c) the maximum number of GTT Placement Options to be issued is 700,000;
- (d) the GTT Placement Options will be unlisted options exercisable at \$0.30 and expiring 12 months from the date of issue and otherwise on terms and conditions as set out in Schedule 4;
- (e) the GTT Placement Options will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of all of the Placement Shares will be on the same date;

- (f) the issue price of the GTT Placement Options is nil as the GTT Placement Options are issued as consideration for GTT's services in respect of the Placement;
- (g) the purpose of the issue of the GTT Placement Options is as consideration for GTT's services in facilitating the Placement. No funds will be raised from the issue of the GTT Placement Options as they are issued for nil cash consideration but rather as part consideration for GTT's facilitation services in respect of the Placement;
- (h) the issue of the Facilitation Securities is not intended to remunerate or incentivise Mr Glovac in his capacity as Managing Director of the Company;
- (i) a summary of the material terms of the Placement and the GTT Mandate under which the issue is made, is set out in section 3; and
- (j) a voting exclusion statement is set out in the Notice.

10.4 Dilution

The dilutionary effect of Resolution 7 is set out in Schedule 2.

10.5 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 7. The Chair intends to vote undirected proxies in favour of Resolution 7.

Schedule 1 – Definitions

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

Acquisition has the meaning given in section 3.

Acquisition Securities has the meaning set out in section 6.2.

Associate has the meaning given in section 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is a 'designated body' the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

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

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

BW Equities means BW Equities Pty Ltd (ACN 146 642 462).

BW Equities Mandate means the lead manager services mandate regarding the Placement, between the Company and BW Equities as announced on 14 November 2019.

BW Equities Placement Options has the meaning set out in section 9.1.

Capital Raising has the meaning set out in section 3.2.

Chair means the person appointed to chair the Meeting conveyed by this Notice.

Class A Performance Shares has the meaning given in section 3.

Class B Performance Shares has the meaning given in section 3.

Company means TAO Commodities Limited (ACN 618 935 372).

Completion means the completion of the Acquisition in accordance with the Terms Sheet, which is due to occur by no later than 17 February 2020 (or as otherwise amended) and **Completed** has the corresponding meaning.

Consideration Shares has the meaning set out in section 3.

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

Corporations Act means the Corporations Act 2001 (Cth).

DSO means DSO Mining Pty Ltd (ACN 634 356 040).

Director means a director of the Company.

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

Exempt Investors means exempt investors pursuant to section 708 or the Corporations Act.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Facilitation Securities has the meaning set out in section 7.1

GTT means GTT Ventures Pty Ltd (ACN 601 029 636).

GTT Mandate means the lead manager services mandate regarding the Placement, between the Company and GTT as announced on 14 November 2019.

GTT Placement Options has the meaning set out in section 10.1.

Key Resolutions means Resolutions 3 to 7 (inclusive).

Long Unlisted Options has the meaning given to it in section 3.2.

Listing Rules means the listing rules of ASX.

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

Notice means this notice of meeting.

Option means an option which entitles the holder to subscribe for one Share.

Option Agreement means the Company's Project Option agreement with the Vendor.

Option Fee has the meaning set out in section 3.2.

Placement has the meaning set out in section 3.2.

Placement Participants means the parties who participated in the Placement Facility.

Placement Shares has the meaning set out in section 8.1.

Proxy Form means the proxy form attached to the Notice.

Pro-Forma means the financial pro-forma at schedule 3.

Resolution means resolution contained in the Notice.

Royalty has the meaning set out in section 3.2.

Schedule means a schedule to this Notice.

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

Shareholder means a shareholder of the Company.

Short Listed Options has the meaning set out in section 3.2.

Term Sheet has the meaning set out in section 3.2.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Use of Funds means the use of funds table set out in section 3.5.

Vendors means the vendors named in schedule 6.

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

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa

Schedule 2 – Capital Structure & Effect of Acquisition and Placement

Ordinary Shares	Number of Securities	Dilution (Undiluted)
Ordinary Shares currently on issue (including the Option Fee Shares)	31,386,667	N/A
Consideration Shares to be issued under Resolution 3(a)	22,916,667	73%
Facilitation Shares to be issued under Resolution 4(a)	2,291,667	7.3%
Placement Shares to be issued under Resolution 5	20,833,333	66.4%
Total Ordinary Shares Post- Acquisition & Placement	77,428,334	246.7%

Performance Shares	Number of Securities	Dilution (Undiluted)
Performance Shares currently on issue	Nil	N/A
Vendor Class A Performance Shares to be issued under Resolution 3(c)	6,250,000	N/A
Vendor Class B Performance Shares to be issued under Resolution 3(d)	6,250,000	N/A
Facilitation Class A Performance Shares to be issued under Resolution 4(c)	625,000	N/A
Facilitation Class B Performance Shares to be issued under Resolution 4(d)	625,000	N/A
Total Performance Shares Post- Acquisition & Placement	13,750,000	N/A

