



---

## CAZALY RESOURCES LIMITED

ACN 101 049 334

## NOTICE OF GENERAL MEETING

---

**TIME:** 9.00 am (WST)

**DATE:** 12 August 2016

**PLACE:** Level 2  
38 Richardson Street  
WEST PERTH WA 6005

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

*Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6418.*

---

**CONTENTS PAGE**

---

Notice of General Meeting (setting out the proposed Resolutions)	2
Explanatory Memorandum (explaining the proposed Resolutions)	7
Glossary	15
Proxy Form	

---

**IMPORTANT INFORMATION**

---

---

**TIME AND PLACE OF MEETING**

---

Notice is given that a General Meeting of the Shareholders convened by this Notice of Meeting will be held at 9.00am (WST) on 12 August 2016 at:

Level 2  
38 Richardson Street  
WEST PERTH WA 6005

---

**YOUR VOTE IS IMPORTANT**

---

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

---

**ATTENDANCE AND VOTING ELIGIBILITY**

---

For the purposes of regulation 7.11.3 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares quoted on the ASX at 5.00pm WST on 10 August 2016 will be taken, for the purposes of this General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

---

**VOTING IN PERSON**

---

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

---

**VOTING BY PROXY**

---

To vote by proxy, please complete and sign the Proxy Form enclosed (and the power of attorney or other authority (if any) under which it is signed (or a certified copy)) and either:

- (a) deliver the Proxy Form to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
- (b) send the Proxy Form by post to Cazaly Resources Limited, PO Box 396, West Perth, Western Australia 6872; or
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9322 6398; or
- (d) email the Proxy Form to [mrobbins@cazalyresources.com.au](mailto:mrobbins@cazalyresources.com.au)

so that it is received not later than 9.00am (WST) on 10 August 2016.

**Proxy Forms received later than this time will be invalid.**

---

## NOTICE OF GENERAL MEETING

---

Notice is given that a General Meeting of Shareholders of Cazaly Resources Limited will be held at **Level 2, 38 Richardson Street, West Perth, Western Australia at 9.00am WST on Friday 12 August 2016.**

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

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum (including the Annexures) are defined in the Glossary unless defined elsewhere in the Explanatory Memorandum.

## AGENDA

---

### **RESOLUTION 1 – RATIFICATION OF THE ISSUE OF 6,831,667 SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 6,831,667 Shares to sophisticated investors, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

### **RESOLUTION 2 – RATIFICATION OF THE ISSUE OF 3,415,834 ANNEXURE A OPTIONS TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 3,415,834 Annexure A Options to sophisticated investors, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

### **RESOLUTION 3 – RATIFICATION OF THE ISSUE OF 22,307,692 SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 22,307,692 Shares to the persons, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**RESOLUTION 4 – APPROVAL FOR THE ISSUE OF 11,153,846 ANNEXURE B OPTIONS TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

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

*"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment of 11,153,846 Annexure B Options to the persons, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on this Resolution by a person who may participate in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**RESOLUTION 5 – APPROVAL FOR THE ISSUE OF SHARES AND ANNEXURE A OPTIONS TO NATHAN MCMAHON ON CONVERSION OF CONVERTIBLE NOTE**

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, the Company is authorised to issue and allot up to 3,333,333 Shares and 1,666,667 Annexure A Options to Mr Nathan McMahon, who is a Director, upon the conversion of the Convertible Note, on the terms and conditions and in the manner set out in the Explanatory Memorandum"*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on the Resolution by Mr Nathan McMahon and/or his nominee(s) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

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

However, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

---

## **RESOLUTION 6 – APPROVAL FOR THE ISSUE OF SHARES AND ANNEXURE A OPTIONS TO CLIVE JONES ON CONVERSION OF CONVERTIBLE NOTE**

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, the Company is authorised to issue and allot up to 3,333,333 Shares and 1,666,667 Annexure A Options to Mr Clive Jones, who is a Director, upon the conversion of the Convertible Note, on the terms and conditions and in the manner set out in the Explanatory Memorandum"*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast on the Resolution by Mr Clive Jones and/or his nominee(s) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

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

However, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

---

## **OTHER BUSINESS**

To deal with any business that may be lawfully brought forward.

