

STRANDLINE
resources limited
ABN 32 090 603 642

**Notice of Annual General Meeting
and
Explanatory Memorandum**

Date of Meeting
Thursday 24 November 2016

Time of Meeting
9.00am (WST)

Place of Meeting
**Offices of BDO Australia
38 Station Street
Subiaco Western Australia 6008**

This is an important document. Please read it carefully and in its entirety. If you do not understand it please consult with your professional advisers.

If you are unable to attend the AGM, please complete the Proxy Form enclosed and return it in accordance with the instructions set out in that form.

THE ANNUAL REPORT IS AVAILABLE ONLINE, VISIT: www.strandline.com.au

Notice of Annual General Meeting

Strandline Resources Limited
ABN 32 090 603 642

The Annual General Meeting of Strandline Resources Limited (**Company**) will be held at the offices of **BDO Australia, 38 Station Street, Subiaco**, Western Australia, on **Thursday 24 November 2016 at 9.00am (WST)**.

Terms used in this Notice of Meeting and the Explanatory Memorandum are defined in the Glossary.

The Explanatory Memorandum which accompanies and forms part of this Notice describes the matters to be considered at the AGM.

AGENDA

1. Financial reports

To receive and consider the annual Financial Report, the Directors' Report and the Auditor's Report of Strandline Resources Limited for the financial year ended 30 June 2016 which are contained within the Annual Report.

Note: This item of business is for discussion only and is not a Resolution.

2. Resolution 1 – Adoption of the Remuneration Report (non-binding resolution)

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

'That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the Company (which is contained in the Directors' Report in the 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 or the Company.

Voting Prohibition Statement

The Company will disregard any votes cast on this Resolution by or on behalf of any member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, or any Closely Related Party of such a member, unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chair as proxy for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit.

3. Resolution 2 – Re-election Mr Richard Hill as a Director

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

'That, for the purpose of clause 58.1 of the Constitution and for all other purposes, Mr Richard Hill, a Director, who retires by rotation, and being eligible, is re-elected as a Director.'

4. Resolution 3 – Election of Mr John Hodder as a Director

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

'That, for the purpose of clause 56.2 of the Constitution and for all other purposes, Mr John Hodder, a Director who was appointed on 8 June 2016, is elected as a Director.'

5. Resolution 4 – Election of Mr Luke Graham as a Director

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

'That, for the purpose of clause 56.2 of the Constitution and for all other purposes, Mr Luke Graham, a Director who was appointed on 19 September 2016, is elected as a Director.'

6. Resolution 5 – Ratification of Tranche 1 Placement Shares

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

*'That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 195,762,854 fully paid ordinary shares ("**Tranche 1 Shares**") in the capital of the Company, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'*

Voting Exclusion: 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 if it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 6 – Ratification of Tranche 2 Placement Shares

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

*'That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 137,180,509 fully paid ordinary shares ("**Tranche 2 Shares**") in the capital of the Company, on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting.'*

Voting Exclusion: 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 if it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 7 – Approval of Short Term Incentive Plan ("Plan")

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

*'That approval be given for the adoption by the Company of a Short Term Incentive Plan ("**Plan**"), the terms and conditions of which are summarised in the Explanatory Memorandum and, further, that approval be given for the purposes of Listing Rule 7.2 Exception 9 (and for all other purposes) for the issue of Shares under the Plan as an exception to Rule 7.1 of the Listing Rules for a period of 3 years from the date of this Meeting.'*

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Plan and any associates of such person. However, the Company need not disregard a vote if it is cast by that person as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form, or by the Chair as proxy for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit.

9. Resolution 8 – Approval of Issue of Shares to Mr Luke Graham under the Short Term Incentive Plan

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

'That, subject to Resolution 4 being approved by Shareholders and in accordance with ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, approval be given for the issue under the Plan to Mr Luke Graham (or his nominee), subject to the satisfaction of certain annual financial and non-financial key performance indicators, of such number of fully paid ordinary shares in the capital of the Company as are calculated under the formula set out in the Explanatory Memorandum to Resolution 8 in the Notice of Meeting.'

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the Plan and any associates of such person. However, the Company need not disregard a vote if it is cast by that person as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form, or by the Chair as proxy for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit.

10. Resolution 9 – Approval of Grant of Performance Rights to Mr Luke Graham

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

'That, subject to Resolution 4 being approved by Shareholders and in accordance with ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval be given for the grant of 55,000,000 Performance Rights to Mr Luke Graham (or his nominee), subject to satisfaction of relevant long term performance milestones, the details of which are set out in the Explanatory Memorandum to Resolution 9 in the Notice of Meeting.'

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Mr Graham and any of his associates. However, the Company need not disregard a vote if it is cast by that person as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form, or by the Chair as proxy for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit.

11. Resolution 10 – Approval of Additional 10% Placement Facility

To consider, and if thought fit, to pass as a **special resolution**:

'That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the 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 Memorandum accompanying this Notice of Meeting.'

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the 10% placement facility to which Resolution 10 relates and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed, and any of their Associates. However, the Company will 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 if 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.