Options	Number of Securities	Dilution (Undiluted)
Options currently on issue	26,448,351	N/A
Consideration Unlisted Options to be issued under Resolution 3(b)	15,000,000	56.7%
Facilitation Unlisted Options to be issued under Resolution 4(b)	3,000,000	11.3%
BW Equities Placement Unlisted Options to be issued under Resolution 6	2,800,000	10.5%
GTT Placement Unlisted Options to be issued under Resolution 7	700,000	2.6%
Total Options Post- Acquisition & Placement	47,948,351	32.45%

Total Securities Pre- Acquisition & Placement (fully diluted)*	57,835,018	N/A
Total Securities Post- Acquisition & Placement (fully diluted)**	139,126,685	240.5%

*Assumes all existing options are exercised.

** Assumes all existing options are exercised and all Performance Share milestones are satisfied and all Performance Shares are converted.

Schedule 3 – Financial Pro-Forma

	Unaudited Management Accounts 31 Oct 2019	Acquisition of DSO Mining	Proforma
CURRENT ASSETS			
Cash and cash equivalents	2,172,995	2,350,000	4,522,955
Other receivables	8,142		8,142
Prepayments	19,883	-	19,883
TOTAL CURRENT ASSETS	2,200,981	2,350,000	4,550,980
NON-CURRENT ASSETS			
DSO Mining acquisition	50,000	4,235,275	4,285,275
Deferred exploration and evaluation expenditure - Milford project	1,119,996	-	1,119,996
TOTAL NON-CURRENT ASSETS	1,169,996	4,235,275	5,405,271
TOTAL ASSETS	3,370,977	6,585,275	9,956,251
CURRENT LIABILITIES			
Trade and other payables	20,760	-	20,760
TOTAL LIABILITIES	20,760	-	20,760
NET ASSETS	3,350,217	6,585,275	9,935,491
EQUITY			
Issued Capital	4,577,709	5,300,000	9,877,708
Reserves	1,148,610	1,302,775	2,451,385
Accumulated Losses	(2,376,102)	(17,500)	(2,393,602)
TOTAL EQUITY	3,350,217	6,585,275	9,935,491

Notes

1. Tax considerations excluded
2. Potential future royalties excluded
3. Facilitation shares and options value capitalised
4. Placement option fee valuation expensed
5. Consideration and Facilitation shares valued at 12 cents per share
6. Option Valuation short - \$0.005/ option
7. Option value long - \$0.0313/ option
8. Class A Performance Shares - \$0.105/ share
9. Assumed Milestone 1 is achieved in the short term
10. Class B Performance Share – Nil value due to long term nature of milestone 2

Schedule 3 – Long Unlisted Options – Terms and Conditions

The terms and conditions of the Options are as follows:

- (a) The exercise price of each Option is \$0.30 (**Exercise Price**).
- (b) The expiry date of each Option is 5:00pm (WST) on the day that is four (4) years from the date of issue (**Expiry Date**).
- (c) Each Option gives the Option holder the right to subscribe for one Share.
- (d) Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) The amount payable upon exercise of each Option is the Exercise Price.
- (f) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (g) An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number and class of options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,
(**Exercise Notice**).
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price (and subject to the Company obtaining any necessary prior approvals from Shareholders or regulatory bodies for the issue of the Shares), the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (j) All Shares issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.
- (k) The Options are non-transferable and the Company will not apply for quotation of the Options.
- (l) The Company will apply for quotation of all Shares issued pursuant to the exercise of Options on ASX within 10 Business Days after the date of issue of those Shares.
- (m) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (n) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (o) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

Schedule 4 – Short Unlisted Options – Terms and Conditions

The terms and conditions of the Options are as follows:

- (a) The exercise price of each Option is \$0.30 (**Exercise Price**).
- (b) The expiry date of each Option is 5:00pm (WST) on the day that is one (1) year from the date of issue (**Expiry Date**).
- (c) Each Option gives the Option holder the right to subscribe for one Share.
- (d) Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) The amount payable upon exercise of each Option is the Exercise Price.
- (f) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 10,000 must be exercised on each occasion.
- (g) An Option holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number and class of options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,**(Exercise Notice)**.
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price (and subject to the Company obtaining any necessary prior approvals from Shareholders or regulatory bodies for the issue of the Shares), the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (j) All Shares issued upon the exercise of Options will upon issue rank pari passu in all respects with other Shares.
- (k) The Options are non-transferable and the Company will not apply for quotation of the Options.
- (l) The Company will apply for quotation of all Shares issued pursuant to the exercise of Options on ASX within 10 Business Days after the date of issue of those Shares.
- (m) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (n) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 4 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (o) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