## PROXIES

A Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- a) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- b) provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.

A Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions of votes will be disregarded.

In order to vote on behalf of a company that is a Shareholder, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.

Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be posted or lodged at the registered office of the Company, at Level 2, 38 Richardson Street, West Perth WA 6005, or PO Box 396 West Perth WA 6872, or by facsimile to (61 8) 9322 6398, or by email to [mrobbins@cazalyresources.com.au](mailto:mrobbins@cazalyresources.com.au) not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.

An instrument appointing a proxy:

- a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
- b) may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified in the instrument;
- c) shall be deemed to confer authority to demand or join in demanding a poll;
- d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act; and
- e) which appoints the Chair as proxy but does not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.

## Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

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

### **Proxy Restrictions**

Shareholders (who are not a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related Party of that member) appointing a proxy for Resolutions 5 and 6 should note the following:

#### ***If you appoint a member of the Key Management Personnel as your proxy***

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, you must direct the proxy how they are to vote. Undirected proxies granted to these persons will not be included in any vote on Resolutions 5 and 6.

#### ***If you appoint the Chair as your proxy***

If you elect to appoint the Chair as your proxy, you do not need to direct the Chair how you wish them to exercise your vote on Resolutions 5 and 6 however if you do not direct the Chair how to vote, you acknowledge that the Chair may exercise his or her discretion in exercising your proxy even though Resolutions 5 and 6 are connected directly or indirectly with the remuneration of Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for that entity.

The Chair intends to vote all undirected proxies in favour of Resolutions 5 and 6.

#### ***If you appoint any other person as your proxy***

You do not need to direct your proxy how to vote.

---

**DATED: 12 JULY 2016**

**BY ORDER OF THE BOARD**

**MIKE ROBBINS  
COMPANY SECRETARY**

---

## EXPLANATORY MEMORANDUM

---

This Explanatory Memorandum has been prepared for the information of shareholders of Cazaly Resources Limited in connection with the business specified to be conducted in the Notice of General Meeting at the general meeting of Shareholders to be held at Level 2, 38 Richardson Street, West Perth, Western Australia 6005 at **9.00am WST on 12 August 2016**.

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are all important documents. The Directors recommend that Shareholders read them carefully in their entirety before making a decision on how to vote at the General Meeting.

A Glossary of terms frequently used in this Notice of Meeting and Explanatory Memorandum can be found at the end of this Explanatory Memorandum.

---

### **1. RESOLUTION 1 – RATIFICATION OF THE ISSUE OF 6,831,667 SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

#### **1.1 Background**

In accordance with ASX Listing Rule 7.4, Resolution 1 seeks Shareholder ratification for the issue and allotment of 6,831,667 Shares to sophisticated and professional investors as part of the Company's placement announced to the ASX on 22 December 2015 ('**December Placement**'). A free attaching Annexure A Option was also issued as part of the December Placement on the basis of one (1) Annexure A Option for every two (2) Shares issued (which issue is the subject of Resolution 2).

The December Placement Shares that are the subject of Resolution 1 were issued under the Company's available placement capacity under ASX Listing Rule 7.1 and were issued on 6 January 2016.

#### **1.2 ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary securities may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further securities up to 15% of the number of fully paid ordinary securities on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

If Shareholders approve Resolution 1, the issue of 6,831,667 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

#### **1.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.5.

(a) *Number of securities issued*

6,831,667 Shares

(b) *Price at which the securities were issued*

\$0.03 per Share



*(c) Terms of the securities*

Shares were issued fully paid and rank pari passu in all respects with the Company's other Shares on issue.

*(d) The names of the persons to whom the Company issued the securities or the basis upon which those persons were determined*

Sophisticated and professional investors determined at the discretion of the Directors. The allottees were not related parties of the Company.

*(e) Use (or intended use) of funds raised.*

The funds were used for ongoing exploration, evaluation of new projects and working capital.

## **1.4 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 1 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period without Shareholder approval.