Important note: The proposed allottees of any Equity Securities under this 10% placement facility are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case for any Equity Securities issued under this 10% placement facility), Shareholders must consider the proposal on the basis they may or may not get a benefit and it is possible their holding will be diluted, and there is no reason to exclude their votes.

NOTES

These notes form part of the Notice of Meeting.

1. Background information

To assist you in deciding how to vote on the Resolutions, background information to the resolutions is set out in the Explanatory Memorandum forming part of this Notice of Meeting.

2. Required Majorities

All of the Resolutions except Resolution 10 are **ordinary resolutions** and will be passed only if supported by a majority of the votes cast by Shareholders entitled to vote on the Resolutions in person, by proxy, or by an authorised representative.

Resolution 10 is a **special resolution** and will be passed only if supported by at least 75% of the votes cast by Shareholders entitled to vote on the resolution in person, by proxy, or by an authorised representative.

3. Recommendation

The Board believes Resolutions 1 to 10 are in the best interests of the Shareholders and (save where otherwise indicated in the Explanatory Memorandum) unanimously recommends Shareholders vote in favour of each of them.

4. Voting entitlements

The Directors have determined that, for the purpose of voting at the AGM, Shareholders eligible to vote at the AGM are those persons who are the registered holders of Shares at 9:00am (WST) on 22 November 2016.

5. How to vote

You may vote by attending the AGM in person, by proxy, or by an authorised representative.

6. Voting in person

To vote in person, attend the AGM on the date and at the place set out above. Shareholders are asked to arrive at the venue by 8.45am (WST) so the Company may check their Shareholding against the Company's Share register and note attendances.

7. Voting by proxy

A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy must appoint a representative to exercise any of the powers the body corporate can exercise as a proxy at the AGM. The representative should bring to the meeting evidence of their appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

If a Shareholder is entitled to cast two or more votes they may appoint two proxies and may specify the percentage of votes each proxy is appointed to exercise.

To vote by proxy, the Proxy Form (together with the original of any power of attorney or other authority, if any, or certified copy of that power of attorney or other authority under which the Proxy Form is signed) must be received at the Share Registrar **no later than 9:00am (WST) on 22 November 2016** (Proxy Forms received after that time will be invalid). Proxy Forms must be received before that time via any of the following methods:

Online:	www.investorvote.com.au
By Post:	Computershare Investor Services Pty Ltd GPO Box 242 Melbourne Victoria 3001 Australia
By Facsimile (inside Australia):	1800 783 447
By Facsimile (outside Australia):	+61 3 9473 2555

For Intermediary Online subscribers only (custodians) please visit <http://www.intermediaryonline.com> to submit your voting intentions. Any proxy form received after 9am (WST) on 22 November 2016 will not be valid for the AGM.

8. Voting by corporate representatives

A body corporate may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act. A certificate of appointment of the corporate representative will be sufficient for these purposes and must be lodged with the Company and/or the Share Registrar before the AGM or at the registration desk on the day of the AGM. Certificates of appointment of corporate representatives are available on request by contacting the Share Registrar on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

9. Questions from Shareholders

The Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management and performance of the Company.

Mr Phillip Murdoch of BDO Audit (WA) Pty Ltd, as the auditor responsible for preparing the Auditor's Report for the year ended 30 June 2016 (or his representative), will attend the AGM. The Chair will allow a reasonable opportunity for the Shareholders as a whole to ask the auditor questions at the meeting about:

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

To assist the Board and the auditor of the Company in responding to any questions you may have, please submit any questions you may have by fax or to the address below by no later than 9am (WST) on 18 November 2016.

By Post: PO Box 1217, West Perth, Western Australia 6872

By Facsimile: (08) 9485 2070 (within Australia)

By Facsimile: +61 8 9485 2070 (outside Australia)

In person: 35 Richardson Street, West Perth, Western Australia 6005

As required under section 250PA of the Corporations Act, at the meeting, the Company will make available those questions directed to the auditor received in writing at least 5 business days prior to the AGM, being questions which the auditor considers relevant to the content of the Auditor's Report or the conduct of the audit of the annual Financial Report for the year ended 30 June 2016. The Chair will allow a reasonable opportunity for the auditor to respond to the questions set out on this list.

10. Annual Report

The Company advises a copy of its Annual Report for the year ended 30 June 2016 is available to download at the website address, <http://www.strandline.com.au>

When you access the Company's Annual Report online, you can view it and print a copy.

Please note if you have elected to continue to receive a hard copy of the Company's annual reports, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the AGM.

However, if you did not elect to continue to receive a hard copy of the Company's annual reports and now (or sometime in the future) wish to receive a hard copy of the Company's annual reports, please contact the Share Registrar on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

11. Enquiries

Shareholders are invited to contact the Company Secretary, Mr Geoff James on +61 8 9226 3130 if they have any queries on the matters set out in these documents.

By order of the Board

Date 13 October 2016

Signed 
 Name Geoff James
 Company Secretary

The Notice of Meeting, Explanatory Memorandum and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum and all attachments are important documents and should be read carefully. If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice of Meeting please contact the Company, your stockbroker or other professional adviser.

This Explanatory Memorandum has been prepared for Shareholders in connection with the AGM of the Company to be held on Thursday, 24 November 2016.

