

26 October 2016

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

NOTICE OF ANNUAL GENERAL MEETING AND ANNUAL REPORT

Please find attached the company's Notice of Annual General Meeting to be held on Monday, 28 November 2016 at 11.00am.

The company advises that the Annual Report comprises only the documents previously lodged with ASX.

Yours faithfully

John Geary
Company Secretary



Ventnor Resources Limited

ABN 59 142 014 873

Notice of Annual General Meeting

Explanatory Statement

and

Proxy Form

Date of Meeting

Monday 28 November 2016

Time of Meeting

11.00am (WST)

Place of Meeting

The Celtic Club
48 Ord Street
West Perth WA 6005

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Ventnor Resources Limited (**Ventnor** or the **Company**) will be held on Monday 28 November 2016, commencing at 11.00am (WST) at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

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

AGENDA

ORDINARY BUSINESS

Accounts and Reports

To receive and consider the annual financial report for the financial year ended 30 June 2016, together with the reports by directors and auditors thereon.

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. Resolution 1: Adoption of Remuneration Report

That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report set out in the Company's Annual Report for the financial year ended 30 June 2016 be adopted.

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

Voting Exclusion Statement:

Pursuant to section 250R(4) of the Corporations Act, the Company is required to disregard any votes cast on Resolution 1 (in any capacity) by or on behalf of any of the following persons:

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

However, the Company will not disregard a vote if:

- (c) the prohibited person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (d) the vote is not cast on behalf of a prohibited person.

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

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

SPECIAL BUSINESS

3. Resolution 3: Approval of 10% Placement Capacity

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

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

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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

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

“That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 1,000,000 Incentive Options to Mr Paul Boyatzis or his nominee, on the terms and conditions set out in the Explanatory Statement forming part of this Notice of annual general meeting.”

Voting Exclusion Statement

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by Mr Paul Boyatzis and any associate of Mr Paul Boyatzis. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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

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

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

Voting Exclusion Statement

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by Mr Bruce Maluish and any associate of Mr Bruce Maluish. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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

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

"That, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, the Directors be and are hereby authorised to issue 1,000,000 Incentive Options to Peter Pawlowitsch or his nominee, on the terms and conditions set out in the Explanatory Statement forming part of this Notice of annual general meeting."

Voting Exclusion Statement

For the purposes of Listing Rule 10.13.6, the Company will disregard any votes cast on this resolution by Mr Peter Pawlowitsch and any associate of Mr Peter Pawlowitsch. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Resolution 7: Proposed Grant of Options to Mr John Geary

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Directors be and are hereby authorised to issue 1,000,000 Incentive Options to Mr John Geary or his nominee, on the terms and conditions set out in the Explanatory Statement forming part of this Notice of annual general meeting."

Voting Exclusion Statement

For the purposes of Listing Rule 7.3.8, the Company will disregard any votes cast on this resolution by Mr John Geary and any associate of Mr John Geary. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting at Annual General Meeting

The Directors have determined pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 11.00am (WST) on Saturday 26 November 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the general meeting.

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

Annual Report Online

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

BY ORDER OF THE BOARD

John Geary
Company Secretary
17 October 2016

EXPLANATORY STATEMENT

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of members of Ventnor Resources Limited ("the Company") in connection with the business to be conducted at the Annual General Meeting of members to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Monday 28, November 2016 at 11.00am (WST).

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

2. 2016 ANNUAL REPORT

In accordance with the requirements of the Company's Constitution and the Corporations Act, the 2016 Annual Report will be tabled at the Annual General Meeting. Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Annual Report. There is no requirement for a formal resolution on this item.

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

3. ADOPTION OF REMUNERATION REPORT – Resolution 1

3.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors of the Company.

If at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2017 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of the Shareholders vote in favour of the Spill Resolution, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2017 annual general meeting. All of the Directors who were in office when the Company's 2017 Directors Report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this annual general meeting.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ended 30 June 2016.

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

3.2 Proxy Restrictions

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

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

3.3 Definitions

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

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

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

Remuneration Report means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 30 June 2016.

4. RE-ELECTION OF DIRECTOR: Resolution 2

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

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

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

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

5. APPROVAL of 10% PLACEMENT CAPACITY: Resolution 3

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (**10% Placement Capacity**).

The Company is an Eligible Entity.

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

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

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

5.2 ASX Listing Rule 7.1A

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

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

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

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation (at the date of this Explanatory Statement) of \$3,447,358.

