
ULTRACHARGE LIMITED
ACN 140 316 463
(TO BE RENAMED 'SUVO STRATEGIC MINERALS LIMITED')

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11.00am AEST
DATE: 7 July 2020
PLACE: Vibe Hotel, 1 Queen Street, Melbourne VIC 3000

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

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

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 Shareholders at 5:00pm (AEST) on 3 July 2020.

BUSINESS OF THE MEETING

The ASX and its officers take no responsibility for the contents of this Notice.

AGENDA

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities resulting from Settlement of the Acquisitions, as described in the Explanatory Statement."

Short Explanation: The Company has entered into the Acquisition Agreements pursuant to which the Company has exercised options to acquire 100% of the issued capital of Watershed and Mt Marshall from the respective Vendors. If successful, the Acquisitions will result in the Company changing the nature and scale of its activities. ASX Listing Rule 11.1.2 requires the Company to seek Shareholder approval where it proposes to make a significant change to the nature and scale of its activities. ASX has also advised the Company that it will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3. Please refer to the Explanatory Statement for details.

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a counterparty to the transaction that, of itself or together with one or more transactions, will result in a significant change to the nature and scale of the entity's activities 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 Shareholder), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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 – ISSUE OF WATERSHED CONSIDERATION SHARES

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes,

approval is given for the Company to issue 75,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

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

- (a) a person as 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 of the meeting 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 – ISSUE OF MT MARSHALL CONSIDERATION SHARES

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 75,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

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

- (a) a person as 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 of the meeting 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 – ISSUE OF PERFORMANCE RIGHTS TO AARON BANKS

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 20,000,000 Performance Rights to Mr Aaron Banks (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Aaron Banks (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a 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.

5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS AND DIRECTOR OPTIONS TO ROBERT MARTIN

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue the following Securities to Mr Robert Martin (or his nominee(s)):

- (a) 12,000,000 Performance Rights; and
- (b) 10,000,000 Director Options,

on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Robert Martin (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a 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.

6. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS AND DIRECTOR OPTIONS TO LEONARD TRONCONE

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 8,000,000 Performance Rights and 1,250,000 Director Options to Leonard Troncone (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Leonard Troncone (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a 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.

7. RESOLUTION 7 – ISSUE OF INCOMING DIRECTOR SHARES TO MR AARON BANKS

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Incoming Director Shares to Mr Aaron Banks, when multiplied by the issue price, will have a value equal to the remuneration accrued by Mr Banks from the Company in consideration for his services in developing the assets of Watershed and Mt Marshall for the period from 1 April 2020 to Settlement on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the 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), namely Mr Aaron Banks, or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

8. RESOLUTION 8 – ISSUE OF INCOMING DIRECTOR SHARES TO MR ROBERT MARTIN

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Incoming Director Shares to Mr Robert Martin, when multiplied by the issue price, will have a value equal to the remuneration accrued by Mr Martin from the Company in consideration for his services in developing the assets of Watershed and Mt Marshall for the period from 1 April 2020 to Settlement on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the 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), namely Mr Robert Martin, or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

9. RESOLUTION 9 – ISSUE OF ADVISOR OPTIONS TO SANDTON CAPITAL

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 45,000,000 Advisor Options to Sandton Capital (or its nominee(s)) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Sandton Capital Advisory Pty Ltd, or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

10. RESOLUTION 10 – ISSUE OF LEAD MANAGER OPTIONS TO SANDTON CAPITAL

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 45,616,903 Lead Manager Options to Sandton Capital (or its nominee(s)) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the 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), namely Sandton Capital, or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

11. RESOLUTION 11 – ISSUE OF PUBLIC OFFER SHARES

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

"That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 250,000,000 Shares at an issue price of \$0.02 each, on the terms and conditions set out in the Explanatory Statement."

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

- (a) a person as 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 of the meeting 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.

12. RESOLUTION 12 – ISSUE OF MT MARSHALL LOAN SHARES

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 8,750,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) namely Malahide Management Pty Ltd, Luang Thai Pte Ltd, Always Holdings Pty Ltd and Mr Martin Ross Helean, or an associate of that person (or 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 the 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.

13. RESOLUTION 13 – APPOINTMENT OF INCOMING DIRECTOR – MR AARON BANKS

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

“That, subject to Settlement of the Acquisitions and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company’s Constitution and for all other purposes, Mr Aaron Banks, having consented to act as a Director of the Company, be appointed as a Director of the Company with effect on and from Settlement.”

14. RESOLUTION 14 – APPOINTMENT OF INCOMING DIRECTOR – MR ROBERT MARTIN

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

“That, subject to Settlement of the Acquisitions and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company’s Constitution and for all other purposes, Mr Robert Martin, having consented to act as a Director of the Company, be appointed as a Director of the Company with effect on and from Settlement.”

15. RESOLUTION 15 – APPOINTMENT OF INCOMING DIRECTOR – MR LEONARD TRONCONE

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

"That, subject to Settlement of the Acquisitions and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company's Constitution and for all other purposes, Mr Leonard Troncone, having consented to act as a Director of the Company, be appointed as a Director of the Company with effect on and from Settlement."

16. RESOLUTION 16 – INCOMING DIRECTOR PARTICIPATION IN PUBLIC OFFER – MR ROBERT MARTIN

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 allot and issue up to 12,500,000 Shares to Mr Robert Martin (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by Mr Robert Martin (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

17. RESOLUTION 17 – INCOMING DIRECTOR PARTICIPATION IN PUBLIC OFFER – MR LEONARD TRONCONE

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 allot and issue up to 1,250,000 Shares to Mr Leonard Troncone (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by Mr Leonard Troncone (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

18. RESOLUTION 18 – DIRECTOR PARTICIPATION IN PUBLIC OFFER – MR KOBI BEN-SHABAT

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 allot and issue up to 5,000,000 Shares to Mr Kobi Ben-Shabat (or his nominee(s)) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by Mr Kobi Ben-Shabat (or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity), or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as 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 of the meeting 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.

19. RESOLUTION 19: SELECTIVE SHARE BUY-BACK FROM ETV

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

“That, for the purposes of section 257D of the Corporations Act and for all other purposes, approval is given for the Company to selectively buy-back and cancel 3,000,000 Shares currently held by ETV on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by ETV or its associates. However, the Company need not disregard a vote if it is cast by ETV as proxy for a person who is entitled to vote and the person has specified in the Proxy Form how the person wishes to vote.

Dated: 5 June 2020

By order of the Board

**Justyn Stedwell
Company Secretary
Ultracharge Limited**

Voting in person

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

Voting by proxy

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

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

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

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

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61(0) 3 8395 5446.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO THE PROPOSED ACQUISITION

1.1 General Background

Ultracharge Limited (ACN 140 316 463) (ASX: UTR) (**Company** or **UTR**) is an Australian public company which has been listed on the Official List of the ASX since 17 May 2011. Most recently the Company's activities have consisted of conducting research and development dedicated to creating leading edge Lithium-Ion battery technology through its Israeli subsidiary, Ultracharge Ltd.

The Company announced on 29 October 2019 that it had entered into two binding acquisition agreements (**Acquisition Agreements**) pursuant to which the Company has exercised options to acquire:

- (a) 100% of the issued capital in Watershed Enterprise Solutions Pty Ltd (ACN 609 289 938) (**Watershed**), which holds the Eneabba Tenement and has applied for the Eneabba Applications, Mt Marshall Applications and Cadoux South Application, in consideration for the issue of 75,000,000 Shares (**Watershed Agreement**); and
- (b) 100% of the issued capital in Mt Marshall Kaolin Pty Ltd (ACN 626 494 399) (**Mt Marshall**), which holds the Mt Marshall Tenement, in consideration for the issue of 75,000,000 Shares (**Mt Marshall Agreement**),

(together the **Acquisitions**).

Notwithstanding that neither Sandton Capital nor Astrid Hill are shareholders in Watershed or Mt Marshall, it has been agreed that 5% of the Consideration Shares will be issued to Sandton Capital Advisory Pty Ltd (or its nominee(s)) and 7% of the Consideration Shares will be issued to Astrid Hill (or its nominee(s)) as a facilitation and introduction fee in respect of the Acquisitions.

1.2 Original Meeting and Original Prospectus

The Company received Shareholder approval for the resolutions required in order to complete the Acquisitions at a general meeting held on 28 February 2020 (**Original Meeting**) and lodged a prospectus on 4 March 2020 in respect of the Public Offer and to facilitate the Re-compliance (**Original Prospectus**).

As a result of delays to the Acquisitions, resulting primarily from changed market conditions in connection with the COVID-19 pandemic, the Company and the Vendors have agreed to a revised transaction structure, as summarised below:

- (a) the minimum subscription to be raised under the Public Offer has been reduced from \$5,000,000 to \$4,000,000 and the maximum subscription under the Public Offer has been reduced from \$6,000,000 to \$5,000,000;
- (b) the end date for satisfaction of the conditions precedent to Settlement of the Acquisitions has been extended to 15 July 2020, which will automatically be extended to 31 July 2020 in the event the Company has raised the Minimum Subscription under the Public Offer by 15 July 2020;

- (c) the current Directors have agreed to a reduction of fees payable to them for the period from 1 April to Settlement, as follows:
 - (i) Kobi Ben-Shabat – \$5,000 per month for the period ending on 30 June 2020, with no fees payable thereafter unless the Acquisition Agreements are terminated or as otherwise agreed between the Company, Mt Marshall and Watershed; and
 - (ii) Anthony Brown and John Paitaridis – \$2,000 per month for the period ending on 30 June 2020, with no fees payable thereafter unless the Acquisition Agreements are terminated or as otherwise agreed between the Company, Mt Marshall and Watershed;
- (d) from 1 April to Settlement, Watershed and Mt Marshall will pay no fees to any directors unless otherwise agreed between the Company, Watershed and Mt Marshall;
- (e) from 1 April 2020 until Settlement, each of Aaron Banks and Robert Martin will accrue (but not be paid) salary from the Company in consideration for their services in developing the assets of Watershed and Mt Marshall at the rates that will be payable by the Company following Settlement (being A\$20,000 in aggregate per month for Aaron Banks and A\$14,000 in aggregate per month for Robert Martin, plus 10% superannuation for each), provided that:
 - (i) amounts accrued will be payable to Messrs Banks and Martin at Settlement through the issue of Shares in the Company at a deemed issue price of \$0.02 per Share (**Incoming Director Shares**); and
 - (ii) in the event the Acquisition Agreements are terminated prior to Settlement, the Company will be fully and finally released from any claims in respect to such entitlements and the issue of Shares in satisfaction of those entitlements;
- (f) for the period from 1 April until Settlement, the advisory fees payable to Sandton Capital will be reduced from \$10,000 per month to \$8,000 per month; and
- (g) the Company has consented to Mt Marshall raising up to \$175,000 by way of convertible loan (**Mt Marshall Loan**), which will automatically convert into Shares at Settlement at an issue price of \$0.02 per Share.

On 15 April 2020, the Company issued a supplementary prospectus, which foreshadowed that the Company will issue a replacement prospectus (**Replacement Prospectus**), which will include disclosure in respect of the above matters.

The Company confirms it is in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1.

1.3 Former Technology Operations

In October 2019, the Company announced its plan to divest Ultracharge Ltd (a company incorporated in Israel) (**Ultracharge Israel**) as part of the Proposed Acquisition to help maximise Shareholder value. The Company has since commenced the process of winding up Ultracharge Israel, which is anticipated to

be completed prior to Settlement, subject to any claims made during the winding up process.

The Company has also entered into a buy-back and cancellation deed with ETV Energy Limited (**ETV**), under which the Company has agreed to a cancellation of a licence granted to the Company in May 2018 (further details of which are set out the Company's announcement dated 31 May 2018) (**ETV Licence**) in consideration for 3,000,000 Shares issued to ETV being bought-back and cancelled (**Buy-Back Shares**). The Company is seeking Shareholder approval for a buy-back and cancellation of the Buy-Back Shares under Resolution 19.

1.4 Regulatory Matters

No person or entity will acquire a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on Settlement of the Acquisitions.

Trading in the Company's Shares is currently suspended and will remain suspended until the Re-compliance is completed following Settlement of the Acquisitions. The Acquisitions are each conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisitions and satisfying all other requirements of ASX for the reinstatement to Official Quotation of the Company's Shares on the ASX (among other things).

The Company has made a number of enquiries and investigations into Watershed and Mt Marshall's businesses and assets. These enquiries consisted of having a geologist review previous exploration and geological results in the area of the Tenements and Applications, reviewing the management accounts of Watershed and Mt Marshall, confirming Watershed and Mt Marshall's title to the Tenements and Applications and undertaking a general corporate legal review of both Watershed and Mt Marshall. The Company recently completed these due diligence investigations and was satisfied with the results. Consequentially, as was announced by the Company on 2 January 2020, the Company exercised the options to acquire Watershed and Mt Marshall.

The Company also completed a due diligence program in connection with preparation of the prospectus dated 4 March 2020 (**Original Prospectus**) to assist the Company with its Re-compliance. On 15 April 2020, the Company issued a supplementary prospectus, which foreshadowed that the Company will issue a replacement prospectus (**Replacement Prospectus**) to update the disclosure in respect of the following matters:

- (a) the revised terms of the transaction the subject of this Meeting, including a revised use of funds, timetable and updated pro forma financial information;
- (b) the anticipated receipt by Mt Marshall of chemical assay and mineralogy results in respect of drilling undertaken at the Mt Marshall Kaolin Project in December 2019 and, if sufficient information is available following receipt of these results, the definition of a mineral resource under the JORC Code in respect of the Mt Marshall Kaolin Project (note that a review of the results is currently ongoing and the Company and Mt Marshall cannot confirm whether sufficient information will be available to define a mineral resource as at the date of this Notice); and
- (c) further disclosure with respect to the Company's arrangements with Sandton Capital, including further detail with respect to the Company's entry into the Lead Manager Mandate.

The Company is in the process of preparing the Replacement Prospectus and currently anticipates that it will be issued in early June 2020.

ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to reinstate the Company's Shares to Official Quotation and therefore the Acquisitions may not proceed if ASX exercises that discretion. Investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's Securities.

1.5 Summary of Resolutions

This Notice of Meeting sets out the Resolutions necessary to complete the Acquisitions and associated transactions, being Resolutions 1 to 8 and 11 to 15 (**Essential Resolutions**). Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the other Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail and Settlement of the Proposed Acquisition will not occur.

A summary of the Essential Resolutions is as follows:

- (a) the Acquisitions, if successfully Completed, will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1);
- (b) the issue of 75,000,000 Watershed Consideration Shares to the Watershed Vendors, of which 3,750,000 will be issued to Sandton Capital and 5,250,000 will be issued to Astrid Hill (or their respective nominee(s)) (Resolution 2);
- (c) the issue of 75,000,000 Mt Marshall Consideration Shares to the Mt Marshall Shareholders on a pro-rata basis, of which 3,750,000 will be issued to Sandton Capital and 5,250,000 will be issued to other advisors for their services in helping facilitate the Acquisitions (Resolution 3);
- (d) the issue of 20,000,000 Performance Rights and the Incoming Director Shares to Mr Aaron Banks (or his nominee(s)) (Resolutions 4 and 7);
- (e) the issue of 12,000,000 Performance Rights, 10,000,000 Director Options and the Incoming Director Shares to Mr Robert Martin (or his nominee(s)) (Resolutions 5 and 8);
- (f) the issue 8,000,000 Performance Rights and 1,250,000 Director Options to Leonard Troncone (or his nominee(s)) (Resolution 6);
- (g) the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, must successfully undertake a capital raising by issuing a minimum of 200,000,000 Shares at \$0.02 per Share to raise a minimum of \$4,000,000 (with oversubscriptions of an additional 50,000,000 Shares to raise a further \$1,000,000) (**Public Offer**) (Resolution 11);
- (h) the issue of up to 8,750,000 Shares to the lenders of \$175,000 to Mt Marshall on conversion of the Mt Marshall Loan (Resolution 12); and
- (i) the appointment of the Incoming Directors (Resolutions 13, 14 and 15).

In addition, the Company is seeking Shareholder approval for various other non-Essential Resolutions.

Resolutions 9 and 10 **have not** been denoted as Essential Resolutions. However, should Shareholder approval not be received for the issue of the Advisor Options or Lead Manager Options, there is no guarantee that Sandton Capital will continue with the Lead Manager Mandate. Should the Lead Manager Mandate be terminated as a result, the ability of the Company to complete the Acquisitions and Public Offer would be significantly diminished.

1.6 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will obtain ownership of the Eneabba Sands Project and Mt Marshall Kaolin Project pursuant to the Acquisitions;
- (b) the potential increase in market capitalisation of the Company following Settlement of the Acquisitions and the associated Public Offer may lead to access to improved equity capital market opportunities and increased liquidity;
- (c) Shareholders may be exposed to further debt and equity opportunities that the Company did not have prior to the Acquisitions;
- (d) The Company will re-comply with the ASX Listing Rules, ensuring its re-instatement to quotation and continued liquidity of its listed Shares (however, the Company notes that the ASX reserves the right to re-admit the Company and there is no guarantee that the Company will successfully re-comply with Chapters 1 and 2 of the ASX Listing Rules);
- (e) the appointment of the Incoming Directors will add experience and skill to the Board to assist with the growth of the Company; and
- (f) the cash reserves of the Company will be conserved as the respective consideration for the Acquisitions are each comprised of Shares.

1.7 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Essential Resolutions:

- (a) the Company will be changing the nature and scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) the Acquisitions, Public Offer and associated transactions the subject of this Notice will result in the issue of a significant number of Shares to the Vendors and new investors, which will have a dilutionary effect on the holdings of Shareholders;
- (c) there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in Section 1.22 below; and

- (d) future outlays of funds from the Company may be required for its proposed business, exploration and development operations.