The purpose of this Explanatory Memorandum is to provide Shareholders with information the Board believes to be material to Shareholders in deciding whether or not to approve the resolutions detailed in the Notice of Meeting.

1. Financial Reports

The Corporations Act requires the annual Financial Report, Directors' Report, and the Auditor's Report to be received and considered at the AGM. Refer to section 10 of the Notes of the Notice of Meeting as to how to obtain a copy of the Annual Report.

The Corporations Act does not require Shareholders to vote on the Annual Report. However, Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within the Annual Report.

The Company's auditor, BDO Audit (WA) Pty Ltd, will be present at the AGM and Shareholders will have the opportunity to ask the auditor questions in relation to the conduct of the audit, the preparation and content of the Auditor's Report, the Company's accounting policies and the independence of the auditor in relation to the conduct of the audit.

2. Resolution 1 - Adoption of the Remuneration Report

The Annual Report for the year ended 30 June 2016 contains the Remuneration Report which:

- (a) sets out the remuneration policy for the Company;
- (b) discusses the relationship between the remuneration policy and the Company's performance; and
- (c) details the remuneration arrangements of Key Management Personnel, including the Managing Director, senior executives and non-executive Directors.

The Remuneration Report is contained within the Directors' Report in the Company's Annual Report, which can be found in the annual report section of the website at <http://www.strandline.com.au>

Voting on the adoption of the Remuneration Report is for advisory purposes only and will not bind the Directors or the Company. The Chair will allow reasonable opportunity for Shareholders to ask questions about, or comment on, the Remuneration Report at the meeting.

Although voting on the adoption of the Remuneration Report is for advisory purposes only, if there are two consecutive votes at annual general meetings of the Company against the Company's remuneration report of 25% or more (each year's votes being considered a **Strike**), at the second consecutive annual general meeting at which a Strike occurs (**Second Strike**), a resolution must be put to Shareholders to hold another meeting where each Director is nominated for re-election (**Spill Resolution**). If the Spill Resolution is passed, then the Company is required to hold an additional general meeting (**Further Meeting**) within 90 days of the Spill Resolution. At the Further Meeting all Directors (excluding the Managing Director) must be nominated for re-election.

Section 250R(4) of the Corporations Act prohibits any votes on this Resolution being cast by Key Management Personnel (or their Associates) whose remuneration details are disclosed in the Remuneration Report. However, an exception to this prohibition exists to enable the Chair to vote Shareholders' undirected proxy votes. In this regard, you should specifically note that if you

appoint the Chair as your proxy and you indicate on the Proxy Form you do not wish to specify how the Chair should vote on Resolution 1, the Chair will cast your votes in favour of Resolution 1. **If you wish to appoint the Chair as your proxy but do NOT want your votes to be cast in favour of Resolution 1, you must indicate your voting intention by marking either 'against' or 'abstain' against Resolution 1 in the Proxy Form.**

3. Resolutions 2 to 4 – Election of Directors

3.1 Background

Clause 58.1 of the Constitution requires that at each annual general meeting of the Company, one third of the Directors (to the nearest whole number), must retire from office. A retiring Director is eligible for re-election. Mr Richard Hill retires in accordance with clause 58.1 of the Constitution and, being eligible, has offered himself for re-election. Mr Didier Murcia, Mr Asimwe Kabunga and Mr Tom Eadie remain as Directors.

Mr John Hodder was appointed as a Director by the Board on 8 June 2016 and Mr Luke Graham was appointed as Managing Director by the Board on 19 September 2016. In accordance with clause 56.2 of the Constitution, a Director appointed by the Board holds office until the next annual general meeting and is then eligible for election. Each of Mr Hodder and Mr Graham seek election as a Director.

Subject to Resolutions 2 to 4 being passed, after the AGM the Board will comprise Mr Didier Murcia, Mr Luke Graham, Mr Richard Hill, Mr Asimwe Kabunga, Mr Tom Eadie and Mr John Hodder.

Details on each of Mr Hill's, Mr Hodder's, and Mr Graham's respective background including experience, knowledge and skills are set out in this Explanatory Memorandum.

The Board considers the mix of executive and non-executive Directors collectively brings the range of skills, knowledge and experience necessary to direct the Company.

3.2 Re-election of Mr Richard Hill

Mr Richard Hill was appointed as a Director of the Company on 23 October 2014, a position he has continued to hold. With effect from the conclusion of this AGM, and subject to Resolution 2 being passed, Mr Hill will remain a Director.

Mr Hill retires in accordance with clause 58.1 of the Constitution and offers himself for re-election as a Director of the Company.

Mr Hill is a geologist and solicitor with 20 years' experience in the resources industry. He has performed roles as legal counsel, geologist and commercial manager for several major and mid cap Australian mining companies and as founding director for a series of successful ASX-listed companies. He has practical geological experience as a mine based and exploration geologist in a range of commodities. He is currently the Chairman of Genesis Minerals Limited.

The Board (with the exception of Mr Hill) recommends Shareholders vote in favour of Resolution 2.

3.3 Election of Mr John Hodder

Mr John Hodder was appointed as a Director by the Board on 8 June 2016 in accordance with clause 56.1 of the Constitution. In accordance with clause 56.2 of the Constitution, a Director appointed by the Board holds office until the next annual general meeting and is then eligible for election.