---

## **2. RESOLUTION 2 – RATIFICATION OF THE ISSUE OF 3,415,834 ANNEXURE A OPTIONS TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

### **2.1 Background**

In accordance with ASX Listing Rule 7.4, Resolution 2 seeks Shareholder ratification for the issue and allotment of 3,415,834 Annexure A Options (exercisable at \$0.04 and with an expiry date of 5 January 2018) to sophisticated and professional investors. The Annexure A Options were issued as free attaching options on the basis of one (1) Annexure A Option for every two (2) Shares issued as part of the December Placement which is the subject of Resolution 1.

The 3,415,834 Annexure A Options that are the subject of Resolution 2 were issued under the Company's available placement capacity under ASX Listing Rule 7.1 and were issued on 6 January 2016.

### **2.2 ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary securities may be obtained after the issue of equity securities. The effect of such ratification is to restore the company's discretionary power to issue further securities up to 15% of the number of fully paid ordinary securities on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

If Shareholders approve Resolution 2, the issue of 3,415,834 Annexure A Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

### **2.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.5.

*(a) Number of securities issued*

3,415,834 Annexure A Options

*(b) Price at which the securities were issued*

Nil as the Annexure A Options were issued as free attaching options to the Shares issued pursuant to the December Placement on a one (1) for two (2) basis.

*(c) Terms of the securities*

The terms and conditions of the Annexure A Options are contained in Annexure "A" in this Explanatory Memorandum.

*(d) The names of the persons to whom the Company issued the securities or the basis upon which those persons were determined*

Sophisticated and professional investors determined at the discretion of the Directors. The allottees were not related parties of the Company.

*(e) Use (or intended use) of funds raised.*

No funds were raised from the issue and allotment of the Annexure A Options as they were issued for nil consideration as part of the December Placement. Any funds raised on the exercise of the Annexure A Options will be used for ongoing exploration, evaluation of new projects and working capital.

## **2.5 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 2 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period without Shareholder approval.

---

## **3. RESOLUTION 3 – RATIFICATION OF THE ISSUE OF 22,307,692 PLACEMENT SHARES TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

### **3.1 Background**

As announced to the ASX on 20 May 2016 the Company completed a placement of 22,307,692 Shares, at an issue price of \$0.065 per Share, to raise gross proceeds of \$1,450,000 ('**May Placement**'). Subject to Shareholder approval (which is sought pursuant to Resolution 4), free attaching Annexure B Options (exercisable at \$0.11 with a two (2) year expiry date from issue) are also to be issued under the May Placement, on the basis of one (1) Annexure B Option for every two (2) Shares issued.

The May Placement Shares that are the subject of Resolution 3 were issued under the Company's available placement capacity under ASX Listing Rules 7.1 and 7.1A and were issued on 27 May 2016.

### **3.2 ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

ASX Listing Rule 7.1A provides that certain eligible companies may seek shareholder approval at its AGM to issue up to a further 10% of its fully paid ordinary securities on issue at the start of the 12 month period commencing on the date of the AGM ("**10% share issue capacity**"). The Company is an eligible company and sought and received Shareholder approval to the 10% share issue capacity at its AGM on 26 November 2015. The Shareholder approval is valid for 12 months from the date of the AGM (that is, until 25 November 2016).

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rules 7.1 and 7.1A will be treated as having been made with shareholder approval for the purposes of those Listing Rules if shareholders subsequently approve it and the issue did not breach Listing Rules 7.1 or 7.1A.

Accordingly, the Company is seeking Shareholder ratification for the issue and allotment of:

- 9,324,067 Shares issued under the Company's 15% share issue capacity under Listing Rule 7.1; and
- 12,983,625 Shares issued under the Company's 10% share issue capacity under Listing Rule 7.1A.

If Shareholders approve Resolution 3, the issue of 9,324,067 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1 and the issue of 12,983,625 Shares will be excluded from the calculations of the 10% limit under ASX Listing Rule 7.1A.

### **3.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.5.

*(a) Number of securities issued*

22,307,692 Shares

*(b) Price at which the securities were issued*

\$0.065 per Share

*(c) Terms of the securities*

Shares were issued fully paid and rank pari passu in all respects with the Company's other Shares on issue.