1.8 Indicative timetable

An indicative timetable for Settlement of the Acquisitions and the associated transactions set out in this Notice is set out below:

Event	Date*
Execution of the Acquisition Agreement	21 October 2019
Lodgement of Original Prospectus	4 March 2020
Original General Meeting	28 February 2020
Lodgement of Replacement Prospectus	12 June 2020
Opening date of Public Offer	12 June 2020
Closing date of Public Offer	15 July 2020
Issue of Securities under the Public Offer	24 July 2020
Settlement of Acquisition	24 July 2020
Despatch of holding statements	28 July 2020
Re-quotation on the ASX	31 July 2020

Please note this timetable is indicative only and the Directors reserve the right to amend the timetable as required.

1.9 Overview of Watershed and the Eneabba Sands Project

1.9.1 Watershed

Watershed is an Australian proprietary company limited by shares, incorporated on 13 November 2015.

Watershed currently holds one exploration licence, E70/5001 (**Eneabba Tenement**), and is the applicant for:

- (a) three exploration licences, E70/5322, E70/5323, E70/5324 (**Eneabba Applications**);
- (b) two exploration licences in Western Australia, E 70/5332 and E 70/5333, which will form part of the Mt Marshall Kaolin Project if granted (**Mt Marshall Applications**); and
- (c) one exploration licence in Western Australia, E 70/5334, which will form the Cadoux South Mt Marshall Kaolin Project if granted (**Cadoux South Application**).

The Eneabba Tenement forms the Eneabba Sands Project, described further in Section 1.9.3 below. The Eneabba Applications, if granted, will expand the boundaries of the Eneabba Sands Project.

Other than Watershed Shares issued on incorporation of Watershed, Watershed has issued no securities.

The Company paid \$50,000 to Watershed in consideration for an option to acquire Watershed from the Watershed Shareholders, which was subsequently exercised

by the Company through an additional \$100,000 payment to Watershed. The consideration payable for the Watershed Acquisition is 75,000,000 Shares, to be issued to the parties set out below:

Name of Shareholder	Consideration Shares	Voting Power ² (Undiluted)
JTB Holdings (WA) Pty Ltd (ACN 137 326 973) ATF the Petkovic Family Trust	1,980,000	0.69%
Mark Balfour ATF the Balfour Resources Trust	3,300,000	0.69%
Aaron Peter Banks ATF the Banks Family Trust	42,240,000	15.27%
Asia Pacific Consulting Pty Ltd (ACN 009 311 406)	2,640,000	0.69%
Sselkrow Pty Ltd (ACN 618 366 457)	6,600,000	2.08%
Brockman Solutions Pty Ltd (ACN 124 482 417) ATF the Sandpit Investment Trust	1,320,000	0.56%
Murray Grigg Lines	660,000	0.28%
Paul Ryding	660,000	0.28%
Denise Ryding	660,000	0.28%
Paulden (WA) Pty Ltd (ACN 600 412 226)	660,000	0.28%
Christopher James Weed and Janet Elizabeth Brockman ATF the Brockman Weed Family Trust	3,300,000	1.43%
Wayne Stephen Clarke	660,000	0.32%
Croft Lifestyle Fund Pty Ltd (ACN 626 022 151) ATF Croft Superannuation Fund	1,320,000	0.51%
Sandton Capital (or nominee(s)) ¹	3,750,000	1.58%
Astrid Hill (or nominee(s)) ¹	5,250,000	2.21%

Note:

1. Neither Sandton Capital nor Astrid Hill are currently Watershed Shareholders. Sandton Capital and Astrid Hill are receiving a portion of the Consideration Shares as consideration for facilitation of the Acquisitions and have been included in the table above for illustrative purposes.
2. These percentages are calculated based on the Minimum Subscription being raised under the Public Offer and include Consideration Shares issued under both the Mt Marshall Agreement and Watershed Agreement, as well as Incoming Director Shares to be issued to Aaron Banks on the assumption that Settlement occurs on 31 July 2020.

1.9.2 Silica Sands and Construction Sands

High-grade silica sand is a key raw material in the industrial development of the world, especially in the specialist glass, metal casting, and ceramics industries. High-grade silica sand contains a high portion of silica (over 95% SiO₂) and is used for applications other than construction aggregates.

Unlike construction sands, which are used for their physical properties alone, high-grade silica sands are valued for a combination of chemical and physical

properties. Ongoing economic and infrastructure development in the Asia/Pacific region is expected to drive growth.

Glassmaking silica sand is the primary component of all types of standard and specialty glass. It provides the essential SiO₂ component of glass formulation; its chemical purity is the primary determinant of colour, clarity and strength in glass. Industrial sand is used to produce flat glass for building and automotive use, container glass for foods and beverages, and tableware. In its pulverised form, ground silica is required in the production of fibreglass insulation and for reinforcing glass fibres. Specialty glass applications include test tubes and other scientific tools, incandescent and fluorescent lamps.

Globally, silica sand is in a growth phase due to increasing demand from the construction sector, with both volume and value having increased worldwide. Sales of silica sand has experienced a compound annual growth rate of approximately 8.7% in value terms from 2009 to 2016, with a market value of US\$6.3 billion. This was due to its applications across a range of industries, including glass making, foundry casting, water filtration, chemicals and metals, along with the hydraulic fracturing process. Accelerations in construction spending and manufacturing output worldwide are expected to drive growth in important silica sand-consuming industries, including the glass, foundry and building glass products sectors.

There is no global benchmark for the price of silica sands. Pricing of silica sands is typically set between a buyer and seller and is dependent on the quality and specifications of the product being sold as well as the application to which it will be applied. Set out below is an Asian market overview:

Use	Spec	Asia Market
Float Glass (incl. auto)	99.5% SiO ₂	60-65 Mt
Container Glass	99.5% SiO ₂	60-65 Mt
Cover Glass	99.5% SiO ₂	5-6 Mt
Smart Glass	99.5% SiO ₂ & low iron	5-6 Mt
Specialist Glass	99.97% SiO ₂ & low iron	500-660 kt

At present, there is a global shortage of silica sand, owing to a number of export bans and the increased demand for sourced sand which is both environmentally and socially responsible. Sands found in deserts are unsuitable for the purposes the market requires, as it is shaped by wind rather than water, resulting in a further lack of supply.

Significant growth is projected in the hydraulic fracturing market as horizontal drilling for shale oil and gas resources expands, largely in North America. The Asia-Pacific region is expected to remain the largest regional consumer of industrial sand through 2025, supported by the dominant Chinese market. The country's container glass industry will drive further silica sand sales, supported by rising production of glass bottles, particularly in the alcoholic beverage sector including wine and beer.

1.9.3 Eneabba Sands Project

The Eneabba Sands Project covers an area of approximately 50.4 square kilometres and is located on the Gin scarp (within Cainozoic ferruginous laterite and associated leached quartz sand). The Eneabba Sands Project is prospective for silica sand and construction sand. Previous exploration in the area of what is

now the Eneabba Sands Project has concentrated on the search for mineral sands.



Figure 1: Eneabba Sands Project Location

The Eneabba Sands Project comprises an exploration licence, approximately 15km south-east of Eneabba, 50km north-east of Jurien Bay, and 230km north-north-west of Perth.



Figure 2: Access Track to Eneabba Sands Project

The Eneabba Sands Project is adjacent to rail connections to Geraldton Port and has the potential to be a low capital expenditure and low environmental impact mining operation. All exploration work will be over the water table with low cost shallow drilling in free running sand.

Renison Exploration Pty Ltd (**Renison**) drilled 29 aircore holes on the area of the Eneabba Tenement in 1990. The work encountered what appears to be cream, grey and yellow sand on the western side of the Eneabba Project from surface up to 50m. The results from the aircore drill program are discussed further in the Independent Geologist's Report set out in Annexure A to the Original Prospectus¹.

During May 2019, a program of fieldwork was conducted by Watershed on the Eneabba Tenement. The fieldwork consisted of mapping the location and extent of various sand lithologies, specifically silica sand and yellow construction sand, taking representative samples of the various sand units, mapping the location and extent of lateritic gravels and become familiar with the general topography of the area. A total of 33 samples were collected across the different sand types within the tenement with the representative SiO₂ set out in Figure 3 below.

¹ The Company is not aware of any new information or data that materially affects the results of the aircore drill program undertaken by Renison.

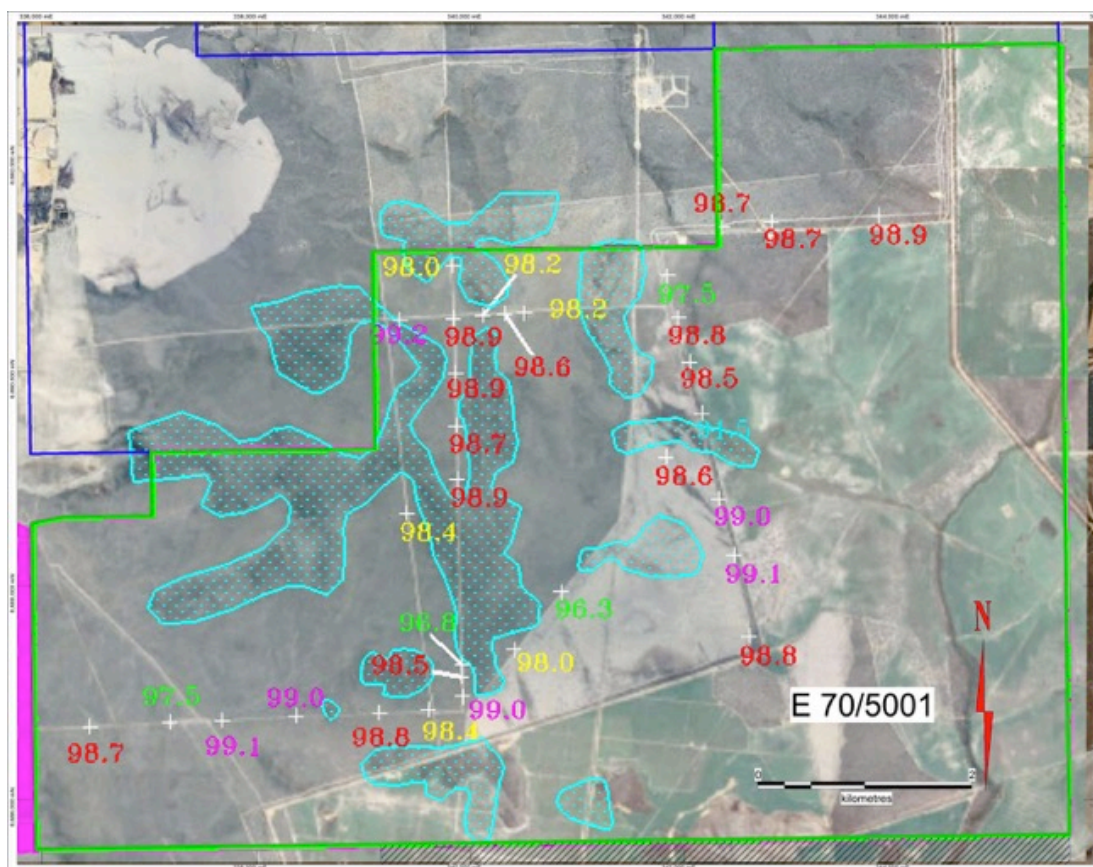


Figure 3: Results of Sampling Program

The results from the hand auger sampling program are set out in the Independent Geologist's Report set out in Annexure A to the Original Prospectus².

1.9.4 Proposed Exploration Programme at the Eneabba Sands Project

Two drill programs are planned at the Eneabba Sands Project totalling 5520m which follow on and extend the historic drilling undertaken at the Eneabba Sands Project. Historic work was limited to the Western side of the Eneabba Sands Project and the Company intends to extend this coverage to adequately test the whole tenement. Drilling will be performed using aircore and auger drill rigs suitable for accessing this type of terrain.

Mapping, geophysics and marketing work is also planned to provide sufficient information through to preparation of a scoping study in respect of the Eneabba Sands Project, subject to receipt of positive exploration results.

The work program is budgeted at \$1,472,000 if the Minimum Subscription is raised and \$2,135,125 if the Maximum Subscription is raised. Set out below is a table detailing the proposed exploration expenditure at the Eneabba Sands Project over the two years following Settlement of the Acquisitions:

² The Company is not aware of any new information or data that materially affects the results of the hand auger sampling program undertaken by Watershed.

ITEM	Minimum Subscription \$5,000,000			Maximum Subscription (\$6,000,000)		
	Yr1	Yr2	TOTAL	Yr1	Yr2	TOTAL
Tenure Costs	\$25,000	\$25,000	\$50,000	\$25,000	\$25,000	\$50,000
Access - Heritage and Ministerial Agreements	\$20,000		\$20,000	\$20,000		\$20,000
Access - Native Vegetation Assessment	\$10,000		\$10,000	\$10,000		\$10,000
Drilling 5520m aircore and auger	\$246,700	-	\$246,700	\$246,700	-	\$246,700
Indigenous Land Use Agreement	\$20,000	-	\$20,000	\$20,000	-	\$20,000
Geophysics	\$40,000	-	\$40,000	\$40,000	-	\$40,000
Mapping- detailed laterite	\$50,000	-	\$50,000	\$50,000	-	\$50,000
Assays	\$5,300	-	\$5,300	\$5,300	-	\$5,300
Drafting, reporting, geology	\$100,000	-	\$100,000	\$100,000	-	\$100,000
Testwork, plant design	-	\$100,000	\$100,000	-	\$100,000	\$100,000
Bulk Sampling	-	\$50,000	\$50,000	-	\$50,000	\$50,000
Sample freight logistics	-	\$50,000	\$50,000	-	\$50,000	\$50,000
Resources Modelling	-	\$100,000	\$100,000	-	\$100,000	\$100,000
Scoping Study	-	\$50,000	\$50,000	-	\$50,000	\$50,000
Marketing and Offtake agreements and negotiations	-	\$50,000	\$50,000	-	\$50,000	\$50,000
Vehicles and accommodation	-	\$80,000	\$80,000	-	\$80,000	\$80,000
Preliminary Feasibility	-	\$150,000	\$150,000	-	\$150,000	\$150,000
Subtotal Exploration	\$517,000	\$655,000	\$1,172,000	\$517,000	\$655,000	\$1,172,000
Vegetation topsoil removed store. (partial completion if MIN raised)	-	\$300,000	\$300,000	-	\$963,125	\$963,125
Subtotal Partial Development	-	\$300,000	\$300,000	-	\$963,125	\$963,125
TOTAL	\$517,000	\$955,000	\$1,472,000	\$517,000	\$963,125	\$2,135,125

1.10 Overview of Mt Marshall and the Mt Marshall Kaolin Project

1.10.1 Mt Marshall

Mt Marshall is an Australian proprietary company limited by shares, incorporated on 30 May 2018.

Mt Marshall currently holds one exploration licence, E70/5039 (**Mt Marshall Tenement**). Watershed is also the applicant for the Mt Marshall Applications, which will form part of the Mt Marshall Kaolin Project, if granted.

Other than Mt Marshall Shares issued on incorporation of Mt Marshall, Mt Marshall has issued no securities.

The Company paid \$50,000 to Mt Marshall in consideration for an option to acquire Mt Marshall from the Mt Marshall Shareholders, which was subsequently

exercised by the Company through an additional \$100,000 payment to Mt Marshall. The consideration payable for the Mt Marshall Acquisition is 75,000,000 Shares, to be issued to the parties set out below:

Name of Shareholder	Consideration Shares	Voting Power ² (Undiluted)
JTB Holdings (WA) Pty Ltd (ACN 137 326 973) ATF the Petkovic Family Trust	1,320,000	0.69%
Balfour Meagher Pty Ltd	3,300,000	0.69%
Aaron Peter Banks ATF the Banks Family Trust	25,960,000	15.27%
Asia Pacific Consulting Pty Ltd (ACN 009 311 406)	660,000	0.69%
Sselkrow Pty Ltd (ACN 618 366 457)	3,300,000	2.08%
Brockman Solutions Pty Ltd (ACN 124 482 417) ATF the Sandpit Investment Trust	1,320,000	0.56%
Murray Grigg Lines	660,000	0.28%
Robert Kingsley Fitzgerald ATF the RKF Trust	22,000,000	4.63%
Paul Ryding	660,000	0.28%
Denise Ryding	660,000	0.28%
Paulden (WA) Pty Ltd (ACN 600 412 226)	660,000	0.28%
Christopher James Weed and Janet Elizabeth Brockman ATF the Brockman Weed Family Trust	3,520,000	1.43%
Croft Lifestyle Fund Pty Ltd (ACN 626 022 151) ATF Croft Superannuation Fund	1,100,000	0.51%
Wayne Stephen Clarke	880,000	0.32%
Sandton Capital (or nominee(s))	3,750,000	1.58%
Astrid Hill (or nominee(s))	5,250,000	2.21%

Note:

1. Neither Sandton Capital nor Astrid Hill are currently Mt Marshall Shareholders. Sandton Capital and Astrid Hill are receiving a portion of the Consideration Shares as consideration for facilitation of the Acquisitions and have been included in the table above for illustrative purposes.
2. These percentages are calculated based on the Minimum Subscription being raised under the Public Offer and include Consideration Shares issued under both the Mt Marshall Agreement and Watershed Agreement, as well as Incoming Director Shares to be issued to Aaron Banks on the assumption that Settlement occurs on 31 July 2020.