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

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

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

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under this rule; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to

issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

5.3 Technical information required by ASX Listing Rule 7.1A

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

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 5.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

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

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

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

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

(c) Risk of voting dilution

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

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

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

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

Number of Shares on Issue	Dilution			
	Number of Shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.01 (50% decrease in issue price)	Funds raised based on issue price of \$0.021 (issue price)	Funds raised based on issue price of \$0.031 (50% increase in issue price)
164,159,921 (Current)	16,415,992	\$164,160	\$344,736	\$508,896
246,239,881 (50% increase)	24,623,988	\$246,240	\$517,104	\$763,344
328,319,842 (100% increase)	32,831,984	\$328,320	\$689,493	\$1,017,792

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 14 October 2016.
2. The issue price set out above is the closing price of the Shares on the ASX on 14 October 2016.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. Resolution 3 has been approved by Shareholders at the Meeting.

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

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

(d) Purpose of Issue under 10% Placement Capacity

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

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

(e) Allocation under the 10% Placement Capacity

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

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

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

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

(f) Previous Approval under ASX Listing Rule 7.1A

The Company previously obtained approval under ASX Listing Rule 7.1A at its annual general meeting held on 9 November 2015.

In accordance with ASX Listing Rule 7.3A.6, the following information is provided to shareholders regarding the equity securities issued in the previous 12 months preceding the date of the Annual General Meeting (that is, 28 November 2016).

Listing Rule 7.3A.6(a)

The table below shows the total number of equity securities issued in the previous 12 months preceding the date of the Annual General Meeting and the percentage that those issues represent of the total number of equity securities on issue at the commencement of that 12 month period.

Total number of equity securities issued in the 12 months preceding the date of the meeting	26,562,816
Percentage that they represent of the total number of equity securities on issue at the commencement of that 12 month period	19.3%

Listing Rule 7.3A.6(b)

The tables below set out specific details for each issue of equity securities that have taken place in the 12 month period prior to the date of the Annual General Meeting.

Date of issue	14 October 2016
Number issued	26,562,816
Summary of terms	Ordinary fully paid shares ranking equally with existing shares on issue
Names of the persons who received securities or basis on which those persons were determined	Non Renounceable Rights Issue to Eligible Existing Shareholders on a 1 share for every two shares held
Price	1.5 cents
Discount to market price (if any)	25%
For cash issues	
Total cash consideration received	\$398,442
Amount of cash consideration spent	Nil
Use of cash consideration	N/A
Intended use for remaining amount of cash (if any)	Unspent funds: \$398,442 Funds to be used to conduct further review, evaluation and exploration programs on the company's existing projects and for working capital purposes.
For non-cash issues	
Non-cash consideration paid	Nil
Current value of that non-cash consideration	Nil

6.4 Voting Exclusion

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

6. PROPOSED GRANT OF OPTIONS (Resolutions 4 to 6)

Resolutions 4 to 6 of the Notice propose the issue of Incentive Options to Directors.

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

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

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

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

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

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

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

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

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

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

In determining the number of Incentive Options to be issued and the terms, consideration was given to the relevant experience and role of each of the Participating Directors, their respective overall remuneration terms, the market price of the Company’s shares over the past 12 months, and the terms of the options.

The proposed participants in the issue of Incentive Options and the number of Incentive Options to be issued are:

Name	Position	Incentive Options
Paul Boyatzis	Non-Executive Chairman	1,000,000
Bruce Maluish	Managing Director	2,000,000
Peter Pawlowitsch	Non-Executive Director	1,000,000

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

The Incentive Options referred to in resolutions 4 to 6 will be issued free of charge and within one month after the date of this meeting.

In accordance with Section 219 of the Act and in satisfaction of ASX Listing Rule 10.13, the following information is provided to shareholders to allow them to assess whether or not it is in the Company’s interests to pass resolutions 4 to 6:

- a) Messrs Boyatzis, Maluish and Pawlowitsch are the related parties to whom the proposed resolutions would permit a financial benefit to be given. They are a related party to the Company by virtue of Section 228 of the Act;

- b) The nature of the financial benefit to be given to the related parties is the issue of the Incentive Options for no consideration on the terms and conditions set out in Appendix “A” to this Explanatory Statement.