*(d) The names of the persons to whom the Company issued the securities or the basis upon which those persons were determined*

Sophisticated and professional investors determined at the discretion of the Directors. The allottees were not related parties of the Company.

*(e) Use (or intended use) of funds raised.*

The funds will be used for ongoing exploration, evaluation of new projects and working capital.

### **3.4 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 3 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) and up to 10% (under ASX Listing Rule 7.1A) of the total number of Shares on issue in any 12 month period without Shareholder approval.

---

## **4. RESOLUTION 4 – APPROVAL FOR THE ISSUE OF 11,153,846 ANNEXURE B OPTIONS TO SOPHISTICATED AND PROFESSIONAL INVESTORS**

### **4.1 Background**

The Company completed the May Placement and raised gross proceeds of \$1,450,000. The May Placement Shares were issued under the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A as detailed in Resolution 3.

Under the terms of the May Placement, free attaching Annexure B Options (exercisable at \$0.11 and with a two (2) year expiry date from issue) were to be issued on the basis of one (1) Annexure B Option for every two (2) Shares issued. The issue of Annexure B Options under the May Placement is subject to Shareholder approval, which is the subject of this Resolution 4.

In accordance with ASX Listing Rule 7.1, Resolution 4 seeks Shareholder approval for the issue and allotment of 11,153,846 Annexure B Options for nil consideration to subscribers in the May Placement on the basis of one (1) Annexure B Option for every two (2) Shares subscribed for and issued.

#### **4.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities.

If Shareholders approve Resolution 4, the issue of 11,153,846 Annexure B Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

#### **4.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.3.

*(a) Number of securities to be issued*

11,153,846 Annexure B Options

*(b) Date by which the Securities will be issued*

The Annexure B Options will be issued no later than three (3) months 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).

*(c) Price at which the securities were issued*

Nil as the Annexure B Options will be issued as free attaching listed options along with the Shares issued pursuant to the May Placement on a one (1) for two (2) basis.

*(d) Terms of the securities*

The terms and conditions of the Annexure B Options are contained in Annexure "B" in this Explanatory Memorandum.

*(e) The names of the persons to whom the Company will issue the securities or the basis upon which those persons will be determined*

The Annexure B Options will be issued to the subscribers in the May Placement on the basis of one (1) Annexure B Option for every two (2) Shares subscribed for under the May Placement. The allottees are not related parties of the Company.

*(e) Use (or intended use) of funds raised.*

No funds will be raised from the issue and allotment of the Annexure B Options as they will be issued for nil consideration as part of the May Placement. Any funds raised on the exercise of the Annexure B Options will be used for ongoing exploration, evaluation of new projects and working capital.

#### **4.4 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 4 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period without Shareholder approval.

---

### **5. RESOLUTIONS 5 AND 6 – APPROVAL FOR THE ISSUE OF SHARES AND ANNEXURE A OPTIONS TO NATHAN MCMAHON AND CLIVE JONES ON CONVERSION OF CONVERTIBLE NOTES**

#### **5.1 Background**

As announced to the ASX on 22 December 2015, the Company agreed to the issue one (1) Convertible Note to Director Nathan McMahon and one (1) Convertible Note to Director Clive Jones for an aggregate amount of \$200,000.

A Convertible Note can be converted at any time up to 31 December 2016 but cannot be converted without Shareholder approval. Any conversion of a Convertible Note will be on the same terms and conditions as those relating to the December Placement as announced to the ASX on 22 December 2015. Each Convertible Note:

- carries a face value of \$100,000;
- has a Zero % interest rate; and
- is unsecured.

On any conversion of a Convertible Note, a maximum of 3,333,333 Shares will be issued (based on \$0.03 per Share, being the same price at which Shares were issued under the December Placement). A free attaching Annexure A Option (exercisable at \$0.04 with an expiry date of 5 January 2018) will also be issued upon the conversion of a Convertible Note on the basis of one (1) Annexure A Option for every two (2) Shares issued on conversion.