1.10.2 Kaolin

Kaolinite is a mineral belonging to the group of aluminosilicates. It is commonly referred to as "China Clay" because it was first discovered at Kao-Lin, in China. The term kaolin is used to describe a group of relatively common clay minerals dominated by kaolinite and derived primarily from the alteration of alkali feldspar

and micas. Kaolin is an industrial mineral used primarily as an inert filler and customers combine it with other raw materials in a wide variety of applications.

Kaolin is a white, soft, plastic clay mainly composed of fine-grained plate-like particles. Kaolin is formed when the anhydrous aluminium silicates which are found in feldsparrich rocks, like granite, are altered by weathering or hydrothermal processes. The process which converted the hard granite into the soft matrix found in kaolin pits is known as "kaolinisation". The quartz and mica of the granite remain relatively unchanged whilst the feldspar is transformed into kaolinite. Smectite may also form in small quantities in some deposits. The refining and processing of the fine fraction of the kaolinised granite yields predominantly kaolinite with minor amounts of mica, feldspar, traces of quartz and, depending on the origin, organic substances and/or heavy minerals.

Individual kaolins vary in many physical aspects, which in turn influence their end use. Of particular commercial interest is the degree of crystallinity which influences the brightness, whiteness, opacity, gloss, film strength, and viscosity.

Kaolin is part of our natural world. Its uses are multiple and diversified. Kaolin's whiteness and plasticity make it extremely suitable for its extensive use as a filler, extender, ceramic raw material and pigment. It is also an important raw material to refractories, and to catalyst, cement and fibre glass industries.

Kaolin is used in many applications. It is a unique industrial mineral, which remains chemically inert over a relatively wide pH range and it offers excellent covering when used as a pigment or extender in coated films and filling applications. In addition, it is soft and non-abrasive and has a low conductivity of heat and electricity.

The two largest applications of kaolin are the coating of paper to hide the pulp strands and the production of high-grade ceramic products. It is also used in many other industrial processes.

There is no global benchmark for the price of kaolin. Pricing of kaolin is typically set between a buyer and seller and is dependent on the quality and specifications of the product being sold as well as the application to which it will be applied. Set out below is a global market overview compiled from various industry sources:

Application	Estimated 2019 Million Tonnes	%	Range USD/Tonne of Hydrous Kaolin cif Asia	Range USD/Tonne of Calcined Clay, cif Asia
Paper	9.9	37	230-260	400-450
Ceramics	8.9	34	180-900	250-260
Paint & Coatings	2.1	8	230-300	500-700
Refractories	1.3	5		
Fibreglass	1.4	5	200-220	
Rubber	0.9	3	180-200	300-400
Plastics	1.0	4	200-220	450-650
Cement	0.8	3		300-650
Others	0.2	1		

A booming construction industry in the Asia-Pacific region is leading an increase in the demand for ceramic products, which in turn is expected to boost the growth of the halloysite kaolin market. Due to the decline in Chinese supply, the global halloysite kaolin market is characterised by a limited number of players. China has traditionally supplied the market in this sector; however, mines have been closing due to government crackdowns on environmentally damaging mines.

1.10.3 Mt Marshall Kaolin Project

The Mt Marshall Kaolin Project is located 215 km Northeast of Perth in Western Australia. It is substantially situated on cleared farming land (with access agreements in place) so there are fewer environmental considerations than what might otherwise normally exist. The Mt Marshall Kaolin Project is prospective for kaolin, which the Company will test to determine whether it is suitable for the ceramics industry, fibreglass industry and paper industry as a raw feed stock.

The Mt Marshall Kaolin Project comprises an exploration licence, approximately 210km North-East of Perth. Access is via Koorda – Bencubbin Road. Transport logistics are in place with significant available rail capacity to Fremantle Port.



Figure 4: Location of Mt Marshall Kaolin Project (Blue Line is Rail Line to Fremantle Port)

In connection with its due diligence on the Acquisitions, the Company undertook an aircore drilling program under which it drilled 27 holes for 644m. Bright white kaolin averaged 13m in thickness over the 27 holes and reached a thickness of 28m in one hole.

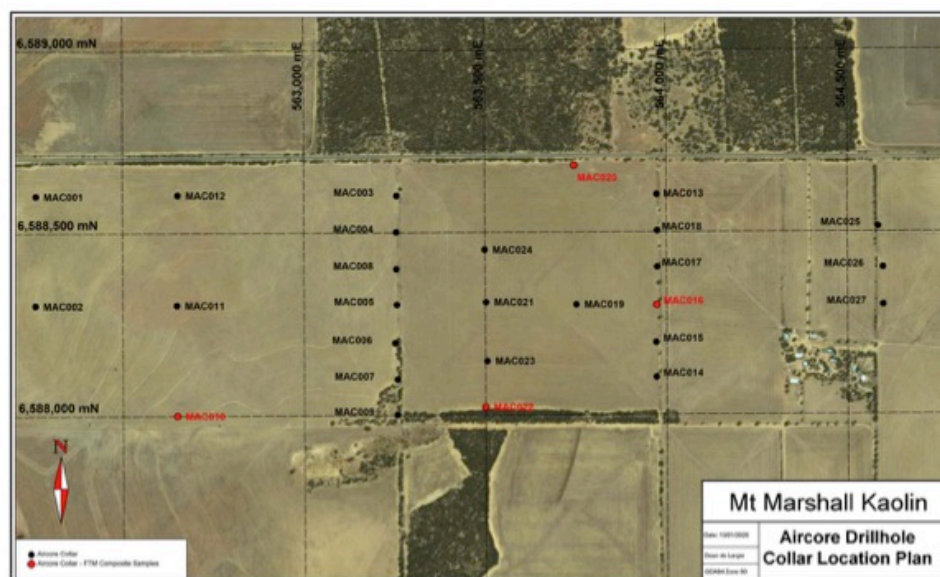


Figure 5: Mt Marshall Kaolin Project Aircore Collar Locations

Refer to Section 3.5 of the Independent Geologist's Report set out in Annexure A to the Original Prospectus for further details with respect to this drill program³.

A suite of samples from this program have been sent to First Test Minerals in the United Kingdom for independent analysis. Samples were also taken to Malaysia and Vietnam to establish relationships with potential end users. Results of the independent analysis have been received and will be included in the Independent Geologist's Report to be included in the Replacement Prospectus, following the Independent Geologist having completed his review of the analysis. It is currently anticipated that the analysis will underpin the definition of a Mineral Resource in accordance with the JORC Code.

1.10.4 Proposed Exploration Programme at the Mt Marshall Kaolin Project

The proposed exploration and development at the Mt Marshall Kaolin Project follows on from due diligence drilling undertaken by the Company. The Company plans to achieve three objectives:

- (a) to extend the knowledge base on the property from a 2km strike length to approximately 6km – 39 air core drill holes for 1560m are therefore planned to cover that part of the tenure south of Koorda Road;
- (b) to expand the area drilled during due diligence – it is anticipated that approximately 97 aircore or RC drill holes, 40m deep on average, will be drilled during the first year following Settlement of the Acquisitions and Capital Raising, which will encompass 3,880m of drilling and bring the total to 5440m; and
- (c) to undertake several rounds of testing of the kaolin in order to determine efficient processing routes and sales channels.

³ While the Company has received initial feedback from the independent analysis of samples from the Mt Marshall Kaolin Project, which are in the process of being finalised for inclusion in the Replacement Prospectus, the Company does not consider that the analysis materially affects the results of the drill program undertaken. The Company is not otherwise aware of any new information or data that materially affects the results of the drill program undertaken.

Having the product suit the end user is necessary for Mt Marshall Kaolin Projects and the Company has engaged experts in the field of kaolin marketing to assist in this process with respect to product extracted from the Mt Marshall Kaolin Project.

The work program is budgeted at \$1,768,000 if the Minimum Subscription is raised and \$1,964,875 if the Maximum Subscription is raised. Set out below is a table detailing the proposed exploration expenditure at the Mt Marshall Kaolin Project over the two years following Settlement of the Acquisitions:

ITEM	Minimum Subscription \$5,000,000			Maximum Subscription \$6,000,000		
	YR 1	YR 2	TOTAL	YR 1	YR 2	TOTAL
Tenure Costs	\$50,000	-	\$50,000	\$50,000	-	\$50,000
Landowner Payments	\$40,000	-	\$40,000	\$40,000	-	\$40,000
Aboriginal Heritage	\$5,000	-	\$5,000	\$5,000	-	\$5,000
Drilling Aircore 5440m	\$160,000	-	\$160,000	\$160,000	-	\$160,000
Assays	\$243,000	-	\$243,000	\$243,000	-	\$243,000
Clay Testwork	\$400,000	-	\$400,000	\$400,000	-	\$400,000
Bulk Sampling	\$50,000	-	\$50,000	\$50,000	-	\$50,000
Bulk Sample Testing	\$100,000	-	\$100,000	\$100,000	-	\$100,000
Resource Geology Modelling	\$50,000	-	\$50,000	\$50,000	-	\$50,000
Scoping	\$60,000	-	\$60,000	\$60,000	-	\$60,000
Marketing and Offtake Agreements	\$60,000	-	\$60,000	\$60,000	-	\$60,000
PFS	\$80,000	-	\$80,000	\$80,000	-	\$80,000
SUBTOTAL EXPLORATION	\$1,298,000	-	\$1,298,000	\$1,298,000	-	\$1,298,000
Site Civil works	-	\$232,693	\$232,693	-	\$232,693	\$232,693
Pre-production strip	-	\$106,295	\$106,295	-	\$106,295	\$106,295
Building	-	\$131,012	\$131,012	-	\$327,887	\$327,887
SUBTOTAL DEVELOPMENT	-	\$470,000	\$470,000	-	\$666,875	\$666,875
TOTAL	\$1,298,000	\$470,000	\$1,768,000	\$1,298,000	\$666,875	\$1,964,875

1.11 Cadoux South Mt Marshall Kaolin Project

Watershed has applied for E70/5334, which makes up the Cadoux South Mt Marshall Kaolin Project, which is 180 km North-East of Perth and 50km East of the Mt Marshall Kaolin Project.

The Cadoux South Mt Marshall Kaolin Project is immediately South of the Cadoux High Purity Alumina project belonging to FYI Resources Limited (**FYI**). The product they are producing through their pilot plant is very high grade, reporting 99.99% Al₂O₃. The grade reported by FYI should not be taken as indicative of the potential grade of deposits that may be identified at the Cadoux South Mt Marshall Kaolin Project (refer to announcement released by FYI dated 11 December 2019).

The Cadoux South Mt Marshall Kaolin Project is an early stage project with potential to become an important asset given its proximity to the high-grade FYI project. If the Cadoux South Application is granted, the exploration is anticipated

to be conducted at the same time as work undertaken at the Mt Marshall Kaolin Project due to the proximity of the Projects and the common geological setting.

1.12 Business model

Following completion of the Public Offer and Settlement of the Acquisitions, the Company's proposed business model will be to further explore and develop the identified mineral deposits at the Projects in accordance with the exploration programmes set out in Sections 1.9.4 and 1.10.4, with a view to implementing low capital expenditure production projects for silica sand and kaolin.

The Company's main objectives on completion of the Public Offer and Settlement of the Acquisitions are:

- (a) systemically explore the Projects for silica and kaolin through geological mapping, surface sampling and drilling;
- (b) assess the viability for, and if viable implement, a low capital expenditure silica sand production project on the Eneabba Sands Project and kaolin production project at the Mt Marshall Kaolin Project; and
- (c) continue to pursue other acquisitions that have a strategic fit for the Company, particularly in respect of industrial minerals such as silica and kaolin with a focus on other mineral exploration or resource opportunities that have the potential to deliver growth for Shareholders, particularly in respect of industrial minerals.

1.13 Key Dependencies of the Business Model

The key dependencies influencing the Company's viability are:

- (a) Settlement of the Acquisitions;
- (b) the Company's capacity to re-comply with Chapters 1 and 2 of the ASX Listing Rules to enable re-admission to quotation of the Company's Securities;
- (c) the Company's ability to negotiate tenure access and seek grant of the Eneabba Applications, Mt Marshall Applications, Cadoux South Application and any tenement applications that may be made in the future;
- (d) the Projects producing product that is of the quality and specifications required by potential buyers;
- (e) the Company's ability to meet resource, reserve and exploration targets;
- (f) raising sufficient funds to satisfy expenditure requirements, exploration and operating costs in respect of the Projects; and
- (g) minimising the environmental impact of its activities and ensuring compliance with occupational health and safety requirements.

1.14 Growth Strategy

The Company intends to increase Shareholder value as per the vision outlined above, by adopting the following strategies:

- (a) to advance the exploration and evaluation of deposits located within the Projects (where possible) to demonstrate the ability for the Projects to be developed into operating mines;
- (b) to evaluate and pursue other prospective opportunities in the resources sector in line with its strategy to develop high quality assets, particularly in respect of industrial minerals such as silica and kaolin; and
- (c) use funds raised from the Offer to continue exploration activities on the Projects aimed at the discovery of JORC Resources and implement low cost mining activities.

1.15 Use of Funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves, over the first two years following admission of the Company to the Official List of ASX as follows:

Funds available	Minimum Subscription \$4,000,000	Minimum Subscription %	Maximum Subscription \$5,000,000	Maximum Subscription %
Existing cash reserves ¹	\$922,022	19%	\$922,022	16%
Funds raised from the Public Offer	\$4,000,000	82%	\$5,000,000	84%
Total	\$4,922,022	100%	\$5,922,022	100%
Allocation of funds	Minimum Subscription \$5,000,000		Maximum Subscription \$6,000,000	
Exploration at Eneabba Sands Project ²	\$1,172,000	24%	\$1,172,000	20%
Exploration at Mt Marshall Kaolin Project ³	\$1,298,000	26%	\$1,298,000	22%
Development of Eneabba Sands Project ⁴	\$300,000	6%	\$963,125	16%
Development of Mt Marshall Kaolin Project ⁴	\$470,000	10%	\$666,875	11%
Expenses of the Public Offer ⁵	\$472,368	10%	\$535,611	9%
Administration Costs ⁶	\$600,000	12%	\$600,000	10%
Working capital ⁷	\$596,654	12%	\$673,411	11%
Total	\$5,205,952	100%	\$6,205,952	100%

Notes:

- These funds represent cash held by the Company, Watershed and Mt Marshall as at 31 December 2019, less operating and tenement related expenses of approximately \$700,000 incurred between 1 January 2020 and the date of this Notice. The Company, Watershed and Mt Marshall will incur further costs within the ordinary course of their respective businesses and in association with the Acquisitions, which will diminish this amount prior to listing.
- Refer to Section 1.9.4 for a summary of the proposed exploration programme at the Eneabba Sands Project. Exploration expenses include tenure expenses, drilling, assays, testwork, resource estimations and costs of feasibility studies in respect of the Eneabba Tenement. If any of the Eneabba Applications are granted, additional funds will be applied to exploration of those tenements out of the Company's working capital.

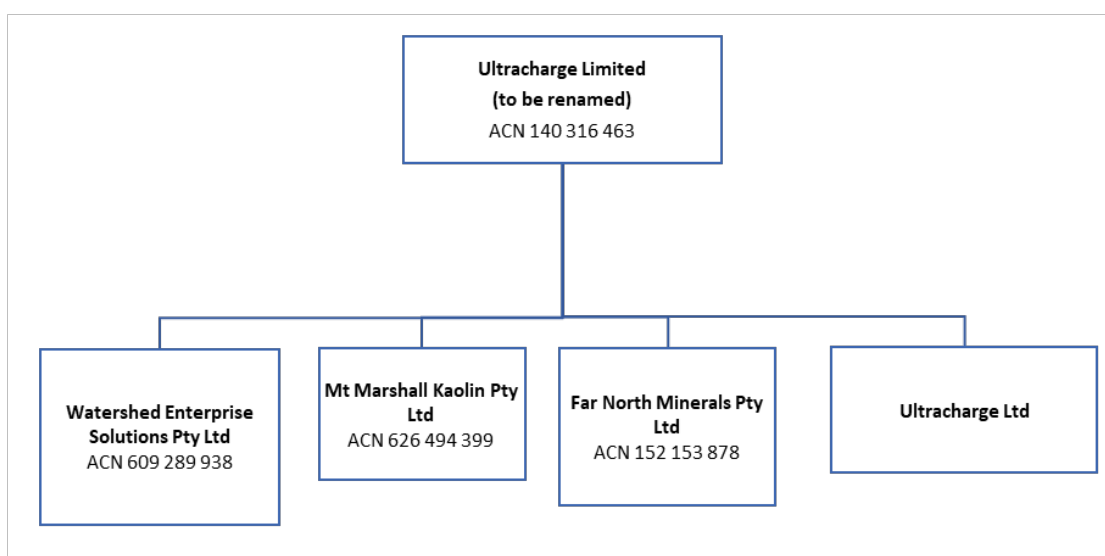
3. Refer to Section 1.10.4 for a summary of the proposed exploration programme at the Mt Marshall Kaolin Project. Exploration expenses include tenure expenses, drilling, assays, testwork, resource estimations and costs of feasibility studies in respect of the Mt Marshall Tenement. All amounts allocated to exploration activities relate to proposed exploration on granted tenements held by Watershed and Mt Marshall.
4. Development expenses include capital expenditure associated with preparation for mining and processing minerals extracted from the Projects. All amounts allocated to development activities relate to proposed development on granted tenements held by Watershed and Mt Marshall and are subject to positive results received following the Company's exploration activities. These amounts will not be sufficient to cover all costs required to fully develop the Projects. Funds allocated toward development of the Projects relate to initial development activities and additional funds will be required in order to progress the Projects to development.
5. Expenses of the Public Offer include legal fees, ASX fees, advisor fees, Investigating Accountant fees, Geological Advisory Fees, Share Registry Fees and brokerage costs.
6. Administration costs include, without limitation, general corporate costs such as the provision of contract services to the Company, ASX listing fees, Board and executive remuneration, office rent and ongoing audit and accounting costs.
7. Working capital provides for additional capital to be used for additional exploration following the planned exploration programs or grant of additional tenements applied for by the Company and investment in new mineral exploration projects not yet identified by the Directors, including due diligence costs incurred in consideration of such projects.