In accordance with clause 56.2 of the Constitution, Mr Hodder offers himself for election as a Director.

Mr Hodder is a geologist, director and fund manager with over 20 years' experience in the Resources Industry. He is a principal of mining focused Tembo Resource Fund. He has served as a director of a number of junior mining companies and has significant experience of operating and investing in Africa. He previously established the Commonwealth Development Corporation (CDC) mining, oil and gas investment in 1995 and was responsible for its activities for eight years. He is currently the non-executive director of Regal Resources Limited.

The Board (with the exception of Mr Hodder) recommends Shareholders vote in favour of Resolution 3.

3.4 Election of Mr Luke Graham

Mr Luke Graham was appointed Managing Director and Chief Executive Officer by the Board on 19 September 2016 in accordance with clause 56.1 of the Constitution. In accordance with clause 56.2 of the Constitution, a Director appointed by the Board holds office until the next annual general meeting and is then eligible for election.

In accordance with clause 56.2 of the Constitution, Mr Graham offers himself for election as a Director.

Mr Graham is an engineer with over 20 years' experience in the resources sector. He was formerly Regional Manager of global minerals engineering and project delivery company Sedgman Pty Limited (a member of the CIMIC Group). He has extensive experience in major project development and delivery including mineral sands projects, and successfully managing multi-functional operations.

The Board (with the exception of Mr Graham) recommends Shareholders vote in favour of Resolution 4.

4. Resolutions 5 to 6 – Ratification of Tranche 1 and Tranche 2 Placement Shares

4.1 Background

On 24 May 2016, Strandline announced the execution of a Strategic Relationship and Subscription Agreement ("SRSA") with Ndovu Capital VII B.V., a company which is part of the Tembo Capital private equity fund group (collectively "Tembo") that specialises in mining focused investment into developing countries and has a strong track record of identifying and supporting emerging resource companies.

Under the SRSA, Tembo agreed to cornerstone a \$6.6M funding package consisting of an up-front investment and a fully underwritten pro-rata renounceable rights issue to advance the Group's key Tanzanian mineral sands projects.

Pursuant to the SRSA, Strandline completed a share placement to Tembo in June 2016 of 332,943,363 new Ordinary Strandline shares at 0.7c each (being a 17% premium to the last market price of 0.6c prior to the announcement of the SRSA), resulting in the receipt by the Company of approximately \$2.3 million in equity funding ("Placement"). The shares for the Placement were issued under the ASX Listing Rules as follows:

- 195,762,854 shares were issued under Listing Rule 7.1 (**Tranche 1 Shares**) and are the subject of Resolution 5; and
- 137,180,509 shares were issued under Listing Rule 7.1A (**Tranche 2 Shares**) and are the subject of Resolution 6.

Resolutions 5 and 6 seek Shareholder ratification of the issue of the Tranche 1 and Tranche 2 Shares.

4.2 ASX Listing Rules 7.1 and 7.1A

Subject to certain exceptions, Listing Rule 7.1 prevents a company from issuing or agreeing to issue new securities, or other securities with rights of conversion to equity (such as an option), in any 12 month period which amount to more than 15% of the company's ordinary securities on issue without shareholder approval.

Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution at the company's annual general meeting, to issue equity securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting (10% Placement Capacity).

Approval for the 10% Placement Capacity may only be obtained at the company's annual general meeting. The Company previously received Shareholder approval for the 10% Placement Capacity at the annual general meeting held on 27 November 2015.

4.3 ASX Listing Rule 7.4

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval under Listing Rules 7.1 and 7.1A provided the issue did not breach Listing Rules 7.1 and 7.1A. The effect of such ratification is to restore a company's maximum discretionary power to issue further securities up to the limit imposed by Listing Rules 7.1 and 7.1A. The Company confirms the issue of the Tranche 1 and Tranche 2 Shares the subject of Resolutions 5 and 6 did not breach Listing Rules 7.1 or 7.1A.

The Company wishes to ratify the issue of the Tranche 1 and Tranche 2 Shares the subject of Resolutions 5 and 6 pursuant to Listing Rule 7.4, in order to allow the Company to have the right to place up to a further 15% of its issued capital under Listing Rule 7.1 and the right to place up to a further 10% of its issued capital under Listing Rule 7.1A.

The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) on 7 June 2016 the Company issued a total of 332,943,363 fully paid ordinary shares consisting of 195,762,854 Tranche 1 Shares and 137,180,509 Tranche 2 Shares;
- (b) the Tranche 1 and Tranche 2 Shares were issued for \$0.007 each, raising a total of \$2.3 million (before costs);
- (c) the Tranche 1 and Tranche 2 Shares are fully paid ordinary shares that rank equally in all respects with the Company's existing Shares;
- (d) the Tranche 1 and Tranche 2 Shares were issued to Ndovu Capital VII B.V. (part of the Tembo mining fund);
- (e) the Tranche 1 and Tranche 2 Shares were issued to fund the advancement of the Company's mineral sands projects in Tanzania as set out in the ASX announcement dated 24 May 2016; and
- (f) a voting exclusion statement has been included in the Notice of Meeting for the purposes of Resolutions 5 and 6.