Schedule 5 – Performance Shares – Terms and Conditions

The terms of the Performance Shares are set out as follows:

- (a) **(Milestones):** The Performance Shares will have the following milestones attached to them:
 - (i) **Class A Performance Shares:** the Granting of three additional key exploration licences out of the four licences selected E08/3078, E08/3086, E52/3701 and E47/3971 (**Performance Share Milestone 1**),
 - (ii) **Class B Performance Shares:** the announcement of an Inferred (or higher categorisation) Mineral Resource in accordance with JORC 2012 Edition Guidelines (or other globally recognised mineral code) of a minimum of 3 million tonnes at >55% iron (**Performance Share Milestone 2**),(each referred to as a **Performance Share Milestone**).
- (b) **(Notification to holder):** The Purchaser shall notify the holder in writing when the relevant Milestones have been satisfied.
- (c) **(Vesting):** The Performance Shares will vest on the date the Milestone relating to that Performance Shares has been satisfied.
- (d) **(Consideration):** The Performance Shares will be issued in consideration for the Acquisition and no consideration will be payable upon the conversion of the Performance Shares into fully paid ordinary share in the Purchaser (**Share**).
- (e) **(Conversion):** Subject to paragraph (o), upon vesting, each Performance Share will, at the election of the holder, convert into one Share.
- (f) **(Lapse):** Any Performance Share that has not vested within four years from the date of Completion of the Acquisition will automatically lapse.
- (g) **(Share ranking):** All Shares issued upon the vesting of Performance Shares will upon issue rank pari passu in all respects with other Shares.
- (h) **(Listing of shares on ASX):** The Purchaser will not apply for quotation of the Performance Shares on ASX. However, the Purchaser will apply for quotation of all Shares issued pursuant to the vesting of Performance Shares on ASX within the period required by ASX.
- (i) **(Transfer of Performance Shares):** The Performance Shares are not transferable.
- (j) **(Participation in Entitlements and Bonus Issues):** Subject always to the rights under paragraph (l) (*Reorganisation of Capital*), holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(Adjustment for bonus issue):** If securities are issued pro-rata to Vendors generally by way of bonus issue (other than an issue in lieu of dividends by way of dividend reinvestment), the number of Performance Shares to which each holder is entitled will be increased by that number of securities which the holder would have been entitled if the Performance Shares held by the holder were vested immediately prior to the record date of the bonus issue, and in any event in a manner consistent with the Corporations Act and ASX Listing Rules 6.22.3 at the time of the bonus issue.

- (l) **(Reorganisation of Capital):** In the event that the issued capital of the Purchaser is reconstructed, all shares of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the holder are not diminished or terminated.
- (m) **(Dividend and Voting Rights):** The Performance Shares do not confer on the holder an entitlement to vote or receive dividends.
- (n) **(Change in Control):** Subject to paragraph (o), upon:
 - (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Purchaser and:
 - (A) having received acceptances for not less than 50.1% of the Purchaser's Shares on issue; and
 - (B) having been declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Purchaser or its amalgamation with any other company or companies,

then, to the extent Performance Shares have not converted into Shares due to satisfaction of a Milestone, Performance Shares will automatically convert to that number of Shares which when issued together with all Shares issued under any other class of Performance Shares then on issue in the Purchaser, is equal to the lesser of one Share per Performance Share and 10% of the total Shares on issue at that time. Performance Shares that are not converted into Shares will continue to be held by the holder on the same terms and conditions.

- (o) **(Deferral of conversion if resulting in a prohibited acquisition of Shares):** If the conversion of a Performance Shares under paragraph (e) or (n) would result in any person being in contravention of section 606(1) of the Corporations Act (**General Prohibition**) then the conversion of that Performance Share shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:
 - (i) Holders may give written notification to the Purchaser if they consider that the conversion of a Performance Share may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Purchaser to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.
 - (ii) The Purchaser may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (o)(i) within seven days if the Purchaser considers that the conversion of a Performance Share may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Purchaser to assume the conversion of a Performance Share will not result in any person being in contravention of the General Prohibition.