The above table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events 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. As and when further funds are required, either for existing or future developments, the Company will consider both raising additional capital from the issue of Securities and/or from debt funding.

The current Directors and Incoming Directors consider that, following completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives.

1.16 Group Structure (Post-Settlement)

Upon Settlement of the Acquisitions, the corporate structure of the Company is anticipated to be as follows:



Both Watershed and Mt Marshall have not traded during the current and prior financial periods and do not have any assets and liabilities, other than their interests in the Eneabba Tenement, Eneabba Applications and Mt Marshall Tenement. Far North Minerals Pty Ltd is currently dormant.

Ultracharge Ltd is a company incorporated in Israel and is the operating company for the Company's existing activities (**Ultracharge Israel**). The Company has commenced the process of winding up Ultracharge Israel, which is anticipated to be completed in the coming months, subject to any claims made during the winding up process.

1.17 Capital Structure

1.17.1 Shares¹

	Minimum Subscription	Full Subscription
Shares currently on issue	112,338,245	112,338,245
Cancellation of Buy-Back Shares ¹	(3,000,000)	(3,000,000)
Shares to be issued for the Acquisition of Watershed ²	75,000,000	75,000,000
Shares to be issued for the Acquisition of Mt Marshall ²	75,000,000	75,000,000
Shares to be issued pursuant to the Public Offer ³	200,000,000	250,000,000
Mt Marshall Loan Shares ⁴	8,750,000	8,750,000
Incoming Director Shares ⁵	7,480,000	7,480,000
Total Shares on Settlement of the Acquisitions	475,568,245	525,568,245

Notes:

1. Assuming Resolution 19 is passed and cancellation of the Buy-Back Shares is completed.
2. Refer to Schedule 1 for summaries of the material terms and conditions of the Acquisition Agreements. 5% of the Shares to be issued as consideration for the Acquisitions will be issued to Sandton Capital and 7% of the Shares to be issued as consideration for the Acquisitions will be issued to Astrid Hill (or their respective nominee(s)) as a facilitation fee in respect of the Acquisitions.
3. The Company will seek to raise \$4,000,000 through the issue of 200,000,000 Shares at \$0.02 per Share, with oversubscriptions of up to an additional 50,000,000 Shares to raise up to a further \$1,000,000.
4. Conversion of a loan of \$175,000 to Mt Marshall at an issue price of \$0.02 per Share.
5. Each of Messrs Aaron Banks and Robert Martin will accrue the salaries payable to them by the Company in consideration for their services in developing the assets of Watershed and Mt Marshall from 1 April 2020 until Settlement (being \$20,000 per month to Mr Banks and \$14,000 per month to Mr Martin, with each entitled to 10% superannuation on amounts payable in addition to their remuneration), which will be converted into Shares at Settlement of the Acquisitions at a deemed issue price of \$0.02 per Share. The number of Shares will be determined by reference to the accrued salaries as at the date of Settlement. If Settlement occurs on 31 July 2020, 7,480,000 Shares will be issued to Messrs Banks and Martin.

1.17.2 Options

Options	Number
Options on issue as at the date of this Notice	15,166,667
Lead Manager Options and Advisor Options to be issued to Sandton Capital or nominee(s) ^{2, 3}	90,616,903
Director Options to be issued to Robert Martin and Leonard Troncone or nominee(s) ²	11,250,000
Total Options on Settlement of the Acquisitions	117,033,570

Notes:

1. 10,000,000 Options exercisable at \$0.50 each on or before 30 June 2020 and 5,166,670 Options exercisable at \$0.08 on or before 30 September 2022.
2. Options exercisable at \$0.03 on or before the date that is 3 years following the date of issue (the terms of which are set out in Schedule 3), including 10,000,000 Options to be issued to Mr Robert Martin and 1,250,000 Options to be issued to Mr Leonard Troncone.
3. It is currently anticipated that Astrid Hill and its principles may be responsible for raising half of the funds to be raised under the Public Offer. If this occurs, Astrid Hill will receive a proportionate number of the Options to be issued under the Lead Manager Mandate, as well as a commensurate proportion of the capital raising fees payable to Sandton Capital.

1.17.3 Performance Rights

Performance Rights	Number
Performance Rights on issue as at the date of this Notice	Nil
Performance Rights to be issued to Messrs Aaron Banks, Robert Martin and Leonard Troncone ¹	40,000,000
Total Performance Rights on Settlement of the Acquisitions	40,000,000

Note:

1. Refer to Schedule 2 for the terms and conditions attaching to the Performance Rights.

1.18 Substantial Shareholders

Those Shareholders holding a voting power of 5% or more of the Shares on issue as at the date of this Notice and on Settlement of the Acquisitions and Public Offer (assuming both Minimum Subscription and Maximum Subscription) are set out in the respective tables below.

As at the date of this Notice

Shareholder	Shares	% (undiluted)	% (fully diluted)
Ori Ackerman	6,666,666	5.93%	5.23%

Post-completion of the Offers – Minimum Subscription

Shareholder	Shares	% (undiluted)	% (fully diluted)
Aaron Peter Banks ATF the Banks Family Trust	72,600,000	15.27%	14.64%

Robert Martin	15,580,000	3.28%	5.94%
Astrid Hill	10,500,000	2.21%	1.66%
Sandton Capital	7,500,000	1.58%	15.64%

Post-completion of the Offers – Maximum Subscription.

Shareholder	Shares	% (undiluted)	% (fully diluted)
Aaron Peter Banks ATF the Banks Family Trust	72,600,000	13.81%	13.57%
Robert Martin	15,580,000	2.96%	5.51%
Astrid Hill	10,500,000	2.00%	1.54%
Sandton Capital	7,500,000	1.43%	14.49%

It is currently anticipated that Astrid Hill and its principles may be responsible for raising half of the funds to be raised under the Public Offer. If this occurs, Astrid Hill will receive a proportionate number of Options the subject of the Lead Manager Mandate. Should this occur:

- (a) Sandton Capital's voting power on a fully-diluted basis will reduce to 8.41% if the Minimum Subscription is raised under the Public Offer and 7.79% if the Maximum Subscription is raised under the Public Offer; and
- (b) Astrid Hill's voting power on a fully-diluted basis will increase to 8.88% if the Minimum Subscription is raised under the Public Offer and 8.23% if the Maximum Subscription is raised under the Public Offer.

The Company will announce to the ASX details of its top 20 Shareholders following the completion of the Public Offer and prior to the date of re-admission of the Company to the Official List.

1.19 Pro forma balance sheet

The pro-forma balance sheet of the Company following Settlement of the Acquisitions and issues of all Securities contemplated by this Notice is set out in Schedule 4. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

1.20 Composition of the Board of Directors

Upon Settlement of the Acquisitions, it is intended that all current Directors will resign and Mr Aaron Banks will be appointed as Managing Director, Mr Robert Martin will be appointed as Executive Chairman, and Mr Leonard Troncone will be appointed as a Non-Executive Director, such that the Board will be comprised of:

- (a) **Mr Aaron Banks** (*Proposed Managing Director*);

Aaron Banks is a specialist business consultant with over 20 years' experience in contract negotiations and business development including senior roles in sales, marketing and construction management where he successfully negotiated contracts exceeding 300 million dollars of value within the housing sector.

Since 2015 as Founder and since 2016 as Managing Director of Australian Silica Pty Ltd, Aaron has developed extensive relationships with glass companies and manufactures of specialty products for LCD screens and photovoltaic systems in the Asian-Pacific Region.

In 2016 he discovered what has become to be known as one of the largest high-grade silica sand resources in the world. While on the board of Australian Silica, he successfully negotiated the sale of the Muchea Silica Sand Project to VRX Silica (ASX:VRX) in 2017, which helped re-pivot VRX from a base metals explorer to a silica sand explorer with a market capitalisation as at 20 November 2019 of approximately \$50 million.

(b) **Robert Martin** *(Proposed Executive Chairman)*

Mr Martin has over 20 years' experience across the mining services, supply chain and capital market sectors. Mr Martin has operated a highly successful mining services company which became a leading provider of products and services to the mining industry and operated globally with offices across Australia and internationally. After 7 of years of revenue growth and profitability and expansion into multiple countries, Mr Martin's company was acquired by a prominent Perth business for an undisclosed multi-million dollar sum. Mr Martin runs a family office in Western Australia with a focus on investing and supporting emerging private and public businesses and currently holds the position of non-executive director for PARKD Limited and Fusion Pty Ltd and was the former non-executive chairman of publicly listed JV Global Ltd.

(c) **Leonard Troncone** *(Proposed Non-Executive Director)*

Mr Leonard Troncone is a senior finance executive with over 35 years' hands-on experience in the Australian corporate environment, with experience gained in a range of industries including mining, mineral exploration, mine development and oil and gas, diversified engineering, manufacturing and construction, financial services and private investment. Mr Leonard Troncone holds a Bachelor of Business from Curtin University of Technology (formerly the Western Australian Institute of Technology).

Mr Troncone has been involved with initial public offerings, capital raisings and the arrangement of debt facilities to fund major acquisitions and projects. He has made transformative contributions to newly listed entities including the delivery and creation of strong shareholder wealth in the years post-initial public offer at both United Group Limited and Decmil Group Limited (formerly Paladio Group Limited). Mr Troncone has previously been involved in the preparation of long-term strategic plans with the single objective of delivering shareholder wealth through revenue growth, profitability growth, return on shareholders' funds, share price growth, increasing market share, competitor analysis, industry trends and acquisition targets.

Mr Leonard Troncone is currently the chief executive officer, chief financial officer and company secretary at PARKD Limited (ASX: PKD), having previously been the chief financial officer of a large, private, vertically integrated manufacturing group, undertaking a leading role in the trade sale of that business to an international private equity group.

Mr Troncone entered into a Personal Insolvency Agreement (**PIA**) on 23 May 2019. A PIA is a legally binding agreement between a person and

their unsecured creditors in order for a person to settle unsecured debts without becoming bankrupt. A PIA involves appointing a trustee to take control of a person's property and making an offer to that person's unsecured creditors.

Trustees were appointed by Mr Troncone pursuant to the PIA and Mr Troncone's creditors approved the PIA. The PIA was subsequently discharged by Mr Troncone on 29 May 2019, resulting in Mr Troncone having no further liabilities under the PIA. The circumstances leading to Mr Troncone entering into a PIA included the sudden and unexpected redundancy from his previous employer, followed by a prolonged period of unemployment during which he self-funded costly, and ultimately inconclusive, legal proceedings against that former employer.

The current directors and Incoming Directors (other than Mr Troncone, who has abstained from deliberations on this matter) have considered that notwithstanding he was a party to a PIA, his extensive experience and demonstrated successful track record in managing the financial affairs of public and private enterprises makes Mr Troncone a person of good frame and character and suitable to be a Non-Executive Director of the Company.

1.21 Director and Incoming Director Interests in Securities

Directors are not required under the Constitution to hold any Shares to be eligible to act as a Director.

Details of the Directors' and Incoming Directors' relevant interest in the Securities of the Company upon Settlement of the Acquisitions and raising the Minimum Subscription under the Public Offer are set out in the table below:

Director/Incoming Director	Shares	% (undiluted) ⁵	Performance Rights	Options	% (diluted) ⁶
Current Directors					
Kobi Ben-Shabat ¹	12,210,816 ³	2.57%	Nil	333,334 ⁴	1.98%
John Paitaridis ¹	900,000	0.19%	Nil	Nil	0.14%
Anthony Brown ¹	275,000	0.06%	Nil	Nil	0.04%
Incoming Directors					
Robert Martin ²	15,580,000 ⁷	3.28%	12,000,000 ⁵	10,000,000 ⁶	5.94%
Leonard Troncone ²	1,250,000 ⁷	0.26%	8,000,000 ⁵	1,250,000 ⁶	1.66%
Aaron Banks ²	72,600,000	15.27%	20,000,000 ⁵	Nil	14.64%

Notes:

1. To resign at Settlement of the Acquisitions.
2. To be appointed on and from Settlement of the Acquisitions.
3. Comprising:
 - (a) 1,966,667 Shares held directly by Mr Ben-Shabat;
 - (a) 2,251,309 Shares held by 102 Capital Management ATF Kobi Ben-Shabat;
 - (b) 2,992,840 Shares held by Reblaze Singapore Pte Ltd (an entity associated with Mr Ben-Shabat); and

- (c) 5,000,000 Shares that may be issued under the Public Offer (noting that the Company has no obligation to issue these Shares to Mr Ben Shabat and Mr Ben Shabat has no obligation to apply for these Shares).
- 4. Options exercisable at \$0.08 each on or before 4 September 2022.
- 5. Refer to Section Schedule 2 for the terms of the Performance Rights.
- 6. Refer to Schedule 3 for the terms of the Director Options.
- 7. Includes Incoming Director Shares to be issued to Messrs Banks and Martin (assuming Settlement occurs on 31 July 2020), Consideration Shares to be issued to Mr Banks and Shares that may be issued under the Public Offer to Messrs Mart and Troncone (noting that the Company has no obligation to issue Shares under the Public Offer to Messrs Martin and Troncone and Messrs Martin and Troncone have no obligation to apply for these Shares).

1.22 Risk factors

The key risks of the Acquisitions and following Settlement are:

1.22.1 Risks relating to the Change in Nature and Scale of Activities

(a) Completion Risk

Pursuant to the Acquisition Agreements, the Company has a conditional right to acquire 100% of the issued capital in Watershed and Mt Marshall.

The Acquisitions constitute a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX. Trading in the Company's Shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following Settlement of the Acquisitions.

There is a risk that the conditions for Settlement of the Acquisitions cannot be fulfilled, including where the Company is unable to meet the requirements of the ASX for re-quotation of its Securities on the ASX. If the Acquisitions are not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved. Should this occur, Shares will not be able to be traded on the ASX until such time as the Company has recompiled with Chapters 1 and 2 of the ASX Listing Rules and Shareholders may be prevented from trading their Shares until such time as a successful Re-compliance is completed.

(b) Subsidiary and Historical Activities Risk

The Company's existing activities relate to conducting research and development dedicated to creating lithium-ion battery technology, which will cease to be the focus of the Company's business following Settlement of the Acquisitions.

The Company has various subsidiaries, including Ultracharge Israel, which was the operating subsidiary for the Company's existing business activities. The Company has commenced the process for the winding up of Ultracharge Israel, which is anticipated to be completed in the coming months, subject to any claims made during the winding up process.

While the Company is not aware of any material claims against it or its subsidiaries, there is a risk of claims being made against the Company's subsidiaries, including with respect to Ultracharge Israel during the winding up process by creditors or regulatory bodies for historical claims.

There is also a risk of claims being made against the Company with respect to its historical operations. Any such claims have the potential to cause detriment to the Company and may be adverse to Shareholders.

(c) **Dilution Risk**

The Company currently has 112,338,245 Shares on issue. In connection with the Acquisitions, the Company proposes to issue:

- (i) 150,000,000 Consideration Shares;
- (ii) up to 250,000,000 Public Offer Shares;
- (iii) Incoming Director Shares and 20,000,000 Performance Rights to Mr Aaron Banks or nominee(s);
- (iv) Incoming Director Shares, 12,000,000 Performance Rights and 10,000,000 Director Options to Mr Robert Martin or nominee(s);
- (v) 8,000,000 Performance Rights and 1,250,000 Director Options to Mr Leonard Troncone or nominee(s);
- (vi) 8,750,000 Shares on conversion of the Mt Marshall Loan;
- (vii) 45,616,903 Lead Manager Options to Sandton Capital or nominee(s), including potentially Astrid Hill as discussed in Section 1.25; and
- (viii) 45,000,000 Advisor Options to Sandton Capital or nominee(s), including potentially Astrid Hill as discussed in Section 1.25.

Set out below is a table setting out the interests of various groups and individuals following the issue of the above Securities and assuming the Minimum Subscription is raised under the Public Offer and that Settlement occurs on 31 July 2020:

Group	% (undiluted)	% (diluted)
Existing Shareholders and Option holders (excluding related parties and Sandton Capital)	21.23%	18.18%
Investors under Public Offer	38.11%	28.65%
Vendors (excluding Aaron Banks, Sandton Capital and Astrid Hill)	13.42%	10.09%
Lenders under Mt Marshall Loan	1.84%	1.38%
Sandton Capital	1.58%	15.64%
Astrid Hill	2.21%	1.66%
Kobi Ben-Shabat	2.57%	1.98%
Anthony Brown	0.06%	0.04%
John Paitaridis	0.19%	0.14%
Aaron Banks	15.27%	14.64%
Robert Martin	3.28%	5.94%

Leonard Troncone	0.26%	1.66%
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As set out in Section 1.18, in the event Astrid Hill receives a proportion of the Options the subject of the Lead Manager Mandate, its voting power on a fully diluted basis will increase and Sandton Capital's voting power on a fully diluted basis will decrease.

Some investors may consider that this concentration of ownership and risk of future dilution increases the risk of participating in the Public Offer.

(d) **Additional Requirements for Capital**

The funds to be raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

In addition, should the Company consider that its exploration results justify commencement of production on any of its Projects, additional funding will be required to implement the Company's development plans, the quantum of which remain unknown at the date of this Notice.