4.4 Directors' Recommendation

The Directors believe Resolutions 5 and 6 are in the best interests of the Company and its Shareholders and unanimously recommend Shareholders vote in favour of the Resolutions.

5. Resolution 7 – Approval of Short-Term Incentive Plan (“Plan”)

5.1 Background

The Directors of the Company have resolved to adopt a Short-Term Incentive Plan (“Plan”) for executives and key management personnel, a copy of which is attached. The purpose of the Plan is to assist in the recruitment, reward, retention and motivation of executive-level employees of the Company and encourage achievement of short term strategic business objectives and ownership of shares in the Company by those employees.

Resolution 7 seeks Shareholder approval for the purpose of Listing Rule 7.2 Exception 9, the Corporations Act and for all other purposes, including the issue of Shares under the Plan as an exception to Listing Rule 7.1. Under the Listing Rules, such an approval will be valid for a period of 3 years commencing on the date of the Meeting (i.e. issues of Shares under the Plan will for a period of 3 years be excluded from the calculations in determining the number of securities the Company can issue without Shareholder approval under the 15% limit in Listing Rule 7.1).

The rules of the Plan are attached to and form part of this Explanatory Memorandum.

5.2 Listing Rule 7.2 – Summary of the Plan

A summary of the main provisions of the Plan is set out below:

- (a) the Board of Directors may determine which Company employees (which includes any Directors who are also full time employees) and contractors are entitled to participate in the Plan and the extent of their participation;
- (b) the Board will set key performance indicators annually for each participant, which will include important financial and non-financial strategic performance-related targets;
- (c) the Board will review the performance of participants annually in meeting the key performance indicators applicable to them for that relevant year and will determine their entitlement to any bonus under the Plan;
- (d) a minimum percentage of that bonus payment (as determined by the Board) must be taken in cash and the balance will, subject to the terms and conditions of the Plan, applicable law and the Listing Rules, be available to be taken as Shares at a deemed issue price per Share determined by the Board. The Board will, in notifying participants as to their bonus entitlements and providing the above information, be deemed to have made an offer to each such participant to subscribe for up to the maximum number of Shares calculated by multiplying the deemed issue price per Share by the balance of the relevant bonus payment (once the minimum cash payment has been subtracted). The participant may then elect the extent to which it wishes to accept that offer and take Shares (as opposed to cash) by way of bonus payment. The relevant cash bonus payment (and, if applicable, issue of Shares) under the Plan will occur by the 15th of August in the relevant calendar year in which the bonus is payable;
- (e) the Board of Directors may offer Shares to any eligible person at the time and on the terms the Board considers appropriate however, under the Listing Rules no Shares may be issued to Directors of the Company, whether under the Plan or otherwise, without prior shareholder approval;
- (f) all Shares issued under the Plan will rank equally in all respects with the existing fully paid ordinary shares in the Company and, in particular, entitle holders to participate fully in dividends declared by the Company after the date of issue and all issues of securities made or offered pro-rata to holders of shares;

- (g) the Company will apply for official quotation of the Shares immediately on issue and will issue, where required to enable Shares to be freely tradeable on the ASX (subject to any Restriction Period), a cleansing statement under Section 708A(5) of the Corporations Act at the time Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will use reasonable endeavours to prepare and lodge a prospectus in relation to the Shares with ASIC which complies with the requirements of the Corporations Act and allows the Shares to be freely tradeable on the ASX (subject to any Restriction Period);
- (h) the Board may determine that, upon a change of control event, a participant is entitled to receive a payment under the Plan which corresponds to the level to which the Board considers the relevant annual key performance indicators for the year in question had by that time been achieved; and
- (i) the Board may amend, terminate or suspend the Plan at any time.

5.3 Listing Rule 7.2 – Number of securities issued under the Plan since the last approval

No securities have been issued under the Plan prior to the date of this Meeting.

5.4 Listing Rule 7.2 – Voting Exclusion Statement

A voting exclusion statement has been included in the Notice for the purposes of Resolution 7.

5.5 Directors' Recommendation

All the Directors recommend that Shareholders vote in favour of Resolution 7, with the exception of Mr Graham who abstains from making a recommendation in that regard on the basis that he is liable to participate in the Plan if it is approved by Shareholders.

6. Resolution 8 – Approval of Issue of Shares to Mr Luke Graham under the Plan

6.1 Background

Mr Luke Graham was appointed as the Company's Managing Director and Chief Executive Officer on 19 September 2016. As part of Mr Graham's terms of employment with the Company, the Board has (subject to obtaining all necessary approvals from shareholders) notified Mr Graham that he is eligible to participate in the Plan. Under the terms of that notice, Mr Graham's entitlement to incentivisation under the Plan will be subject to the achievement of a series of both financial and non-financial annual key performance indicators ("KPIs"). Those KPIs will be set and agreed annually between Mr Graham and the Board, on the basis that they should be reasonable, realistic and achievable.