The maximum number of Shares and Annexure A Options that may be issued upon the conversion of a Convertible Note is therefore 3,333,333 and 1,666,667 respectively.

Resolutions 5 and 6 seek Shareholder approval for the issue of up to 3,333,333 Shares and 1,666,667 Annexure A Options to each of Mr McMahon and Mr Jones, on the conversion of the Convertible Note issued to them.

#### **5.2 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 provides that, subject to certain exemptions (none of which are relevant here), a company must not issue securities to a related party without shareholder approval.

Resolutions 5 and 6 seek this approval as Mr McMahon and Mr Jones are related parties of the Company as they are Directors.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 pursuant to Resolutions 5 and 6 is set out below and is also provided in the Notice of Meeting and the Explanatory Memorandum above.

##### *a) The name of the person*

On the conversion of any Convertible Note, the Shares and Annexure A Options will be issued to Mr Nathan McMahon, an executive Director under Resolution 5 and to Mr Clive Jones, an executive Director under Resolution 6, and/or their respective nominees.

- b) *The maximum number of securities to be issued (if known) or the formula for calculating the number of securities to be issued to the person*

The maximum number of Shares and Annexure A Options which can be issued to Mr McMahon and/or his nominee, on conversion of the Convertible Note under Resolution 5 is 3,333,333 and 1,666,667 respectively.

The maximum number of Shares and Annexure A Options which can be issued to Mr Jones and/or his nominee, on conversion of the Convertible Note under Resolution 6 is 3,333,333 and 1,666,667 respectively.

- c) *The date by which the entity will issue the securities, which must not be more than 1 month after the date of the meeting*

The Shares and Annexure A Options will be issued within one month of any conversion of a Convertible Note (or such later date as may be permitted by any ASX waiver or modification of the ASX Listing Rules).

- d) *The issue price of the securities and a statement of the terms of issue*

Each Convertible Note carries a face value of \$100,000.

A Convertible Note may be converted into Shares plus a free attaching Annexure A Option (on a one (1) for two (2) basis) at a conversion price of \$0.03.

In the event that the conversion of a Convertible Note into an issue of the Shares and Annexure A Options is not approved by Shareholders, Mr McMahon and Mr Jones will be entitled to be paid the face value of each outstanding Convertible Note.

- e) *Use (or intended use) of funds raised.*

The funds from the Convertible Notes were used for ongoing exploration, evaluation of new projects and working capital.

### **5.3 ASX Listing Rule 7.1**

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

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to issue the Shares and Annexure A Options on the conversion of any Convertible Note to Mr McMahon and Mr Jones and/or their nominee(s) as approval is being obtained under ASX Listing Rule 10.11.

If Shareholders approve Resolutions 5 and 6, then the issue of Shares and Annexure A Options, on the conversion of any Convertible Note, to Mr McMahon and Mr Jones and/or their nominee(s) will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

### **5.4 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of Shares and Annexure A Options, on the conversion of any Convertible Note, to Mr McMahon and Mr Jones under Resolutions 5 and 6 constitutes the provision of a financial benefit to related parties.

It is the view of the Directors that the issue of Shares and Annexure A Options on the conversion of any Convertible Note falls within the arm's length exception under section 210

of the Corporations Act. In forming this view, the Directors consider the terms of the Convertible Note:

- were negotiated at arm's length;
- carry a zero % coupon rate;
- are the same as those for the December Placement participants; and
- are reasonable in the circumstances at the time if the Company were dealing at arm's length.

Accordingly, the Directors have determined not to seek Shareholder approval under section 208 of the Corporations Act for the issue of Shares and Annexure A Options on the conversion of any Convertible Note by Mr McMahon and Mr Jones.

#### Other Information

Mr McMahon and Mr Jones' relevant interests (direct and indirect) in Securities as at the date of this Notice Of Meeting are set out below.