Following completion of the Public Offer, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the Company's activities may result in delay and indefinite postponement of their activities and the Company's proposed expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

1.22.2 Company Specific

(a) **Tenure and access risk**

Applications

Watershed is applicant for the Eneabba Applications. While the Company does not anticipate there to be any issues with the grant of these applications, there can be no assurance that the applications will be granted. While the Company considers the risk to be low, there can also be no assurance that when the relevant tenement is granted, it will be granted in its entirety. Some of the tenement areas applied for may be excluded.

Renewal

Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to the discretion of the relevant authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability

to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Access

A number of the tenements overlap certain third party interests that may limit the Company's ability to conduct exploration and mining activities, including private land, Crown Reserves, areas on which native title is yet to be determined and other forms of tenure for railways, pipelines and similar third party interests.

Where the Projects overlap private land, exploration and mining activity on the Projects may require authorisation or consent from the owners of that land. The Company has entered into access agreements with the holders of private land on which the Mt Marshall Kaolin Project is located. However, further approvals may be required from any other parties with an interest in this land.

In circumstances where authorisation or consent is delayed or not granted, the Company would be required to engage in a court process to obtain an easement for it to access the land to conduct its proposed exploration activities. There is a risk that this process could result in the Company incurring additional cost or that it could create delays to the Company's proposed exploration program. Further, if the relevant easement is not granted, then depending on the significance of the mining tenements involved, this could impact upon the Company's operations.

The Company will also require consent of the Minister or from relevant native title parties prior to commencing exploration and development of parts of the Projects that are subject to Crown Reserves, outstanding Native Title determinations or Indigenous Land Use Agreements.

(b) Exploration Risk

Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the Eneabba or Mt Marshall Kaolin Projects, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its projects and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the tenement, a reduction in the cash reserves of the Company and possible relinquishment of the projects.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature,

these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) **Mine Development Risk**

Possible future development of a mining operation at the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(d) **Silica Sand, Construction Sand and Kaolin Demand Risk**

There is a risk that the kaolin and silica sand that may be produced by the Company does not meet market specifications (refer to Sections 1.9.2 and 1.10.2 for further details). For example, the silica sand market has demanding major element specifications for parameters such as purity (e.g. SiO₂ content) in addition to tight specifications for trace elements such as Fe, Ti and Cr in the glass industry.

Failure to meet specifications may result in selling the products at discounted rates, or not finding markets at all. Other risks for silica sand may include particle size distribution and physical strength (crush resistance) as in the case of proppants for the oil industry. Industrial minerals are generally considered to be bulk commodities and are therefore susceptible to distance to market and transport costs; therefore, logistics may pose a risk to supplying markets.

Prices for silica sand, construction sand and kaolin will be largely subject demand in Asia. Such a decline could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

A reduction in flat glass and/or container glass production would generally depress the demand, development, production and mining activity for silica sand the Company is aiming produce. Similarly, a reduction in ceramics production could depress the demand, development, production and mining activity for kaolin.

The development and use of new technology for effective alternatives for glass or ceramics, or the development of new processes to replace silica sand, could also cause a decline in demand for the products produced and could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

Demand for silica sand and kaolin products can be affected generally by advances in industry and the development and use of new technology or new processes that reduce or eliminate the need for silica sand and kaolin products, including as a material for metal casting, ceramics, metallurgical processes, chemical production, paint and coatings, filtration and water production and proppant. Such events could cause a decline in demand for the products produced and could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

(e) **Supply Agreement Risk**

The Company does not currently have supply agreements in place with respect to product that may be extracted from the Projects and may not be able to negotiate supply agreements on terms that permit the Company to finance and commence development of the Projects.

Supply agreements involving the sale of silica sand and kaolin products typically have market-based pricing mechanisms. Accordingly, in periods with decreasing prices, results of operations may be lower than if agreements had fixed prices. In periods with increasing prices, some agreements may permit an increase in prices; however, some customers may elect to cease purchasing products if they do not agree with price increases or are able to find alternative, cheaper sources of supply. Furthermore, certain volume-based supply agreements may influence the ability to fully capture current market pricings. These pricing provisions may result in significant variability in results of operations and cash flows from period to period.

If the Company is successful in developing the Projects to the mining of product, the Company is likely to sell products to customers on a purchase order basis and pursuant to supply agreements that will contain customary termination provisions for bankruptcy related events and uncured breaches of the applicable agreement. If any of these major customers substantially reduces or altogether ceases purchasing products and the Company is not able to generate replacement sales into the market, the business, financial condition, and results of operations could be adversely affected for a short-term period until such time as the Company can generate replacement sales in the market.

(f) **Climate Change**

The operations and activities of the Company are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage and other possible restraints on industry that may further impact the Company. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences.

Climate change may also cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

(g) **COVID-19**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19, including limitations on travel to jurisdictions in which the Company identifies potential end-users for its products, may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Company is monitoring the situation closely and considers the impact of COVID-19 on the Company's business and financial performance to be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

(h) **Reliance on Key Personnel**

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

(i) **Limited History**

Having been incorporated on 13 November 2015 and 30 May 2018 respectively, Watershed and Mt Marshall have limited operating history, although it should be noted that the Incoming Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(j) **Restricted Securities Reducing Liquidity**

Subject to the Company being admitted to the Official List, certain securities on issue prior to the Offer will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Shares required to be held in escrow prior to the Shares commencing trading on ASX.

1.22.3 Industry Specific Risks

(a) Exploration Costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(b) Exploration Success

The tenements in which the Company will acquire an interest are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the tenements, or any other licenses that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The Company has not yet published resource estimates for any prospects. There is no assurance that exploration or project studies by the Company will result in the definition of an economically viable mineral deposit or that the exploration tonnage estimates and conceptual project developments discussed in this Notice are able to be achieved.

The exploration costs of the Company described in the Independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) Resource, Reserves and Exploration Targets

The Company has identified a number of exploration targets based on geological mapping and interpretations, geophysical data, geochemical sampling and historical drilling. Insufficient data however, exists to provide certainty over the extent of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining an economic resource, no assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.

Reserve and Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature Resource and Reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.

(d) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(e) **Environmental**

The operations and proposed activities of the Company are subject to Australian laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or fires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(f) **Native title**

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

The Projects overlap land that is subject to claims of native title and to Indigenous Land Use Agreements (**ILUAs**), which require that the Company enters into an Aboriginal heritage agreement with the Indigenous group the subject of the ILUA prior to commencing exploration activities over those parts of the Projects that overlap the areas covered by the ILUAs.

The existence of a native title claim or an ILUA is not an indication that native title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court. The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

1.22.4 General Risks

(a) **Economic**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company, as well as on its ability to fund its operations.

(b) **Commodity price volatility and exchange rate risk**

The Company's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

As the Company's Shares have been suspended from trading for approximately three months, there is currently no public market for Shares. There is no guarantee that an active trading market in the Company's Shares will develop or that the prices at which Shares trade will increase following Settlement of the Acquisition and the Public Offer.

The prices at which Shares trade may be above or below the Public Offer price and may fluctuate in response to a number of factors.

(c) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company.

(d) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) currency fluctuations
- (iv) interest rates and inflation rates;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company, the Directors, or the Incoming Directors warrant the future performance of the Company or any return on an investment in the Company.

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market experience extreme price and volume fluctuations that have often been unrelated to the operating performance of such companies. These factors may materially affect the market price of the Shares regardless of the Company's performance.

(e) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(f) **Agents and contractors**

The Incoming Directors are unable to predict the risk of the insolvency or managerial failure by any of the contractors used (or to be used in the future) by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used (or to be used in the future) by the Company for any activity.

(g) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(h) **Litigation risks**

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(i) **Insurance**

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with the Company's business may not always be available and where available the costs may be prohibitive.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of Shares.

Therefore, Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

1.23 No Underwriter

The Public Offer is not underwritten.

1.24 Lead Manager

The Company has entered into a mandate with Sandton Capital Advisory Pty Ltd (**Lead Manager** or **Sandton Capital**) pursuant to which the Company has appointed Sandton Capital as lead manager to the Public Offer and corporate advisor to the Company (**Lead Manager Mandate**). The Lead Manager Mandate commenced on 16 September 2019 and will continue for a fixed period of 24 months unless extended by written agreement between the parties.

In consideration for its services, the Company has agreed to pay the following fees to the Lead Manager:

- (a) lead manager and corporate advisory fees of:
 - (i) a lead management fee of 2% of all funds raised under the Public offer;
 - (ii) a capital raise fee of 4% of all funds raised under the Public Offer; and
 - (iii) a monthly retainer of AUD\$10,000 plus GST per month commencing on 16 September 2019 and ceasing upon the effective date of any termination of the Lead Manager Mandate in consideration for ongoing services to be provided to the Company, including corporate advice, promotional activities, reviewing the Company's presentations and announcements and investor and media relations, provided that for the period from 1 April 2020 until Settlement, the monthly retainer has been reduced to \$8,000 per month, which will revert to \$10,000 per month following Settlement; and
- (b) success fees (upon the successful Settlement of the Acquisitions and the Public Offer) of:
 - (i) 5% of the total Consideration Shares to be issued in connection with the Acquisitions, being an aggregate 7,500,000 Shares;
 - (ii) 45,616,903 Lead Manager Options; and
 - (iii) 45,000,000 Advisor Options.

Refer to Schedule 5 for a table summarising the fees payable to Sandton Capital and the value of such fees.

In the event that all Lead Manager Options and Advisor Options to which Sandton Capital is entitled are exercised, an additional \$2,718,507 will be raised. However, it is likely that a portion of the Lead Manager Options and Advisor Options will be passed on to other advisors that assist with completion of the Public Offer, including to Astrid Hill as discussed in Section 1.25.

The Acquisitions were presented to Sandton Capital by Astrid Hill, who subsequently presented the Acquisitions to the Company. The Acquisitions, the appointment of Sandton Capital as Lead Manager, the issue of a portion of the Consideration Shares to Sandton Capital and Astrid Hill and the issue of Advisor Options and Lead Manager Option as a facilitation and capital raising fee for the Acquisitions, were presented to the Company by Sandton Capital as a package. For the reasons set out in this Notice, including the advantages set out in Section 1.6, the Company was comfortable with the consideration payable for the Acquisitions, including the fees payable in connection with the Acquisitions.

Michael Shaw-Taylor, the sole principal of Sandton Capital, also holds 800,000 Options exercisable at \$0.50 on or before 30 June 2020, which were issued as advisory fees in connection with placements undertaken by the Company announced on 3 November 2017 and 4 June 2018. Sandton Capital and its associates may also take up Shares under the Public Offer.

Michael Shaw-Taylor is the sole key person and responsible manager in respect of the AFSL held by Armada Capital. Armada Capital was formerly engaged as the Company's corporate advisor, receiving fees in that capacity from October 2016 until October 2017 and in June 2018. Through his role with Armada Capital, Mr Shaw-Taylor had an ongoing relationship with the Company and its Directors.

In the event the Minimum Subscription is raised, all Options held by Sandton Capital are exercised and no other Shares are issued, Sandton Capital would hold 17.22% of the total Shares on issue. It should be noted that a portion of the Lead Manager Options and Advisor Options may be granted to other parties that assist with raising funds under the Public Offer, including to Astrid Hill or its nominee(s).

1.25 Astrid Hill

Astrid Hill or its nominee(s) will receive 7% of the total Consideration Shares to be issued in connection with the Acquisitions, being an aggregate 10,500,000 Shares. In the event the Minimum Subscription is raised and no other Shares are issued, Astrid Hill and its nominee(s) would hold 2.21% of the total Shares on issue.

Astrid Hill and its associates may also take up Shares under the Public Offer and assist the Company and Sandton Capital with raising funds under the Public Offer. If Astrid Hill and its associates assist with raising funds under the Public Offer, a portion of the Advisor Options or Lead Manager Options to be granted to Sandton Capital may be allocated to Astrid Hill or its nominee(s).

It is currently anticipated by Sandton Capital that Astrid Hill and its principles may be responsible for raising up to half of the funds to be raised under the Public Offer. If this occurs, Astrid Hill will receive a proportionate number of the Options the subject of the Lead Manager Mandate, as well as a commensurate proportion of the capital raising fees payable to Sandton Capital.

1.26 Previous Security Issues

The Company has not issued any Securities in the 6 months prior to the date of this Notice.

However, in the 6 months prior to the date of the Original Notice, the Company has issued 50,000,000 Shares and 51,666,666 Options (exercisable at \$0.008 each on or before 4 September 2022) (each on a pre-Consolidation basis).

The Company agreed to issue these Securities in connection with the placement announced on 2 May 2019, subject to receipt of prior Shareholder approval.

1.27 Restricted Securities and free float

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Public Offer, certain Securities on issue (including the Consideration Shares, Incoming Director Shares, Advisor Options, Lead Manager Options and Performance Rights) may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

The Shares issued pursuant to the Public Offer however will not be classified as restricted securities and will not be required to be held in escrow.

The Consideration Shares are likely to be restricted from trading for a period of 12 to 24 months after the date of re-admission of the Company to the Official List and

the Incoming Director Shares, Advisor Options, Lead Manager Options and Performance Rights are likely to be escrowed for a period of 24 months.

The Company expects to announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List) will be approximately 61.18%, comprising all existing Shares on issue, Shares to be issued on conversion of the Mt Marshall Loan and all Shares to be issued pursuant to the Public Offer, other than Shares held by, or to be applied for, by the Directors or Incoming Directors.

1.28 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has advised the Company that as the Acquisitions will amount to a significant change in the nature and scale of the Company's activities, the Company is required to obtain Shareholder approval for the Acquisitions and must re-comply with Chapters 1 and 2 of the Listing Rules before it can be re-instated to trading on the ASX (including any ASX requirement to treat the Company's Securities as restricted Securities).

Trading in the Company's Shares is currently suspended and will remain suspended until the Company re-complies with Chapters 1 and 2 of the Listing Rules following Settlement of the Acquisitions. The Acquisitions are each conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Acquisitions and satisfying all other requirements of ASX for the reinstatement to Official Quotation of the Company's Shares on the ASX (among other things).

If the Essential Resolutions are not approved at the Meeting, the Acquisitions will not proceed, and the Company's Securities will remain suspended from trading.

1.29 ASX waivers and confirmations obtained

ASX Listing Rule 2.1 (Condition 2) and ASX Listing Rule 1.1 (Condition 12)

ASX Listing Rule 2.1 (Condition 2) provides that the issue price or sale price of all the securities for which an entity seeks quotation (except options) must be at least 20 cents in cash.

ASX Listing Rule 1.1 (Condition 12) provides that if an entity has options on issue, the underlying security (the exercise price) must be at least 20 cents.

The Company has received a conditional waiver from the requirements of:

- (a) ASX Listing Rule 2.1 (Condition 2) to allow the Company to offer Shares under the Public Offer and on conversion of the Mt Marshall Loan with an issue price which is less than 20 cents; and
- (b) ASX Listing Rule 1.1 (Condition 12) to allow the Company to be reinstated to the Official List with Options on issue, and to issue Performance Rights, which are each exercisable at less than 20 cents each.

The ASX granted the Company a waiver from Listing Rules 2.1 (Condition 2) and 1.1 (Condition 12) to the extent necessary to permit the issue price of the ordinary shares issued under the Replacement Prospectus not to be at least \$0.20 each, on the following conditions:

- (a) the issue price of the ordinary securities issued by the Company in connection with the Acquisitions and the Public Offer is not less than \$0.02 each, and the exercise price of the Options is not less than \$0.02 each;
- (b) the terms of this waiver are clearly disclosed in the notice of meeting and in the Replacement Prospectus; and
- (c) Shareholders approve:
 - (i) the issue price of the ordinary securities as part of the approvals obtained under ASX Listing Rule 11.1.2 for the Acquisitions and Public Offer; and
 - (ii) the exercise price of the options as part of the approvals obtained under Listing Rule 11.1.2 for the Acquisitions.

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities, or agreement to issue equity securities, to a related party of the Company.

ASX Listing Rule 10.13 sets out the requirements for Shareholder approval under ASX Listing Rule 10.11. In particular, ASX Listing Rule 10.13.5 provides that the notice of meeting must (inter alia) state the date by which the entity will issue the securities and that the securities must be issued no later than 1 month after the date of the meeting or such later date as may be permitted by any ASX waiver or modification of the ASX Listing Rules.

The Company has received a waiver from the requirements of ASX Listing Rule 10.13.5 to allow the Company to issue the following securities to related parties no later than 3 months after the date of this Meeting:

- (a) 20,000,000 Performance Rights to Mr Aaron Banks;
- (b) 12,500,000 Shares to be issued under the Public Offer, 12,000,000 Performance Rights and 10,000,000 Director Options to Mr Robert Martin;
- (c) 1,250,000 Shares under the Public Offer, 8,000,000 Performance Rights and 1,250,000 Director Options to Mr Leonard Troncone;
- (d) 5,000,000 Shares under the Public Offer to Mr Kobi Ben-Shabat.

ASX granted the waiver from Listing Rule 10.13.5, on the following conditions:

- (a) the Securities must be issued no later than three months after the date of the Meeting;
- (b) the Securities are issued pursuant to the relevant terms and conditions set out in this Notice;
- (c) the circumstances of the Company, as determined by ASX, do not materially change from the date of receipt of Shareholder approval to the date of issue of the Securities; and

- (d) the terms of the waiver are clearly disclosed in the Notice and in the Replacement Prospectus.

1.30 Plans for the Company if Settlement of the Acquisition does not occur

If the Essential Resolutions are not passed and the Acquisition Agreements are not completed, the Company will continue to look for potential business acquisitions to take the Company forward.