KPIs for the financial year ended 30 June 2017 have not yet been established as at the date of this Explanatory Memorandum. However, the Board currently expects that those KPIs will be finalised in conjunction with Mr Graham no later than 30 November, having regard to matters which are expected to include, but not be limited to, the following:

- the overall financial performance of the Company;
- the achievement of key developmental and/or resource base milestones in relation to the Company's key projects;
- the execution of value-accretive initiatives and tactical actions consistent with the long-term strategic direction of the Company as agreed between the Board and Mr Graham; and
- key workplace health and safety and environmental metrics (including achieving annual targets set for matters such as lost time due to injuries in relation to the Company's operations).

Under the terms of the notice given by the Board to Mr Graham, the maximum annual incentive that Mr Graham is eligible to receive under the Plan is an amount equal to 50% of his Annual Base Salary, which is currently \$330,000 (inclusive of superannuation). Accordingly, the maximum annual amount to which Mr Graham would currently be eligible to receive under the Plan is \$165,000 (inclusive of superannuation).

With respect to each relevant annual payment to which he becomes entitled under the Plan, Mr Graham may elect to receive the payment:

- (a) in cash only; or
- (b) in a combination of cash and Shares in the Company (provided that the relevant cash component must be no less than 33% of the total payment).

In each relevant year to which Mr Graham becomes entitled to a bonus under the Plan, the cash component of that bonus will be paid to him, and the Share-based component will be issued to him, no later than 15 August.

To the extent that Mr Graham elects to receive Shares in the Company, the number of Shares issued will be determined by dividing the amount of the payment Mr Graham elects to receive as Shares, by the deemed price per Share. The deemed price per Share will be the volume weighted average price ("VWAP") for the Company's Shares traded on ASX for the period 1 June until 31 July in the year to which the relevant payment relates.

Resolution 8 seeks Shareholder approval to the grant of Shares to Mr Graham pursuant to the Plan, subject to achievement of applicable KPIs and otherwise on the basis explained in section 6.4 of this Explanatory Memorandum. Resolution 8 is subject to and conditional on Shareholders having approved Resolution 4.

6.2 Chapter 2E

Chapter 2E of the Corporations Act prohibits the giving of financial benefits to related parties of a public company (the definition of which includes directors of the public company) unless an exception applies. The issue of securities to a Director or their nominee constitutes the giving of a financial benefit to a related party of the Company for the purposes of Chapter 2E.

The Board has considered the proposed grant of cash and non-cash benefits to Mr Graham pursuant to the Plan and has formed the view that the grant of such benefits falls within the "reasonable remuneration" exception to the requirement for Shareholder approval under Chapter 2E of the Corporations Act, having regard to a number of factors including the guidance in ASIC Regulatory Guide 76: Related Party Transactions.

Therefore the Company is of the view that it is not required to seek Shareholder approval under Chapter 2E of the Corporations Act as regards Resolution 8.

6.3 Listing Rule 10.14

Listing Rule 10.14 prohibits a company from allowing a Director to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition. Mr Graham is the Managing Director and Chief Executive Officer of the Company and, accordingly, approval is required under Listing Rule 10.14 for him to be issued with Shares under the Plan. Approval pursuant to Listing Rule 7.1 is not required in order to issue such Shares to Mr Graham, as approval is being obtained under Listing Rule 10.11. Accordingly, Shareholders should note that the potential issue of Shares to Mr Graham under the Plan will not be included in the 15% calculation imposed by Listing Rule 7.1.

Listing Rule 10.14 also provides that the notice of meeting to obtain the relevant approval must comply with either Listing Rule 10.15 or 10.15A, each of which specifies particular information to be provided in connection with the approval.

6.4 Technical information provided in accordance with Listing Rule 10.15A as regards to shares to be issued to Mr Graham under the Plan

For the purposes of Listing Rule 10.15A, the following information is provided in connection with Resolution 8:

- (a) the formulae for calculating the maximum number of Shares to be issued to Mr Graham on an annual basis are as follows:

- (i) Part 1 – Calculation of total value of Shares

$$SV = BE - CV$$

Where:

SV is the maximum value of the Shares to be issued to Mr Graham;

BE is the value of the bonus entitlement determined by the Board; and

CV is the value of the minimum cash portion of the bonus entitlement determined by the Board;

- (ii) Part 2 – Calculation of total number of Shares

$$OS = SV/DSP$$

Where:

OS is the maximum number of Shares to be issued to Mr Graham, which is not to exceed 20,000,000 Shares per year. The maximum number of Shares to be issued to Mr Graham over the 3 year period of the Plan is not to exceed 60,000,000 Shares;

SV is the value referred to above; and

DSP is the deemed price per Share, which will be the volume weighted average price ("VWAP") for the Company's Shares traded on ASX for the period 1 June until 31 July in the year to which the relevant bonus payment under

the Plan relates.

- (b) The issue price of the Shares will be the deemed price per Share, as set out in paragraph (a) above.
- (c) Subject to Shareholder approval of Resolution 8, the Shares to which Mr Graham may become entitled under the Plan will be issued to him no later than the 15th of August in each relevant year. As Shares issued pursuant to an approval under Listing Rule 10.14 must be issued within 3 years after the date of the meeting at which such approval is obtained, no Shares are intended to be issued to Mr Graham (without additional approval by Shareholders) as regards the financial years following the financial year ending 30 June 2018.
- (d) No persons have previously received securities under the Plan as at the date of this Notice.
- (e) Mr Graham is the only person to whom Listing Rule 10.14 relates who is currently entitled to participate in the Plan.
- (f) A voting exclusion statement is included in the Notice.
- (g) No loan arrangements apply in relation to the acquisition.
- (h) Details of any shares issued under the Plan to Mr Graham will be published in each annual report of the Company relating to the period in which the Shares have been issued, and such annual report will state that approval for the issue of the Shares was obtained under Listing Rule 10.14.
- (i) Any additional persons who become entitled to participate in the Plan after Resolutions 7 & 8 are approved and who are not named in this Notice will not participate until shareholder approval is obtained under Listing Rule 10.14.