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

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

Director	Option Type	No of Options	Indicative Value \$
Paul Boyatzis	Incentive Options	1,000,000	11,900
Bruce Maluish	Incentive Options	2,000,000	23,800
Peter Pawlowitsch	Incentive Options	1,000,000	11,900

The relevant Director’s base salaries per annum (including superannuation), and the total financial benefit to be received by them for the year ended 30 June 2017, when added to the implied “value” to be received by each of the following directors as a result of the issue of options, the subject of resolutions 4 to 6 are as follows:

Director	Position	Annual Remuneration \$	Value of Options to be Issued \$	Total Financial Benefit \$
Paul Boyatzis	Non-Executive Chairman	30,000	11,900	41,900
Bruce Maluish	Managing Director	109,500	23,800	133,300
Peter Pawlowitsch	Non-Executive Director	20,000	11,900	31,900

- c) The independent Directors (with respect to Resolutions that they do not have a material personal interest in) recommend that Shareholders vote in favour of Resolutions 4, 5 and 6 and they are of the view that the issue of Incentive Options to each Director is an appropriate form of remuneration to provide each Director with an incentive to maximise returns to Shareholders. The Directors are not aware of any further information that would reasonably be required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.
- d) The Participating Directors each respectively has an interest in the outcome of proposed resolutions 4, 5 and 6. Details of the benefits and costs to the Company are contained herein.
- e) Excluding any securities proposed to be allotted to the related parties pursuant to resolutions 4 to 6, Messrs Boyatzis, Maluish and Pawlowitsch, and their associates have a relevant interest in the securities of the Company as set out below:

Name	Shares		Options	
	Direct	Indirect	Direct	Indirect
Paul Boyatzis	-	2,250,000	500,000	-
Bruce Maluish ¹	1,387,143	4,666,667	1,000,000	-
Peter Pawlowitsch	-	4,007,500	-	500,000

1 Mr Maluish has acted as sub-underwriter to the underwritten non-renounceable entitlement issue that closed on 7 October 2016. Pursuant to the terms of the sub-underwriting arrangement Mr Maluish will be required to subscribe for 4,000,000 Shares.

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

Potential Benefits

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

Messrs Boyatzis, Maluish and Pawlowitsch will have a vested interest in the affairs of the Company. As options are a performance based incentive, they will have that incentive to ensure the market price of the shares of the Company increases to create value in the options and this will benefit all shareholders.

The issue of options is a non-cash form of remuneration, thus conserving liquid funds. The exercise of the options will provide working capital for the company at no significant cost. If all the options proposed to be issued pursuant to resolutions 4 to 6 are ultimately exercised, an amount of \$112,000 would be raised.

Dilution Effect and Potential Costs

The potential cost to the Company of the issue of an aggregate of 4,000,000 Incentive Options pursuant to resolutions 4 to 6 is that there will be a dilution of the issued share capital if the Incentive Options are exercised. Based on 164,159,921 Shares currently on issue the exercise of the proposed options to related parties would have a dilution effect of approximately 2.38% of non-associated shareholders interest in the Company.

However, if the other existing options on issue held by third parties were also to be exercised, the dilution effect would be 2.21%. There are currently on issue, 500,000 options exercisable at 15.48 cents each on or before 6 December 2016, 2,750,000 options exercisable at 5.5 cents each on or before 2 December 2017, and 9,630,194 options exercisable at 7 cents each on or before 30 June 2017,.

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

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

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

	Date	Price
Low	19 February 2016	1.3 cents
High	23 August 2016	3.3 cents
Latest Available Price	14 October 2016	2.1 cents

The value of Incentive Options to be issued has been calculated using the binomial option pricing model as of 14 October 2016. The value of an option calculated by the binomial option pricing model is a function of a number of variables. The indicative value of the Incentive Options has been calculated using the following variables:

	Incentive Options
Valuation date	14 October 2016
Exercise price	2.8 cents
Maximum option life	3 years
Underlying share price	2.1 cents
Vesting date	Immediately
Risk free rate of return	1.41%
Volatility	100%
Notional Indicative Value	1.19 cents

The underlying share price of 2.1 cents is based on the closing share price on ASX as at 14 October 2016.

Further details of the terms and conditions of the Incentive Options to be issued are outlined in Appendix "A".

ASX Requirements

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

- a) Maximum number of options to be issued:
4,000,000 Incentive Options
- b) Date by which the Company will issue options:
No later than one month after the date of the meeting.

- c) Price at which options to be issued:

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

- d) Names of the allottees:

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

- e) Terms of issue:

The Incentive Options will be issued for no consideration and on the terms and conditions as outlined in Appendix "A."

- f) Intended use of funds raised:

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

- g) Dates of allotment:

Allotment will occur on one date.

7. PROPOSED GRANT OF OPTIONS (Resolution 7)

Resolution 7 of the Notice proposes the grant of 1,000,000 Incentive Options to Mr John Geary, the company secretary.