1.31 Directors' interests in the Acquisition

None of the Directors or Incoming Directors have any interest in the Acquisitions, other than as disclosed in this Notice.

1.32 Vendors' interests in the Company

None of the Vendors (or their associates) are related parties of the Company (other than Mr Aaron Banks, who becomes a related party by virtue of becoming a Director upon Settlement of the Acquisitions) and Mr Banks does not have any existing interest in the Company's Securities.

1.33 Forward looking statements

The forward-looking statements in this Explanatory Statement are based on the Company's current expectations about future events. However, they are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Explanatory Statement. These risks include but are not limited to, the risks detailed in Section 1.22. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

2. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

2.1 General

Resolution 1 seeks the approval of Shareholders for a change in the nature and scale of the Company's activities via the Acquisitions of Watershed and Mt Marshall.

A detailed description of the Acquisitions is outlined in Section 1 above, and the key terms and conditions of the Acquisition Agreements are set out in Schedule 1 of this Notice.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practicable (and before making the change) and comply with the following:

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and

- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the Official List.

ASX has indicated to the Company that the change in the nature and scale of the Company's activities as a result of the Acquisitions requires the Company, in accordance with ASX Listing Rule 11.1.2, to obtain Shareholder approval and the Company must comply with any requirements of ASX in relation to the Notice of Meeting.

2.3 ASX Listing Rule 11.1.2

The Company is proposing to undertake the Acquisitions and to re-comply with the ASX Listing Rules.

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 Acquisitions will involve a significant change to the nature or scale of the Company's activities for these purposes and, as its usual practice, ASX has imposed a requirement under ASX Listing Rule 11.1.2 that the Company obtain shareholder approval to the Acquisitions.

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

If Resolution 1 is passed, the Company will be able to proceed with the Acquisitions, which will allow the Company to change the nature and scale of its activities.

If Resolution 1 is **not** passed, the Company will not be able to proceed with the Acquisitions. As a result, the Company will be unable to undertake the change of nature and scale of its activities, and may possibly remain in suspension.

2.4 Suspension until Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

ASX has also indicated to the Company that the change in the nature and scale of the Company's activities is a back-door listing which consequently requires the Company to (in accordance with ASX Listing Rule 11.1.3) re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules (including any ASX requirement to treat the Company's Securities as restricted Securities).

The Company's securities have been suspended from quotation since October 2019 and, subject to Shareholder approval being obtained, will remain suspended from quotation until the Company has acquired both Watershed and Mt Marshall pursuant to the Acquisition Agreements and re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

3. RESOLUTION 2 – ISSUE OF WATERSHED CONSIDERATION SHARES

3.1 General

Resolution 2 seeks Shareholder approval for the issue of 75,000,000 Watershed Consideration Shares in consideration for the acquisition of 100% of the issued capital in Watershed in accordance with the Watershed Agreement.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval

of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Watershed Consideration Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 2 seeks the required Shareholder approval to the issue of the Watershed Consideration Shares under and for the purposes of Listing Rule 7.1.

If Resolution 2 is passed, the Company will be able to proceed with the issue of 75,000,000 Watershed Consideration Shares to the Watershed Vendors, Sandton Capital and Astrid Hill (or their respective nominee(s)). In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Watershed Consideration Shares and the Company will therefore be unable to proceed with the Acquisitions and Re-compliance.

To this end, Resolution 2 seeks Shareholder approval to the issue under and for the purposes of Listing Rule 7.1.

3.2 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 issued of the Watershed Consideration Shares:

- (a) the maximum number of Watershed Consideration Shares to be issued is 75,000,000;
- (b) the Watershed Consideration 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 the Watershed Consideration Shares will occur on the same date;
- (c) the Watershed Consideration Shares will be issued for nil cash consideration in satisfaction of the acquisition of 100% of the issued capital in Watershed;
- (d) the Watershed Consideration Shares will be issued to the Watershed Vendors set out in Section 1.9.1, Sandton Capital and Astrid Hill (or their respective nominee(s)), who (other than Mr Aaron Banks) are not related parties of the Company. As Mr Banks is only a related party by reason of the Acquisitions, the Company will not require ASX Listing Rule 10.11 approval as it will rely upon ASX Listing Rule 10.12 (Exception 12);
- (e) the Watershed Consideration Shares issued 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;
- (f) no funds will be raised from the issue as the Watershed Consideration Shares are being issued in consideration for the acquisition of 100% of the issued capital in Watershed Enterprise Solutions Pty Ltd; and
- (g) the material terms of the Watershed Agreement are summarised at Schedule 1.

4. RESOLUTION 3 – ISSUE OF MT MARSHALL CONSIDERATION SHARES

4.1 General

Resolution 3 seeks Shareholder approval for the issue of 75,000,000 Mt Marshall Consideration Shares in consideration for the acquisition of 100% of the issued capital in Mt Marshall in accordance with the Mt Marshall Agreement.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Mt Marshall Consideration Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 3 seeks the required Shareholder approval to the issue of the Mt Marshall Consideration Shares under and for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of 75,000,000 Mt Marshall Consideration Shares to the Mt Marshall Vendors, Sandton Capital and Astrid Hill (or their respective nominee(s)). In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Mt Marshall Consideration Shares and the Company will therefore be unable to proceed with the Acquisitions and Re-compliance.

To this end, Resolution 3 seeks Shareholder approval to the issue under and for the purposes of Listing Rule 7.1.

4.2 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 issued of the Mt Marshall Consideration Shares:

- (a) the maximum number of Mt Marshall Consideration Shares to be issued is 75,000,000;
- (b) the Mt Marshall Consideration 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 the Mt Marshall Consideration Shares will occur on the same date;
- (c) the Mt Marshall Consideration Shares will be issued for nil cash consideration in satisfaction of the acquisition of 100% of the issued capital in Mt Marshall;
- (d) the Mt Marshall Consideration Shares will be issued to the Mt Marshall Vendors set out in Section 1.10.1, Sandton Capital and Astrid Hill, who (other than Mr Aaron Banks) are not related parties of the Company. As Mr Banks is only a related party by reason of the Acquisitions, the Company will not require ASX Listing Rule 10.11 approval as it will rely upon ASX Listing Rule 10.12 (Exception 12);

- (e) the Mt Marshall Consideration Shares issued 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;
- (f) no funds will be raised from the issue as the Mt Marshall Consideration Shares are being issued in consideration for the acquisition of 100% of the issued capital in Mt Marshall; and
- (g) the material terms of the Mt Marshall Agreement are summarised at Schedule 1.

5. RESOLUTIONS 4 TO 6 – ISSUE OF DIRECTOR SECURITIES TO AARON BANKS, ROBERT MARTIN AND LEONARD TRONCONE

5.1 General

On Settlement of the Acquisitions, the Company will issue:

- (a) 20,000,000 Performance Rights to Mr Aaron Banks;
- (b) 12,000,000 Performance Rights and 10,000,000 Director Options to Mr Robert Martin; and
- (c) 8,000,000 Performance Rights and 1,250,000 Director Options to Mr Leonard Troncone.

Resolutions 4, 5 and 6 seek Shareholder approval for the grant of the Incoming Director Shares, Performance Rights and Director Options (as detailed above) to Mr Aaron Banks, Mr Robert Martin and Mr Leonard Troncone (or their respective nominee(s)). The Company is also seeking approval at this Meeting for the issue of Incoming Director Shares to Messrs Banks and Martin and for the participation of Messrs Martin and Troncone in the Public Offer. Refer to Section 1.21 for a summary of the interests of the Incoming Directors in Securities of the Company.

If Resolutions 4 to 6 are each passed, the Company will be able to proceed with the issue of Performance Rights and Director Options to Mr Aaron Banks, Mr Robert Martin and Mr Leonard Troncone (or their respective nominee(s)) (to the extent the respective Resolution is passed). In addition, the issues will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolutions 4 to 6 are not passed, the Company will not be able to proceed with the issue of the Performance Rights and Director Options to Mr Aaron Banks, Mr Robert Martin and Mr Leonard Troncone (or their respective nominee(s)) (to the extent the respective Resolution is not passed).

Resolutions 4 to 6 are Essential Resolutions. If Resolutions 4 to 6 are not passed, the Resolutions in this Notice that are conditional upon the passing of the Essential Resolutions will not have effect and the Company will not be able to proceed with the Acquisitions.

5.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Performance Rights and Director Options constitutes giving a financial benefit and Mr Aaron Banks, Mr Robert Martin and Mr Leonard Troncone are each related parties of the Company in accordance with ASX Listing Rule 10.11.1A and by virtue of section 228(6) of the Corporations Act and their anticipated appointment as Directors in accordance with the Acquisition Agreements.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Performance Rights and the Director Options because the agreements to grant the Performance Rights and Director Options, were reached as part of the remuneration packages for Mr Aaron Banks, Mr Robert Martin and Mr Leonard Troncone (**Incoming Directors**), and are each considered reasonable remuneration in the circumstances and were negotiated on an arm's length basis.

5.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Performance Rights and Director Options involve the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Specifically, the Company notes that it has not relied on ASX Listing Rule 10.12 (Exception 12) as the grant of the Performance Rights and Director Options are considered to be external to the Proposed Acquisition.

5.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 4, 5 and 6:

- (a) the Performance Rights and Director Options will be granted to Mr Aaron Banks, Mr Robert Martin and Mr Leonard Troncone (or their respective nominee(s)), as follows:
 - (i) Mr Aaron Banks is to be granted 20,000,000 Performance Rights;
 - (ii) Mr Robert Martin is to be granted 12,000,000 Performance Rights and 10,000,000 Director Options; and
 - (iii) Mr Leonard Troncone is to be granted 8,000,000 Performance Rights and 1,2500,000 Director Options;

- (b) Performance Rights and Director Options will be granted no later than 3 months after the date of the Meeting in accordance with the waiver granted by ASX (refer to Section 1.29), or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules, and it is intended that grant of the Performance Rights and Director Options will occur on the same date;
- (c) the Performance Rights and Director Options will be issued as part of the remuneration packages for the Incoming Directors, each for nil cash consideration, accordingly no funds will be raised;
- (d) the terms and conditions of the:
 - (i) Performance Rights are set out in Schedule 2; and
 - (ii) Director Options are set out in Schedule 3.
- (e) the Incoming Directors' remuneration packages are as follows:

Director	Remuneration ¹
Mr Aaron Banks	\$20,000 per month
Mr Robert Martin	\$14,000 per month
Mr Leonard Troncone	\$3,500 per month

Notes:

1. Excluding superannuation, payable to Messrs Banks and Martin at 10% per annum.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Performance Rights and Director Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Performance Rights and Director Options to Mr Aaron Banks, Mr Robert Martin and Mr Leonard Troncone (or their respective nominee(s)) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTIONS 7 AND 8 – ISSUE OF INCOMING DIRECTOR SHARES TO MESSRS BANKS AND MARTIN

6.1 General

As set out in Section 1.2(e), at Settlement, Messrs Banks and Martin will be entitled to that number of Incoming Director Shares, when multiplied by the issue price of \$0.02 per Share, will have a value equal to the remuneration accrued by Messrs Banks and Martin from Mt Marshall and Watershed for the period from 1 April 2020 to Settlement.

The remuneration to be accrued by Mr Banks during this period is \$20,000 per month and by Mr Martin is \$14,000 per month, with each entitled to 10% superannuation. In the event the Settlement occurs on 31 July 2020, 4,400,000 Incoming Director Shares will be issued to Mr Banks and 3,080,000 Incoming Director Shares will be issued to Mr Martin.

Resolutions 7 and 8 seek Shareholder approval for the issue of the Incoming Director Shares to Messrs Banks and Martin or their nominee(s).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issues of Incoming Director Shares do not fall within any of these exceptions. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolutions 7 and 8 seek the required Shareholder approvals for the issue of the Incoming Director Shares under and for the purposes of Listing Rule 7.1.

If Resolutions 7 and 8 are passed, the Company will be able to proceed with the issue of the Incoming Director Shares to Messrs Banks and Martin or their nominee(s). In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolutions 7 and 8 are Essential Resolutions. As such, if Resolutions 7 and 8 are not passed, the Company will not be able to proceed with the Acquisitions.

6.2 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 issue of the Incoming Director Shares to Messrs Banks and Martin:

- (a) the maximum number of Incoming Director Shares to be issued is that number of Incoming Director Shares, when multiplied by the issue price of \$0.02 per Share, will have a value equal to the remuneration accrued by Messrs Banks and Martin from the Company for the period from 1 April 2020 to Settlement in consideration for their services in developing the assets of Watershed and Mt Marshall;
- (b) the Incoming Director 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 the Incoming Director Shares will occur on the same date;
- (c) the Incoming Director Shares will be issued for nil cash consideration in satisfaction of remuneration accrued by Messrs Banks and Martin from the Company in consideration for their services in developing the assets of Watershed and Mt Marshall;
- (d) the Incoming Director Shares will be issued to Messrs Banks and Martin or its nominee(s), who are related parties of the Company by virtue of being Incoming Directors. As Messrs Banks and Martin are only related parties by reason of the Acquisitions, the Company will not require ASX Listing Rule 10.11 approval as it will rely upon ASX Listing Rule 10.12 (Exception 12);
- (e) the Incoming Director Shares issued 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; and
- (f) no funds will be raised from the issue as the Incoming Director Shares are being issued in satisfaction of remuneration accrued by Messrs Banks and

Martin from the Company in consideration for their services in developing the assets of Watershed and Mt Marshall.

7. RESOLUTION 9 – ISSUE OF ADVISER OPTIONS TO SANDTON CAPITAL

7.1 General

As per the Acquisition Agreements, on Settlement of the Acquisitions, the Company will issue a total of 45,000,000 Adviser Options to Sandton Capital or its nominee(s) for advisory services and assistance in undertaking the Acquisitions.

Resolution 9 seeks Shareholder approval for the issue of 45,000,000 Adviser Options to Sandton Capital or its nominee(s) in connection with the Acquisitions and Public Offer. It is currently anticipated that Astrid Hill and its principles may be responsible for raising half of the funds to be raised under the Public Offer. If this occurs, Astrid Hill will receive a proportionate number of Options the subject of the Sandton Capital Mandate, as well as a commensurate proportion of the capital raising fees payable to Sandton Capital.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issues of Adviser Options do not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 9 seeks the required Shareholder approvals for the issue of the Adviser Options under and for the purposes of Listing Rule 7.1.

If Resolution 9 is passed, the Company will be able to proceed with the issue of 45,000,000 Adviser Options to Sandton Capital or its nominee(s). In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 9 is not passed, the Company will not be able to proceed with the issue of the Adviser Options and the Company will therefore be in breach of the Lead Manager Mandate and may be unable to access the funds raised under the Public Offer.

Resolution 9 **has not** been denoted as an Essential Resolution. However, should Shareholder approval not be received for the issue of the Adviser Options, there is no guarantee that Sandton Capital will continue with the Lead Manager Mandate. Should the Lead Manager Mandate be terminated as a result, the ability of the Company to complete the Acquisitions and Public Offer would be significantly diminished.

To this end, Resolution 9 seeks Shareholder approval to the issue under and for the purposes of Listing Rule 7.1.

7.2 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 issue of the Adviser Options to Sandton Capital and Astrid Hill:

- (a) the maximum number of Adviser Options to be issued is 45,000,000;

- (b) the Adviser 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 the Adviser Options will occur on the same date;
- (c) the Adviser Options will be issued for nil cash consideration in satisfaction of the advisory services provided by Sandton Capital or its nominee(s);
- (d) the Adviser Options will be issued to Sandton Capital or its nominee(s), who are not related parties of the Company;
- (e) the Adviser Options will be issued on the terms and conditions set out in Schedule 3;
- (f) no funds will be raised from the issue of the Adviser Options, as they are being issued in consideration for the advisory services provided by Sandton Capital or its nominee(s) in accordance with the lead manager mandate between Sandton Capital and the Company; and
- (g) the material terms of the Lead Manager Mandate are summarised at Schedule 1.

8. RESOLUTION 10 – ISSUE OF LEAD MANAGER OPTIONS

8.1 General

Resolution 10 seeks Shareholder approval for the issue of up to 45,616,903 Lead Manager Options in consideration for lead manager services provided by Sandton Capital.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issues of the Lead Manager Options do not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 10 seeks the required Shareholder approval for the issue of the Lead Manager Options under and for the purposes of Listing Rule 7.1.

If Resolution 10 is passed, the Company will be able to proceed with the issue of 45,616,903 Lead Manager Options to Sandton Capital. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 10 is not passed, the Company will not be able to proceed with the issue of the Lead Manager Options and the Company will therefore be in breach of the Lead Manager Mandate and may be unable to access the funds raised under the Public Offer.

Resolution 10 **has not** been denoted as an Essential Resolution, however, should Shareholder approval not be received for the issue of the Lead Manager Options, there is no guarantee that Sandton Capital will continue with the Lead Manager Mandate. Should the Lead Manager Mandate be terminated as a result, the ability of the Company to complete the Acquisitions and Public Offer would be diminished.

To this end, Resolution 10 seeks Shareholder approval to the issue under and for the purposes of Listing Rule 7.1.

The effect of Resolution 10 will be to allow the Company to issue the Lead Manager 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.

8.2 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 issue of the Lead Manager Options:

- (a) the maximum number of Lead Manager Options to be issued is 45,616,903;
- (b) the Lead Manager 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 the Lead Manager Options will occur on the same date;
- (c) the Lead Manager Options will be issued for nil cash consideration in satisfaction of lead manager services provided by Sandton Capital;
- (d) the Lead Manager Options will be issued to Sandton Capital or its nominee(s), who are not related parties of the Company;
- (e) the Lead Manager Options will be issued on the terms and conditions set out in Schedule 3;
- (f) no funds will be raised from the issue of the Lead Manager Options as the Lead Manager Options are being issued in consideration for lead manager services provided by Sandton Capital; and
- (g) the material terms of the Lead Manager Mandate are summarised at Schedule 1.