Other than the information above and otherwise in this Explanatory Memorandum, the Company believes there is no other information that would be reasonably required by Shareholders to consider Resolution 8.

7. Resolution 9 – Approval of Grant of Performance Rights to Mr Luke Graham

7.1 General

The Company proposes to grant 55,000,000 Performance Rights (“PRs”) to Luke Graham (or his nominee) by way of long-term incentivisation. Mr Graham is the Managing Director and Chief Executive Officer of the Company. The purpose of Resolution 9 is to approve the grant of 55,000,000 PRs to Mr Graham. Resolution 9 is subject to and conditional on Shareholders having approved Resolution 4.

The PRs proposed to be granted to Mr Graham were formulated as part of Mr Graham’s employment arrangements with the Company and approved by the Board. They reflect the level of commitment to be provided by him to the Company in assisting it to achieve certain specified performance objectives, taking into account the responsibilities of Mr Graham and the time commitment required from him. The PRs to be granted also reflect the value the Board believes Mr Graham brings to the Company.

The grant of PRs to Mr Graham is intended to:

- (a) provide an appropriate and adequate incentive for Mr Graham to assist the Company to achieve prescribed performance milestones;
- (b) provide a cost effective and efficient form of remuneration when compared to the payment of cash consideration;
- (c) ensure the Company retains the services and experience of Mr Graham; and
- (d) reinforce Mr Graham’s commitment to the Company.

Upon satisfaction of the performance conditions, the PRs will vest and Mr Graham will be issued with a corresponding number of Shares without being required to pay any monetary consideration. The PRs will be offered to Mr Graham for no cash consideration. The Board considers it is appropriate for part of Mr Graham’s remuneration package to comprise non-cash, incentive based remuneration.

The PRs will only vest if certain performance conditions are met, as outlined in the below and explained further in the text which immediately follows it:

Tranche	Total Shareholder Return ("TSR") performance measurement period (24 month period)	Maximum number of Performance Rights to vest	Issue price calculation period (2 month period)	Vesting date
1	1 July 2016 – 30 June 2018	For Category A TSR performance - nil For Category B TSR performance –13,750,000 For Category C TSR performance – 27,500,000	1 June 2018 – 31 July 2018	15 August 2018
2	1 July 2017 – 30 June 2019	For Category A TSR performance - nil For Category B TSR performance –13,750,000 For Category C TSR performance – 27,500,000	1 June 2019 – 31 July 2019	15 August 2019

Explanation of performance conditions

At the end of each tranche's performance measurement period, the Board will rank the Company's Total Shareholder Return (TSR), being the increase in the Company's share price during that performance measurement period (as adjusted for any applicable share consolidation, share split and dividend payment, to the extent relevant to that period) against a peer group of other companies as determined by the Board. The percentage of performance rights in each respective tranche that will vest will depend upon the Company's TSR performance relative to the companies in the peer group, which will constitute Category A, B or C TSR performance, as set out below:

- (a) **Category A TSR performance:** if the Company's TSR is at/or below the 45th percentile of the peer group of companies' TSR, no PRs will vest.
- (b) **Category B TSR performance:** If the Company's TSR ranks between the 46th and 50th percentile (inclusive) of the peer group of companies' TSR, for each percentile over the 45th percentile, 10% of the PRs will vest (up to a maximum of 50% for this Category).
- (c) **Category C TSR performance:** For each 1% ranking at or above the 51st percentile of the peer group of companies' TSR, an additional 2% of the PRs will vest (up to a maximum of 100%, which vest at or above the 75th percentile).

The Board will select the peer group of companies based on the following factors:

- (a) it represents a reasonable cross section of resource companies with reasonably comparable market capitalisation, resource base and stage of development to that of the Company; and
- (b) the group is primarily focused on developing industrial minerals projects.

The Board will also nominate an additional five suitable replacement companies ("the reserve group"). Where a company in the peer group is delisted, merges or ceases in the Board's reasonable opinion to be suitable for comparative purposes, it will, subject to the Board's discretion, be replaced by a company from the reserve group. The peer group and reserve group may be varied from time to time by the Board in its absolute discretion.

The Board will have an additional discretion in special circumstances, where it believes that the Company's TSR performance as calculated and categorised above in relation to a particular performance measurement period does not reflect the true achievement in generating shareholder value and executing long-term strategies, to increase the number of Mr Graham's PRs which are deemed to vest as at the relevant vesting date (provided that in no circumstances will more than 27,500,000 PRs be liable to vest in connection with either Tranche 1 or 2, or with respect to any vesting date).