Name	Shares	Options <sup>1</sup>	Convertible Note <sup>2</sup>
Nathan McMahon	21,522,766	1,500,000	1
Clive Jones	11,146,571	1,500,000	1

- (1) Options exercisable at \$0.18 on or before 26 November 2016
- (2) Convertible Note with a face value of \$100,000, a maturity date of 31 December 2016, zero % interest rate and convertible at \$0.03 plus a free attaching Annexure A Option on the basis of one Annexure A Option for every two Shares issued on conversion. The issue of Shares and Annexure A Options on conversion of the Convertible Note is subject to Shareholder approval which is sought pursuant to Resolution 5 (Mr McMahon) and Resolution 6 (Mr Jones).

The latest available price of Shares quoted on the ASX prior to the date of this Notice of Meeting on 8 July 2016 was \$0.08. The highest price for Shares trading on the ASX over the last 12 months was \$0.097 and the lowest price in that period was \$0.019.

In addition, the Directors believe that there are benefits to the Company in Directors holding securities in the Company as this helps to incentivise the performance of those Directors and, in doing so, further aligns the interests of those Directors with those of Shareholders.

#### **5.5 Directors' recommendation**

Mr McMahon declines to make a recommendation to Shareholders in relation to Resolution 5 due to his personal interest in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 5, recommend that Shareholders vote in favour of Resolution 5. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

Mr Jones declines to make a recommendation to Shareholders in relation to Resolution 6 due to his personal interest in the outcome of the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6. The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

---

## GLOSSARY

---

In the Notice of Meeting (including the Annexures thereto) and the Proxy Form, the following terms have the following meanings unless they are otherwise defined or the context otherwise requires:

**\$** means Australian dollars.

**2015 Financial Report** means the Company's financial report for the financial year ended 30 June 2015, which can be downloaded from the Company's website at [www.cazalyresources.com.au](http://www.cazalyresources.com.au).

**Annexure** means an annexure to this Explanatory Memorandum.

**Annexure A Option** means an unlisted option to acquire a Share on the terms and conditions included in Annexure A.

**Annexure B Option** means a listed option to acquire a Share on the terms and conditions included in Annexure B.

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

**ASX** means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Board** means the board of Directors.

**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.

**Chair** means the chairperson of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) that may be made for this purpose.

**Company** or **Cazaly** means Cazaly Resources Limited ACN 101 049 334.

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

**Convertible Note** means a convertible note in the Company with a face value of \$100,000. A full conversion of the convertible note will entitle the convertible note holder to an issue of 3,333,333 Shares and 1,666,667 Annexure A Options. Details of the Convertible Notes are



summarised in the Company's ASX announcement of 22 December 2015 and in section 5.1 of the Explanatory Memorandum.

**Corporations Act** or **Act** means the *Corporations Act 2001* (Cth) and the regulations promulgated under it, each as amended from time to time.

**December Placement** is defined in section 1.1 of the Explanatory Memorandum.

**Director** means a director of the Company.

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

**Explanatory Memorandum** means the explanatory memorandum accompanying and forming part of the Notice.

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

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons 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.

**May Placement** is defined in section 3.1 of the Explanatory Memorandum.

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

**Proxy Form** means the proxy form accompanying and forming part of the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the 2015 Financial Report.

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

**Securities** means Shares and Options.

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

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

**Trading Day** means a day determined by ASX to be a trading day and notified to market participants being:

- (e) a day other than:
  - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
  - (ii) any other day which ASX declares and publishes is not a trading day; and
- (f) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

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

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

## **ANNEXURE A**

### **\$0.04 Annexure A Option Terms and Conditions**

The Annexure A Options entitle the holders to subscribe for fully paid ordinary shares in the Company on the following terms:

- a) Each Annexure A Option entitles the holder to subscribe for one Share in the capital of the Company at the exercise price of \$0.04.
- b) Subject to paragraph (c) below, the Annexure A Options are exercisable at any time up to 5.00pm Perth time on or before 5 January 2018 by completing an Annexure A Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Annexure A Options are exercised to the registered office of the Company. Any Annexure A Options not exercised by that time will lapse.
- c) An Annexure A Option holder may exercise some only of that person's Annexure A Options, which does not affect that holder's right to exercise the remainder of their Annexure A Options by the deadline in paragraph (b) above. Annexure A Options must be exercised in multiples of 100 at a time, unless the Annexure A Option holder exercises all Annexure A Options able to be exercised at that time.
- d) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Annexure A Options are freely transferable. Application will not be made to ASX for official quotation of the Annexure A Options.
- e) All Shares issued upon exercise of the Annexure A Options will, from the date they are issued, rank pari passu in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Annexure A Options.
- f) Annexure A Option holders cannot participate in new issues of capital offered to Shareholders of the Company during the currency of the Annexure A Options without exercising the Annexure A Options. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the books closing date will be at least 10 business days after the issue is announced. This will give Annexure A Option holders the opportunity to exercise their Annexure A Options prior to the date for determining entitlements to participate in any such issue.
- g) Subject to paragraph (h), if the Company makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of Shares per Annexure A Option or any other terms of those Annexure A Options.
- h) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Annexure A Option expiry, the rights of Annexure A Option holders, including the number of Annexure A Options or the exercise price of the Annexure A Options or both will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- i) Annexure A Option holders will be sent all communications sent to Shareholders of the Company, but Annexure A Options do not confer any rights to attend or vote at meetings of Shareholders of the Company. Notice may be given by the Company to Annexure A Option holders in the manner provided by the Company's Constitution for the giving of notices to shareholders, and the relevant provisions of the Company's Constitution apply with all necessary modification to notices to Annexure A Option holders.
- j) Notwithstanding the terms and conditions in this document, the Annexure A Options may only be issued or exercised within the limitations imposed by the Corporations Act 2001 and the ASX Listing Rules.

## **ANNEXURE B**

### **\$0.11 Annexure B Option Terms and Conditions**

The Annexure B Options entitle the holders to subscribe for fully paid ordinary shares in the Company on the following terms:

- a) Each Annexure B Option entitles the holder to subscribe for one Share in the capital of the Company at the exercise price of \$0.11.
- b) Subject to paragraph (c) below, the Annexure B Options are exercisable at any time up to 5.00pm Perth time on a date two years from date of issue of the Annexure B Option by completing an Annexure B Option exercise form and delivering it together with the payment for the number of Shares in respect of which the Annexure B Options are exercised to the registered office of the Company. Any Annexure B Options not exercised by that time will lapse.
- c) An Annexure B Option holder may exercise some only of that person's Annexure B Options, which does not affect that holder's right to exercise the remainder of their Annexure B Options by the deadline in paragraph (b) above. Annexure B Options must be exercised in multiples of 100 at a time, unless the Annexure B Option holder exercises all Annexure B Options able to be exercised at that time.
- d) Subject to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Annexure B Options are freely transferable. Application will be made to ASX for official quotation of the Annexure B Options.
- e) All Shares issued upon exercise of the Annexure B Options will, from the date they are issued, rank pari passu in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Annexure B Options.
- f) Annexure B Option holders cannot participate in new issues of capital offered to Shareholders of the Company during the currency of the Annexure B Options without exercising the Annexure B Options. However, the Company will ensure that for the purpose of determining entitlements to any such issue, the books closing date will be at least 10 business days after the issue is announced. This will give Annexure B Option holders the opportunity to exercise their Annexure B Options prior to the date for determining entitlements to participate in any such issue.
- g) Subject to paragraph (h), if the Company makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of Shares per Annexure B Option or any other terms of those Annexure B Options.
- h) In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the Annexure B Option expiry, the rights of Annexure B Option holders, including the number of Annexure B Options or the exercise price of the Annexure B Options or both will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- i) Annexure B Option holders will be sent all communications sent to Shareholders of the Company, but Annexure B Options do not confer any rights to attend or vote at meetings of Shareholders of the Company. Notice may be given by the Company to Annexure B Option holders in the manner provided by the Company's Constitution for the giving of notices to shareholders, and the relevant provisions of the Company's Constitution apply with all necessary modification to notices to Annexure B Option holders.
- j) Notwithstanding the terms and conditions in this document, the options may only be issued or exercised within the limitations imposed by the Corporations Act 2001 and the ASX Listing Rules.