9. RESOLUTION 11 – ISSUE OF PUBLIC OFFER SHARES

9.1 General

Resolution 11 seeks Shareholder approval for the issue of up to 250,000,000 Shares at an issue price of \$0.02 per Share to raise up to \$5,000,000 (**Public Offer**).

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed Public Offer does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 11 seeks the required Shareholder approval to the issue of the Shares in accordance with the Public Offer under and for the purposes of Listing Rule 7.1.

If Resolution 11 is passed, the Company will be able to proceed with the issue of up to 250,000,000 Shares under the Public Offer. In addition, the issue will be

excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 11 is not passed, the Company will not be able to proceed with the Public Offer and the Company will therefore be unable to complete its Re-compliance.

To this end, Resolution 11 seeks Shareholder approval to the issue under and for the purposes of Listing Rule 7.1.

9.2 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 Public Offer:

- (a) the maximum number of Shares to be issued is 250,000,000;
- (b) the 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 the Shares will occur on the same date;
- (c) the issue price will be \$0.02 per Share, with all funds raised under the Public Offer to be spent in accordance with the use of funds detailed at Section 1.15;
- (d) the Shares will be issued to subscribers under the Public Offer. The Directors will determine to whom the Shares will be issued, on a basis to ensure the Company satisfies the requirements in order to complete the Re-compliance, but these persons will not be related parties of the Company, other than with Shareholder approval as per Resolutions 16 to 18;
- (e) the Shares issued 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; and
- (f) the Company intends to use the funds raised from the Public Offer as set out in Section 1.15.

10. RESOLUTION 12 – ISSUE OF MT MARSHALL LOAN SHARES

10.1 General

The Company has consented to Mt Marshall being granted the Mt Marshall Loan with an aggregate value of \$175,000, which will convert into Shares at an issue price of \$0.02 per Share in full and final satisfaction of Mt Marshall's obligations under the Mt Marshall Loan. The Mt Marshall Loan has been granted on an interest free and unsecured basis, without recourse to the Company in the event that Settlement of the Acquisitions does not occur.

The Mt Marshall Loan contains customary representations and warranties from Mt Marshall, as well as customary events of default, including a default arising in the event that Mt Marshall fails to make any payment required under the Mt Marshall Loan, Mt Marshall otherwise breaching any provision of the Mt Marshall Loan and in respect of the occurrence of an insolvency event in respect of Mt Marshall.

In the event Mt Marshall defaults in its obligations under the Mt Marshall Loan, lenders of funds to Mt Marshall will have no recourse against the Company. However, such a default occurring prior to Settlement may result in the Acquisitions not proceeding.

Resolution 12 seeks Shareholder approval for the issue of up to 8,750,000 Shares at an issue price of \$0.02 per Share on conversion of the Mt Marshall Loan. No related party of the Company or promoter has loaned funds to Mt Marshall under the Mt Marshall Loan. The lenders under the Mt Marshall Loan, together with the amounts loaned to Mt Marshall and the number of Shares each will receive are set out in the table below:

Lender	Loan Amount	Shares
MALAHIDE MANAGEMENT PTY LTD	\$87,500	4,375,000
LUANG THAI PTE LTD	\$20,000	1,000,000
ALWAYS HOLDINGS PTY LTD	\$15,000	750,000
MR MARTIN ROSS HELEAN	\$52,500	2,625,000

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of Shares on conversion of the Mt Marshall Loan does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 12 seeks the required Shareholder approval to the issue of the Shares in accordance with the Public Offer under and for the purposes of Listing Rule 7.1.

If Resolution 12 is passed, the Company will be able to proceed with the issue of 8,750,000 Shares on conversion of the Mt Marshall Loan. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 12 is an Essential Resolution. As such, if Resolution 12 is not passed, the Company will not be able to proceed with the Public Offer and the Company will be unable to complete its Re-compliance.

To this end, Resolution 12 seeks Shareholder approval to the issue under and for the purposes of Listing Rule 7.1.

10.2 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 Public Offer:

- (a) the maximum number of Shares to be issued is 8,750,000;
- (b) the 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 the Shares will occur on the same date;

- (c) the issue price will be \$0.02 per Share, with all funds raised to be spent in accordance with the use of funds detailed at Section 1.15;
- (d) the Shares will be issued to lenders of funds to Mt Marshall, none of whom are related parties of the Company and do not include Sandton Capital, Astrid Hill or their respective associates;
- (e) the Shares issued 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; and
- (f) the Company intends to use the funds raised under the Mt Marshall Loan as set out in Section 1.15, to the extent they are not expended by Mt Marshall prior to Settlement.

11. RESOLUTION 13 – APPOINTMENT OF MR AARON BANKS

11.1 General

The Company's Constitution provides that the Company may elect a person as a director by resolution passed in general meeting.

Mr Aaron Banks, in accordance with clause 6.2(c) of the Constitution, subject to Settlement of the Acquisitions, seeks election from Shareholders.

11.2 Qualifications and other material directorships

Refer to Section 1.20 for the qualifications and material directorships of Mr Banks.

11.3 Independence

Mr Aaron Banks has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its security holders generally.

However, as a result of Mr Banks receiving Consideration Shares, Incoming Director Shares and Performance Rights, if elected, the Board does not consider Mr Aaron Banks will be an independent director.

11.4 Board recommendation

The Board supports the election of Mr Aaron Banks and recommends that Shareholders vote in favour of Resolution 13.

12. RESOLUTION 14 – APPOINTMENT OF MR ROBERT MARTIN

12.1 General

The Company's Constitution provides that the Company may elect a person as a director by resolution passed in general meeting.

Mr Robert Martin, in accordance with clause 6.2(c) of the Constitution, subject to Settlement of the Acquisitions, seeks election from Shareholders.

12.2 Qualifications and other material directorships

Refer to Section 1.20 for the qualifications and material directorships of Mr Martin.

12.3 Independence

Mr Robert Martin has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its security holders generally.

However, as a result of Mr Martin receiving Incoming Director Shares, Performance Rights and Director Options, if elected, the Board does not consider Mr Martin will be an independent director.

12.4 Board recommendation

The Board supports the election of Mr Martin and recommends that Shareholders vote in favour of Resolution 14.

13. RESOLUTION 15 – APPOINTMENT OF MR LEONARD TRONCONE

13.1 General

The Company's Constitution provides that the Company may elect a person as a director by resolution passed in general meeting.

Mr Leonard Troncone, in accordance with clause 6.2(c) of the Constitution, subject to Settlement of the Acquisitions, seeks election from Shareholders.

13.2 Qualifications and other material directorships

Refer to Section 1.20 for the qualifications and material directorships of Mr Troncone.

13.3 Independence

Mr Leonard Troncone has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its security holders generally.

If elected the Board considers Mr Leonard Troncone will be an independent director, notwithstanding that he will receive Performance Rights and Director Options.

13.4 Board recommendation

The Board supports the election of Mr Leonard Troncone and recommends that Shareholders vote in favour of Resolution 15.

14. RESOLUTIONS 16 TO 18 – DIRECTOR AND INCOMING DIRECTOR PARTICIPATION IN PUBLIC OFFER

14.1 General

Pursuant to Resolution 11 the Company is seeking Shareholder approval for the allotment and issue of up to 250,000,000 Shares at an issue price of \$0.02 per Share to raise up to \$5,000,000 under the Public Offer.

Each Mr Robert Martin, Mr Leonard Troncone and Mr Kobi Ben-Shabat wish to participate in the Public Offer.

Resolutions 16 to 18 seek Shareholder approval for the in the allotment and issue of:

- (a) up to 12,500,000 Shares to Mr Robert Martin (or his nominee(s));
- (b) up to 1,250,000 Shares to Mr Leonard Troncone (or his nominee(s)); and
- (c) up to 5,000,000 Shares to Mr Kobi Ben-Shabat (or his nominee(s)),

arising from their respective participation in the Public Offer (**Participation**). Mr Martin will also receive Incoming Director Shares in the event Resolution 8 is passed (refer to Section 1.21 for a summary of the Securities held, or to be issued to, the Directors and Incoming Directors.

If Resolutions 16 to 18 are each passed, Mr Robert Martin, Mr Leonard Troncone and Mr Kobi Ben-Shabat (or their respective nominee(s)) will each be able to participate in the Public Offer, in the respective amounts detailed above (to the extent the respective Resolution is passed). In addition, the issues will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolutions 16 to 18 are not passed, Mr Robert Martin, Mr Leonard Troncone and Mr Kobi Ben-Shabat (or their respective nominee(s)) will not be able to participate in the Public Offer (to the extent the respective Resolution is not passed). This would require that the Company seek investments under the Public Offer from other parties to the extent Messrs Martin, Troncone and Ben-Shabat are not entitled to participate.

14.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Mr Robert Martin and Mr Leonard Troncone are each related parties of the Company by virtue of being Incoming Directors in accordance with ASX Listing Rule 10.11.1A. Mr Kobi Ben-Shabat is also a related party by virtue of being a Director, and will remain a related party for the 6 months following his resignation from the Board.

The Directors (other than Mr Kobi Ben-Shabat) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mr Robert Martin, Mr Leonard Troncone and Mr Kobi Ben-Shabat on the same terms as Shares issued to non-related party participants in the Public Offer and as such the giving of the financial benefit is on arm's length terms.

14.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Participation involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

14.4 Technical Information required by ASX Listing Rule 10.13

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

- (a) the Shares will be issued to Mr Robert Martin, Mr Leonard Troncone and Mr Kobi Ben-Shabat (or their respective nominee(s));
- (b) the maximum number of Shares to be issued is:
 - (i) up to 12,500,000 Shares to Mr Robert Martin (or his nominee(s));
 - (ii) up to 1,250,000 Shares to Mr Leonard Troncone (or his nominee(s)); and
 - (iii) up to 5,000,000 Shares to Mr Kobi Ben-Shabat (or his nominee(s));
- (c) the Shares will be issued no later than 3 months after the date of the Meeting in accordance with the waiver granted to the Company (refer to Section 1.29), or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules, and it is intended that allotment will occur on the same date;
- (d) the issue price will be \$0.02 per Share, being the same as all other Shares issued under the Public Offer, with all funds raised under the Public Offer to be spent in accordance with the use of funds detailed at Section 1.15;
- (e) the Shares issued 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; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Public Offer as set out in Section 1.15.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Robert Martin, Mr Leonard Troncone and Mr Kobi Ben-Shabat (or their respective nominee(s)) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

15. RESOLUTION 19 – SELECTIVE SHARE BUY-BACK FROM ETV

15.1 Background

The Company and ETV entered into a conditional share buy-back agreement on 27 May 2020 (**Buy-Back Agreement**), pursuant to which the Company has agreed to buy back (**Share Buy-Back**) 3,000,00 Shares from ETV (**Buy-Back Shares**).

The Buy-Back Shares were issued to ETV in consideration for a licence of intellectual property granted to the Company (refer to announcement dated 31 May 2018) (**ETV Licence**). ETV has agreed to a buy-back and cancellation of the Buy-Back Shares in consideration for cancellation of the ETV Licence.

15.2 Corporations Act Requirements

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's insolvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

In particular, section 257A of the Corporations Act requires that a company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

Pursuant to section 257D(1) of the Corporations Act, a share buy-back must be approved by either:

- (a) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting by all ordinary shareholders.

Pursuant to section 257D(2) of the Corporations Act, the Company must include with this Notice of Meeting a statement setting out all information known to the Company that is material to the decision on how to vote on this Resolution 19. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company has previously disclosed the information to Shareholders.

Section 257H of the Corporations Act states that immediately after the registration of the transfer to the company of the shares bought back, the shares will be cancelled.

15.3 Summary of and effect of proposed Share Buy-Back

The consideration payable for the Shares under the Buy-Back Agreement is cancellation of the ETV Licence.

The overall effect on the Company of the Share Buy-Back will be to reduce the total number of Shares on issue by 3,000,000 Shares, amounting to 2.67% of the total issued Shares prior to the issue of any Shares under the other Resolutions. The Share Buy-Back is not expected to have an effect on the control of the Company.

The Share Buy-Back will not have a financial effect on the Company.

15.4 Advantages and disadvantages of the Share Buy-Back

The Board believes that the Share Buy-Back will advantage Shareholders as there will be a lesser number of Shares on issue for cancellation of the ETV Licence, which the Company does not intend to continue to develop and, consequently, the ownership interest in the Company of each Shareholder will increase.

15.5 Directors' recommendation

Each of the Directors is independent from, and not an associate of, ETV and believe that the Share Buy-Back will not prejudice the Company's ability to pay its creditors.

Each of the Directors recommends that Shareholders vote in favour of Resolution 19 and confirm that they intend to vote in favour of the Resolution.

15.6 Other material information

There is no information material to the making of a decision by a Shareholder whether or not to approve Resolution 19 being information that is known to any of the Directors and which has not been previously disclosed to Shareholders, other than as disclosed in this Notice.

As noted above, pursuant to section 257H(3) of the Corporations Act, immediately after the registration of the transfer to the Company of the Buy-Back Shares bought back from ETV, the Shares will be cancelled.

GLOSSARY

\$ means Australian dollars.

Acquisition Agreements means the Watershed Agreement and the Mt Marshall Agreement.

Acquisitions means the acquisitions of Watershed and Mt Marshall pursuant to the Acquisition Agreements.

Advisor Option means an option to acquire a Share, to be granted on the terms as at Schedule 3.

AEST means Australian Eastern Standard Time

ASIC means the Australian Securities & Investments Commission.

Astrid Hill means Astrid Hill Pty Ltd (ACN 635 054 698).

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Cadoux South Application has the meaning set out in Section 1.9.1.

Chair means the chair of the Meeting.

Company means Ultracharge Limited (ACN 140 316 463).

Constitution means the Company's constitution.

Consolidation means the consolidation of the issued capital of the Company on a 10 for 1 basis, as approved at the Original Meeting.

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

Directors means the current directors of the Company.

Director Option means an option to acquire a Share, to be granted on the terms as at Schedule 3.

Eneabba Applications has the meaning set out in Section 1.9.1.

Eneabba Tenement has the meaning set out in Section 1.9.1.

Essential Resolution has the meaning set out in Section 1.5.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Incoming Directors means Messrs Aaron Banks, Robert Martin and Leonard Troncone.

Lead Manager Option means an option to acquire a Share, to be granted on the terms as at Schedule 3.

Mt Marshall means Mt Marshall Kaolin Pty Ltd (ACN 626 494 399).

Mt Marshall Acquisition means the acquisition of Mt Marshall pursuant to the Mt Marshall Agreement.

Mt Marshall Agreement means the agreement granting the Company the option to acquire 100% of the issued capital in Mt Marshall.

Mt Marshall Applications has the meaning set out in Section 1.9.1.

Mt Marshall Consideration Shares means 75,000,000 Shares to be issued to the Mt Marshall Vendors, Sandton Capital and Astrid Hill in the proportions set out in Section 1.10.1.

Mt Marshall Tenement has the meaning set out in Section 1.10.1.

Mt Marshall Vendors means the shareholders of Mt Marshall.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Original Meeting means the general meeting of Shareholders convened pursuant to the Original Notice, at which Shareholders approved the Acquisitions and associated resolutions prior to the restructure contemplated by this Notice.

Original Notice means the notice of meeting dated 28 February 2020.

Proxy Form means the proxy form accompanying the Notice.

Public Offer means the Company's proposed public offer of up to 250,000,000 Shares the subject of Resolution 11.

Re-compliance means the Company re-complying with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

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

Sandton Capital means Sandton Capital Advisory Pty Ltd (ACN 637 284 372) (Authorised Representative of AFSL 289 898)

Section means a section of the Explanatory Statement.

Securities means the Company's issued securities.

Settlement means settlement of the Acquisitions.

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

Shareholder means a registered holder of a Share.

Ultracharge Israel means Ultracharge Ltd, the Company's wholly owned subsidiary incorporated in Israel.

Watershed means Watershed Enterprise Solutions Pty Ltd (ACN 609 289 938).

Watershed Acquisition means the acquisition of Watershed pursuant to the Watershed Agreement.

Watershed Agreement means the agreement granting the Company the option to acquire 100% of the issued capital in Watershed.

Watershed Consideration Shares means the 75,000,000 Shares to be issued to the Watershed Vendors.

Watershed Vendors means the shareholders of Watershed.

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

SCHEDULE 1 – MATERIAL CONTRACTS

Watershed Agreement

Consideration	The consideration payable by the Company for the Acquisition of Watershed is 75,000,000 Shares (Watershed Consideration Shares) to be apportioned amongst the Watershed Shareholders on a pro rata basis (subject to the rights of Sandton Capital and Astrid Hill to a proportion of the Watershed Consideration Shares).
Conditions Precedent	<p>Settlement of the Watershed Acquisition is subject to the satisfaction (or waiver) of the following conditions precedent:</p> <ul style="list-style-type: none">(i) the parties to the Mt Marshall Agreement being ready, willing and able to settle the acquisition of Mt Marshall pursuant to the Mt Marshall Agreement;(ii) the Company completing the Capital Raising;(iii) the Company re-complying with the requirements of Chapters 1 and 2 of the ASX Listing Rules and receiving conditional approval from ASX to admit its securities to official quotation on ASX on terms reasonably acceptable to the Company; and(iv) the parties obtaining all necessary regulatory approvals to complete the Acquisition, <p>(together, the Conditions Precedent).</p> <p>If the Conditions Precedent are not satisfied (or waived) on or before 5:00 pm (WST) on 5:00pm WST on 15 July 2020 (or such later date as is agreed between the parties), which will automatically be extended to 31 July 2020 if the minimum subscription under the Capital Raising has been satisfied by that date, any party may terminate the Watershed Agreement by notice in writing to the other parties.</p>
Board Changes	At Settlement, all current directors will resign and Messrs Aaron Banks, Robert Martin and Leonard Troncone will be appointed directors of the Company.
Settlement	Settlement of the Watershed Acquisition will occur on the date which is five (5) business days after the satisfaction (or waiver) of the Conditions Precedent.