Schedule 6 - Vendors

<u>NAME OF VENDORS</u>	<u>NO. SHARES IN DSO</u>	<u>% HOLDING IN COMPANY</u>	<u>% ENTITLEMENT TO CONSIDERATION</u>	<u>ALLOCATION OF CONSIDERATION*</u>
ROBERT JEWSON	1275	25.5	25.5	Option Fee Shares: 106250 Consideration Shares: 5843750 Consideration Options: 3825000 Performance Shares: 3187500
PETER GIANNI	1275	25.5	25.5	Option Fee Shares: 106250 Consideration Shares: 5843750 Consideration Options: 3825000 Performance Shares: 3187500
KITARA INVESTMENTS PTY LTD (ACN 153 337 234)	1275	25.5	25.5	Option Fee Shares: 106250 Consideration Shares: 5843750 Consideration Options: 3825000 Performance Shares: 3187500
ANDREW TAYLOR	125	2.5	2.5	Option Fee Shares: 10416 Consideration Shares: 572916 Consideration Options: 375000 Performance Shares: 312500
NITRAM FAMILY INVESTMENTS PTY LTD (ACN 624 871 807)	50	1	1	Option Fee Shares: 4166 Consideration Shares: 229166 Consideration Options: 150000 Performance Shares: 125000

<u>NAME OF VENDORS</u>	<u>NO. SHARES IN DSO</u>	<u>% HOLDING IN COMPANY</u>	<u>% ENTITLEMENT TO CONSIDERATION</u>	<u>ALLOCATION OF CONSIDERATION*</u>
DIANA HANCOCK	125	2.5	2.5	Option Fee Shares: 10416 Consideration Shares: 572916 Consideration Options: 375000 Performance Shares: 312500
BENUSSI ROVIGNO PTY LTD (ACN 616 911 392)	50	1	1	Option Fee Shares: 4166 Consideration Shares: 229166 Consideration Options: 150000 Performance Shares: 125000
DAVY CORP PTY LTD (ACN 608 313 266)	50	1	1	Option Fee Shares: 4166 Consideration Shares: 229166 Consideration Options: 150000 Performance Shares: 125000
DC & PC HOLDINGS PTY LTD (ACN 623 024 751)	125	2.5	2.5	Option Fee Shares: 10416 Consideration Shares: 572916 Consideration Options: 375000 Performance Shares: 312500
JMARC HOLDINGS PTY LTD (ACN 625 021 409)	300	6	6	Option Fee Shares: 25000 Consideration Shares: 1375000 Consideration Options: 900000 Performance Shares: 750000

<u>NAME OF VENDORS</u>	<u>NO. SHARES IN DSO</u>	<u>% HOLDING IN COMPANY</u>	<u>% ENTITLEMENT TO CONSIDERATION</u>	<u>ALLOCATION OF CONSIDERATION*</u>
VALTELLIN PTY LTD (ACN 613 043 459)	50	1	1	Option Fee Shares: 4166 Consideration Shares: 229166 Consideration Options: 150000 Performance Shares: 125000
KUMOVA PASTORAL PTY LTD (ACN 625 522 670)	300	6	6	Option Fee Shares: 25000 Consideration Shares: 1375000 Consideration Options: 900000 Performance Shares: 750000
<u>TOTAL</u>	<u>5,000</u>	100%	100%	Option Fee Shares: 416,667 Consideration Shares: 22,916,667 Consideration Options: 15,000,000 Performance Shares: 12,500,000

Schedule 7 - Tenements

<u>Tenement</u>	<u>Status</u>	<u>Start Date</u>	<u>Expiry</u>	<u>Grant Date</u>	<u>Legal Area</u>	<u>Units</u>
E 08/3000	LIVE	28/05/2018	4/02/2024	5/02/2019	25	BL.
E 52/3701	LIVE	20/03/2019	02/09/2024	03/09/2019	13	BL.
E 53/2031	LIVE	8/06/2018	31/03/2024	1/04/2019	9	BL.
E 59/2372	LIVE	3/05/2019	3/07/2024	4/07/2019	11	BL.
E 59/2388	LIVE	29/08/2019	10/10/2024	11/10/2019	2	BL.
E 08/3078	PENDING	10/05/2019			23	BL.
E 08/3079	PENDING	10/05/2019			28	BL.
E 08/3080	PENDING	13/05/2019			1	BL.
E 08/3086	PENDING	10/06/2019			17	BL.
E 08/3094	PENDING	10/07/2019			4	BL.
E 08/3095	PENDING	10/07/2019			2	BL.
E 16/528	PENDING	14/06/2019			10	BL.
E 45/5184	PENDING	12/03/2018			4	BL.
E 45/5495	PENDING	23/05/2019			19	BL.
E 45/5546	PENDING	9/07/2019			9	BL.
E 47/3971	PENDING	14/03/2018			29	BL.
E 47/4170	PENDING	11/04/2019			9	BL.
E 47/4184	PENDING	13/05/2019			6	BL.
E 47/4190	PENDING	29/05/2019			10	BL.
E 47/4193	PENDING	31/ 05/2019			4	BL.
E 47/4256	PENDING	13/08/2019			49	BL.
E 47/4257	PENDING	20/08/2019			1	BL.
E 52/3718	PENDING	31/05/2019			2	BL.
E 52/3719	PENDING	31/05/2019			2	BL.
E 59/2376	PENDING	13/06/2019			6	BL.
E 77/2603	PENDING	14/06/2019			11	BL.