The Incentive Options will be issued for no consideration. No directors or their associates will participate in the allotment of Incentive Options approved under Resolution 7.

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of Ventnor is required to an issue of equity securities if the securities will, when aggregated with the securities issued by Ventnor during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The number of securities to be issued by Ventnor under proposed Resolution 7 will not exceed 15%, however, to maintain the Company's 15% placement capacity shareholder approval is being sought for the issue of the Incentive Options.

The information required by ASX Listing Rules 7.1 and 7.3 to be provided to shareholders is contained within this Explanatory Statement and the Notice.

In compliance with the information requirements of ASX Listing Rule 7.3 members are advised of the following particulars in relation to the proposed issue of options:

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

1,000,000 Incentive Options

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

No later than three months after the date of the meeting.

- (c) Price at which options to be issued:
The options are being issued free as an incentive for work to be performed for the Company
- (d) Name of the allottee:
John Geary or nominee
- (e) Terms of issue:
The Incentive Options will be issued on the terms and conditions as outlined in Annexure "A"
- (f) Intended use of funds raised:
The Incentive Options will be issued for no consideration. There are no funds being raised from the issue as the options will be issued as an incentive for future services.
- (g) Dates of allotment:
Allotment will occur on one date.

7. DEFINITIONS

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

Annual Report means the Directors' Report, the Financial Report, and the Auditor's Report in respect to the year ended 30 June 2016.

ASX means ASX Limited ABN 98 008 624 691.

ASX Listing Rules means the official listing rules of ASX.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

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

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

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

Explanatory Statement means this Explanatory Statement.

Incentive Option means an option to acquire a Share on the terms and conditions set out in Appendix A.

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

Proxy Form means the proxy form attached to this Notice.

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

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

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

APPENDIX "A"

Terms and Conditions of Incentive Options

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

- a) Each option entitles the holder to subscribe for and be allotted one ordinary fully paid share in Ventnor Resources Limited (ACN 142 014 873).
- b) The options are exercisable at 2.8 cents.
- c) The options will expire three years from the date of issue (the "**Expiry Date**").
- d) The options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the company accompanied by payment of the exercise price.
- e) The options are non transferable.
- f) All shares issued upon exercise of the options will rank *pari passu* in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for Official Quotation by the ASX of all shares issued upon exercise of the options.
- g) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. However, if from time to time on or prior to the Expiry Date the company makes an issue of new shares to the holders of fully paid ordinary shares, the Company will send a notice to each holder of options at least nine (9) Business Days before the record date referable to that issue. This will give Option holders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.
- h) If from time to time on or prior to the Expiry Date the Company makes an issue of shares to the holders of ordinary fully paid shares in the Company by way of capitalisation of profits or reserves (a **bonus issue**), then upon exercise of their options, Optionholders will be entitled to have issued to them (in addition to the shares which would otherwise be issued to them upon such exercise) the number of shares of the class which would have been issued to them under that bonus issue (**bonus shares**) if on the record date for the bonus issue they have been registered as holder, if, immediately prior to that date, they had fully exercised their options and the shares the subject of such exercise had been duly allotted and issued to them. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank *pari passu* in all respects with the other shares allotted upon exercise of the options.
- i) There is no right to a change in the exercise price of the options or to the number of shares over which the options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the options.
- j) In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

PROXY FORM

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

I/We (full name)

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

of _____
or, failing him/her the Chairperson of the Meeting to attend and vote for me/us at the Annual General Meeting of the Company to be held at 11.00am (WST) on November 28, 2016 and at an adjournment thereof in respect of _____% of my/our shares or, failing any number being specified, ALL of my/our shares in the Company.

RESOLUTIONS

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

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

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

If the member is an individual or joint holder:

Usual Signature

Dated this _____ day of

Usual Signature

2016.

If the member is a Company:

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

Director/Sole Director

Director/Secretary

Sole Director and Sole Secretary

Dated this

_____ day of

2016.

INSTRUCTIONS FOR COMPLETING PROXY FORM

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

5. Important for Resolution 1:

If you have appointed the Chair of the Meeting as your proxy (or the Chair becomes your proxy by default), you expressly authorises the Chair to exercise your proxy on Resolution 1 (except where you have indicated a different voting intention above) even though Resolution 1 is connected directly with the remuneration of a member of Key Management Personnel for the Company, which may include the Chair.

LODGING YOUR PROXY FORM

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at the address given below no later than 11.00am (WST) on 26 November 2016. Any proxy form received after that time will not be valid for the scheduled meeting.

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

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

By fax: (08) 9226 3764