Mt Marshall Agreement

Consideration	The consideration payable by the Company for the Acquisition of Mt Marshall is 75,000,000 Shares (Mt Marshall Consideration Shares) to be apportioned amongst the Mt Marshall Shareholders on a pro rata basis (subject to the rights of Sandton Capital and Astrid Hill to a proportion of the Mt Marshall Consideration Shares).
Conditions Precedent	<p>Settlement of the Mt Marshall Acquisition is subject to the satisfaction (or waiver) of the following conditions precedent:</p> <ul style="list-style-type: none">(i) the parties to the Watershed Agreement being ready, willing and able to settle the acquisition of Watershed pursuant to the Watershed Agreement;(ii) the Company completing the Capital Raising;(iii) the Company re-complying with the requirements of Chapters 1 and 2 of the ASX Listing Rules and receiving conditional approval

	<p>from ASX to admit its securities to official quotation on ASX on terms reasonably acceptable to the Company; and</p> <p>(iv) the parties obtaining all necessary regulatory approvals to complete the Acquisition,</p> <p>(together, the Conditions Precedent).</p> <p>If the Conditions Precedent are not satisfied (or waived) on or before 5:00 pm (WST) on 5:00pm WST on 15 July 2020 (or such later date as is agreed between the parties), which will automatically be extended to 31 July 2020 if the minimum subscription under the Capital Raising has been satisfied by that date, any party may terminate the Mt Marshall Agreement by notice in writing to the other parties.</p>
Board Changes	At Settlement, all current directors will resign and Messrs Aaron Banks, Robert Martin and Leonard Troncone will be appointed directors of the Company.
Settlement	Settlement of the Mt Marshall Acquisition will occur on the date which is five (5) business days after the satisfaction (or waiver) of the Conditions Precedent.

Lead Manager Mandate

Term	The Lead Manager Mandate commenced on 16 September 2019 and will continue for a fixed period of 24 months unless extended by written agreement between the parties (Term).
Fees	<p>In consideration for its services, the Company has agreed to pay to the following fees to the Lead Manager:</p> <p>(a) lead manager and corporate advisory fees of:</p> <ul style="list-style-type: none"> (i) a lead management fee of 2% of all funds raised under the Public offer; (ii) a capital raise fee of 4% of all funds raised under the Public Offer; and (iii) a monthly retainer of AUD\$10,000 plus GST per month commencing on 16 September 2019 and ceasing upon the effective date of any termination of the Lead Manager Mandate, provided that Sandton Capital's monthly retainer will be reduced to \$8,000 per month for the period from 1 April 2020 to Settlement. <p>(b) success fees (upon the successful completion of the Acquisitions and the Public Offer) of:</p> <ul style="list-style-type: none"> (i) 5% of the total Consideration Shares to be issued in connection with the Acquisitions, being an aggregate 7,500,000 Shares; (ii) 45,616,903 Lead Manager Options; and (iii) 45,000,000 Advisor Options. <p>It is currently anticipated that Astrid Hill and its principles may be responsible for raising half of the funds to be raised under the Public Offer. If this occurs, Astrid Hill will receive a proportionate number of Options the subject of the Lead Manager Mandate.</p>
Expenses	The Lead Manager is entitled to be reimbursed for out of pocket expenses (with prior written approval of the Company) and reasonable travel

	incurred in undertaking its role (subject to all travel expenses in excess of \$1,000 receiving prior approval from the Company).
Termination	<p>The Lead Manager Mandate may be terminated by either party:</p> <p>(a) By fourteen (14) days' notice in writing to that effect:</p> <ul style="list-style-type: none"> (i) if the other party commits or allows to be committed a material breach of any of the terms or conditions of the Lead Manager Mandate; or (ii) if any warranty or representation given or made by the other party is not complied with or proves to be untrue in any respect. <p>(b) Immediately by notice in writing to that effect if:</p> <ul style="list-style-type: none"> (i) if the other party becomes insolvent, has a receiver, administrative receiver or manager or administrator appointed over the whole of or any of their assets, enters into any composition with creditors generally or has an order made or resolution passed for it to be wound up; or (ii) if a court makes an administration order with respect to the other party or any composition in satisfaction of its debts of or a scheme of arrangement of the affairs of such other party. <p>The right under paragraph (a) above cannot be exercised by a party without first giving the other party 28 day's prior notice for the reason of the proposed termination and the other party being unable to rectify the matter within that time.</p> <p>The Lead Manager Mandate may be terminated by the Company, by ninety (90) days' notice in writing at its discretion.</p>
Future Capital Raisings	<p>In the event of termination by the Company (except under paragraphs (b)(i) and (b)(ii) above), all relevant in relation to any capital raising by the Company will be payable by the Company to the Lead Manager if:</p> <ul style="list-style-type: none"> (a) the capital raise is completed within 6 months of termination of the Lead Manager Mandate; or (b) the capital raise is completed by a counterparty introduced to the Company by the Lead Manager.

SCHEDULE 2 – TERMS OF PERFORMANCE RIGHTS

The following are the terms and conditions of the Performance Rights:

(a) **Milestone**

- (i) one third of the Performance Rights held by each holder of the Performance Rights (**Holder**) will convert into Shares upon satisfaction of the following milestones within 12 months following the date of listing:
 - (A) the definition of an Inferred JORC Resource at the Eneabba Sands Project of 80Mt @ 97.5% SiO₂; and
 - (B) the definition of an Inferred JORC Resource at the Mt Marshall Kaolin Project of 20Mt @ cut-off grade of 25% Al₂O₃;
- (ii) one third of the Performance Rights held by each Holder will convert into Shares upon satisfaction of the following milestones within 24 months following the date of listing:
 - (A) the definition of a Measured JORC Resource at the Eneabba Sands Project of 40Mt @ 97.5% SiO₂; and
 - (B) the definition of a Measured JORC Resource at the Mt Marshall Kaolin Project of 20Mt @ cut-off grade of 25% Al₂O₃;
- (iii) one third of the Performance Rights held by each Holder will convert into Shares upon completion of a preliminary feasibility study on both the Eneabba Sands Project and Mt Marshall Kaolin Project demonstrating an ability to operate both projects as commercially viable enterprises within 36 months following the date of listing,

(each a **Milestone**).

(b) **Notification to Holder**

The Company shall notify the Holder in writing when the Milestone has been satisfied.

(c) **Consideration**

The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the conversion of the Performance Rights.

(d) **Conversion**

Subject to paragraph (m) and satisfaction of the Milestone, each Performance Right will, at the election of the Holder, convert into one Share.

(e) **Lapse of a Performance Right**

If:

- (i) the Milestone attaching to a Performance Right has not been satisfied within the period required under the relevant Milestone; or
- (ii) the Performance Rights have not converted into Shares 5 years of the Company's admission to the Official List,

(**Expiry Date**), it will automatically lapse and the Holder shall have no entitlement to the Shares pursuant to those Performance Rights.

(f) **Share ranking**

All Shares issued upon the conversion of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(g) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(h) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(i) **Participation in new issues**

A Performance Right does not entitle a Holder (in their capacity as a Holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(j) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(k) **Adjustment for bonus issue**

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) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the Holder would have received if the Holder had converted the Performance Right before the record date for the bonus issue.

(l) **Dividend and Voting Rights**

The Performance Rights do not confer on the Holder an entitlement to vote (except as otherwise required by law) or receive dividends (whether fixed or at the discretion of directors).

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right 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 Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a

Performance Right will not result in any person being in contravention of the General Prohibition; and

- (ii) the Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital**

A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up**

A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **No other rights**

A Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

SCHEDULE 3 – TERMS OF ADVISOR OPTIONS, LEAD MANAGER OPTIONS AND DIRECTOR OPTIONS

The following is a summary of the key terms and conditions of the Advisor Options that have been adopted by the Company:

(a) **Entitlement**

Each Adviser Option entitles the holder to subscribe for one Share upon exercise of the Adviser Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Adviser Option will be \$0.03 (**Exercise Price**).

(c) **Expiry Date**

Each Adviser Option will expire at 5:00 pm (WST) on the date which is 3 years from the date of issue (**Expiry Date**). An Adviser Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Advisor Options are exercisable at any time following the date of issue and will expire on the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Adviser Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Adviser Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Adviser Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **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 Adviser Option being exercised in cleared funds (**Exercise Date**).

(g) **Consideration**

The Advisor Options will be issued for nil cash consideration.

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Adviser Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a 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; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Adviser Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a 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.

(i) **Shares issued on exercise**

Shares issued on exercise of the Adviser Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Adviser Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Adviser Options without exercising the Adviser Options.

(l) **Change in exercise price**

An Adviser Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Adviser Option can be exercised.

(m) **Transferability**

The Adviser Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 4 – PRO FORMA BALANCE SHEET

Balance Sheet 31 December 2019		Ultracharge Limited USD	Ultracharge Limited AUD	Mt Marshall Kaolin Pty Ltd	Watershed Enterprises Solutions Pty Ltd	Share consolidation	Loan to Mt Marshall	Cancellation intellectual rights	Capital raising	Completion of Watershed Agreement	Completion of Mt Marshall Agreement	Director accruals settled	Intercompany balances - Watershed/ Kaolin	Consolidate Mt Marshall	Consolidate Watershed	PROFORMA GROUP (MIN)
		Consolidated	Consolidated													Consolidated
			0.6877													
CURRENT ASSETS																
Cash and cash equivalents		797,014	1,158,973	91,987	113,193		175,000	-	4,000,000					- 300	- 100	5,538,753
Trade and other receivables		71,255	103,615	23,932	-	-	-	-	-	-	-	-	23,932	-	-	103,615
Financial assets at fair value		12,095	17,588	-	-	-	-	-	-	-	-	-	-	-	-	17,588
TOTAL CURRENT ASSETS		880,364	1,280,176	115,919	113,193	-	175,000	-	4,000,000	-	-	-	23,932	- 300	- 100	5,659,956
NON-CURRENT ASSETS																
Property plant and equipment		-	-	-	7,919	-	-	-	-	-	-	-	-	-	-	7,919
Exploration assets			-	48,000	7,694					1,350,000	1,350,000	-				2,755,694
Intangible asset		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT ASSETS		-	-	48,000	15,613	-	-	-	-	1,350,000	1,350,000	-	-	-	-	2,763,613
TOTAL ASSETS		880,364	1,280,176	163,919	128,806	-	175,000	-	4,000,000	1,350,000	1,350,000	-	- 23,932	- 300	- 100	8,423,569
CURRENT LIABILITIES																
Trade and other payables		118,322	172,057	18,324	6,580	-	-	-	-	-	-	-	-	-	-	196,961
Financial liabilities		-	-	-	23,932	-	175,000	-	-	-	175,000	-	23,932	-	-	-
Provisions		-	-													-
TOTAL CURRENT LIABILITIES		118,322	172,057	18,324	30,512	-	175,000	-	-	-	175,000	-	23,932	-	-	196,961
NON-CURRENT LIABILITIES																
Financial liabilities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		118,322	172,057	18,324	30,512	-	175,000	-	-	-	175,000	-	23,932	-	-	196,961
NET ASSETS		762,042	1,108,119	145,595	98,294	-	-	-	4,000,000	1,350,000	1,525,000	-	-	- 300	- 100	8,226,608
EQUITY																
Issued capital		12,904,230	18,978,136	300	100	-	-	-	3,026,354	1,500,000	1,675,000	149,600	-	- 300	- 100	25,329,090
Reserves		2,638,090	3,622,629	-	-	-	-	-	973,646	-	-	-	-	-	-	4,596,274
Accumulated losses		- 14,780,278	- 21,492,646	145,295	98,194				-	150,000	- 150,000	- 149,600				- 21,698,757
TOTAL EQUITY		762,042	1,108,119	145,595	98,294	-	-	-	4,000,000	1,350,000	1,525,000	-	-	- 300	- 100	8,226,608

Balance Sheet 31 December 2019		Ultracharge Limited USD	Ultracharge Limited AUD	Mt Marshall Kaolin Pty Ltd	Watershed Enterprises Solutions Pty Ltd	Share consolidation	Loan to Mt Marshall	Cancellation intellectual rights	Capital raising	Completion of Watershed Agreement	Completion of Mt Marshall Agreement	Director accruals settled	Intercompany balances - Watershed/ Kaolin	Consolidate Mt Marshall	Consolidate Watershed	PROFORMA GROUP (MAX)	
		Consolidated	Consolidated													Consolidated	
			0.6877														
CURRENT ASSETS																	
Cash and cash equivalents		797,014	1,158,973	91,987	113,193		175,000	-	5,000,000					-	300	-	6,538,753
Trade and other receivables		71,255	103,615	23,932	-	-	-	-	-	-	-	-	23,932	-	-	-	103,615
Financial assets at fair value		12,095	17,588	-	-	-	-	-	-	-	-	-	-	-	-	-	17,588
TOTAL CURRENT ASSETS		880,364	1,280,176	115,919	113,193	-	175,000	-	5,000,000	-	-	-	23,932	-	300	-	6,659,956
NON-CURRENT ASSETS																	
Property plant and equipment		-	-	-	7,919	-	-	-	-	-	-	-	-	-	-	-	7,919
Exploration assets			-	48,000	7,694					1,350,000	1,350,000	-					2,755,694
Intangible asset		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
TOTAL NON-CURRENT ASSETS		-	-	48,000	15,613	-	-	-	-	1,350,000	1,350,000	-	-	-	-	-	2,763,613
TOTAL ASSETS		880,364	1,280,176	163,919	128,806	-	175,000	-	5,000,000	1,350,000	1,350,000	-	23,932	-	300	-	9,423,569
CURRENT LIABILITIES																	
Trade and other payables		118,322	172,057	18,324	6,580	-	-	-	-	-	-	-	-	-	-	-	196,961
Financial liabilities		-	-	-	23,932	-	175,000	-	-	-	175,000	-	23,932	-	-	-	-
Provisions		-	-														-
TOTAL CURRENT LIABILITIES		118,322	172,057	18,324	30,512	-	175,000	-	-	-	175,000	-	23,932	-	-	-	196,961
NON-CURRENT LIABILITIES																	
Financial liabilities		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-	-		-	-	-	-
TOTAL NON-CURRENT LIABILITIES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		118,322	172,057	18,324	30,512	-	175,000	-	-	-	175,000	-	23,932	-	-	-	196,961
NET ASSETS		762,042	1,108,119	145,595	98,294	-	-	-	5,000,000	1,350,000	1,525,000	-	-	-	300	-	9,226,608
EQUITY																	
Issued capital		12,904,230	18,978,136	300	100	-	-	-	4,026,354	1,500,000	1,675,000	149,600	-	-	300	-	26,329,090
Reserves		2,638,090	3,622,629	-	-	-	-	-	973,646	-	-	-	-	-	-	-	4,596,274
Accumulated losses		- 14,780,278	- 21,492,646	145,295	98,194					- 150,000	- 150,000	- 149,600					- 21,698,757
TOTAL EQUITY		762,042	1,108,119	145,595	98,294	-	-	-	5,000,000	1,350,000	1,525,000	-	-	-	300	-	9,226,608

SCHEDULE 5 – SANDTON CAPITAL FEES

Fee	Explanation	Value	
		Minimum Subscription	Maximum Subscription
Lead Management and Capital Raising Fee ¹	Sandton Capital will be entitled to lead management fees equal to 2% of the funds raised under the Public Offer and capital raising fees equal to the 4% of the funds raised under the Public Offer, payable in cash.	\$240,000	\$300,000
Monthly Retainer ²	Sandton Capital will be paid a corporate advisory fee of \$10,000 per month for the term of the Lead Manager Mandate, which expires on 16 September 2021, provided that for the period from 1 April until Settlement the fees has been reduced to \$8,000 per month.	\$112,000	\$112,000
Consideration Shares ³	Sandton Capital will be issued 5% of the total Consideration Shares at Settlement, being 7,500,000 Shares.	\$150,000	\$150,000
Lead Manager Options ^{1, 4}	Sandton Capital will be entitled to 45,616,903 Lead Manager Options at Settlement.	\$490,137	\$490,137
Advisor Options ^{1, 4}	Sandton Capital will be entitled to 45,000,000 Advisor Options at Settlement.	\$483,508	\$483,508
TOTAL		\$1,475,645	\$1,535,645

Notes

- These fees may be passed on to other parties involved in assisting with the raising of funds under the Public Offer. In particular, It is currently anticipated that Astrid Hill and its principles may be responsible for raising half of the funds to be raised under the Public Offer. If this occurs, Astrid Hill will receive a proportionate number of the Options to be issued under the Lead Manager Mandate, as well as a commensurate proportion of the capital raising fees payable to Sandton Capital.
- This assumes that Settlement occurs on 31 July 2020 and that the monthly retainer increases to \$10,000 on and from 1 August 2020.
- Total value of Consideration Shares assumes Consideration Shares to be issued to Sandton Capital have a value of \$0.02 per Share.
- Valued at \$0.0107 per Option using a the Black & Scholes Option pricing models with the following key inputs: Risk Free Rate – 0.68%; Volatility – 100%; Option Life – 3 years; Exercise Price - \$0.03.