7.2 ASX Listing Rules and Corporations Act

The Listing Rules and the Corporations Act require shareholder approval to be obtained for the grant of PRs to Directors. Accordingly approval for the grant of the PRs to Mr Graham is sought in accordance with the provisions of Listing Rule 10.11 and Chapter 2E of the Corporations Act.

The proposed Resolution 9, if passed, will approve the grant of securities to and confer financial benefits upon a Director of the Company. The Company seeks to obtain shareholder approval in accordance with the requirements of section 208 of the Corporations Act and Listing Rule 10.11. Accordingly, information required under the Listing Rules and the Corporations Act as

well as information that will properly enable shareholders to consider Resolution 9 is presented below.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party it must generally obtain the prior approval of its shareholders. A “related party” for the purposes of the Corporations Act includes a director of a public company. A “financial benefit” for the purposes of the Corporations Act is widely defined and includes a public company granting PRs to a related party. The granting of PRs to a Director as contemplated by Resolution 9 constitutes the giving of a financial benefit and accordingly, the Company is seeking shareholder approval under section 208 of the Corporations Act to approve the grant of the PRs to Mr Graham.

Listing Rule 10.11 provides that a company must not issue or agree to issue equity securities to a related party of the company, such as a director, without the company first obtaining the approval by ordinary resolution of its shareholders. Approval pursuant to Listing Rule 7.1 is not required in order to grant the PRs to Mr Graham, as approval is being obtained under Listing Rule 10.11. Accordingly, Shareholders should note that the grant of PRs to Mr Graham will not be included in the 15% calculation imposed by Listing Rule 7.1.

The Shares issued on any vesting of the PRs will be issued on the same terms as all other ordinary shares of the Company currently on issue.

7.3 Information required under Chapter 2E of the Corporations Act

The following information is provided pursuant to section 219 of the Corporations Act in relation to Resolution 9:

- (a) The related party to whom the PRs will be granted is Mr Luke Graham (or his nominee). The nominee must be approved by the Board. Mr Graham is a related party by virtue of being the Managing Director of the Company.
- (b) The nature of the financial benefit to be granted to Mr Graham (or his nominee) is the right to receive 55,000,000 PRs, and the issue of a maximum number of 55,000,000 Shares upon the vesting of those PRs, for no cash consideration. The Company has valued the PRs to be granted to Mr Graham using the Black-Scholes Model. The value of the PRs calculated by the Black-Scholes Model is a function of the closing share price at the valuation date. The valuation of the PRs has been prepared using the following assumptions:
 - (i) valuation date is 12 October 2016;
 - (ii) exercise price is nil;
 - (iii) expiration dates are (in accordance with the vesting dates specified in section 7.1 above - Tranche 1: 1 August 2018; Tranche 2: 1 August 2019);
 - (iv) expected life of the PR instrument is 2 years;
 - (v) current share price at date of valuation is \$0.006; and
 - (vi) dividend yield is nil.

Model input variables such as share price volatility and market interest rates have no effect on the valuation since no consideration is to be paid by the holder of the PRs upon vesting. As such, the PRs are valuable to the holder so long as there is some value in the underlying share. Therefore, the value of the PRs is the 5 day VWAP for Shares as at the valuation date.

Based on the assumptions, it is considered that the estimated average value of the PRs to be granted to Mr Graham is \$0.006 per PR which gives a total valuation of \$330,000.

- (c) In the 12 months before the date of this Notice of Meeting, the highest, lowest and last trading price of Shares on the ASX are as set out below:

	Date	Price
Highest	26 October 2015	\$0.012
Lowest	7 June 2016	\$0.004
Last trading price	12 October 2016	\$0.006

- (d) The proposed grant of the PRs to Mr Graham will be made pursuant to the terms and conditions set out in section 7.7 of this Explanatory Memorandum.
- (e) Mr Graham has a material personal interest in the outcome of Resolution 9 as he (or his nominee) will be the recipient of the PRs. Accordingly Mr Graham does not wish to provide a recommendation for the Resolution. The other Directors, who do not have an interest in the outcome of Resolution 9, recommend Shareholders approve Resolution 9 as they are of the view the grant of PRs to Mr Graham (or his nominee) is appropriate to assist the Company in retaining his services and directly aligning his long term interest with the strategic objectives of the Company. The Directors (other than Mr

Graham) considered Mr Graham's experience, the current market price of the Shares and current market practice when determining the performance conditions and the number of PRs to be granted to Mr Graham (or his nominee).

- (f) Each Director voted in favour of the decision to grant the PRs the subject of Resolution 9 to Mr Graham. The Board's decision to grant the PRs to Mr Graham was made subject to Shareholder approval being sought under Chapter 10 of the Listing Rules and Chapter 2E of the Corporations Act.
- (g) As at the date of this Notice of Meeting, neither Mr Graham nor any of his associates hold any Shares (whether directly or indirectly).
- (h) As at the date of this Notice of Meeting, the capital structure of the Company is as follows:

Capital	Number
Ordinary shares	2,571,406,224
Options exercisable at various prices	1,003,466,214
Performance Rights exercisable upon achievement of all performance conditions	4,782,000

If Shareholders approve Resolution 9 contained in this Notice of Meeting the issued capital of the Company will be as follows¹:

Capital	Number
Ordinary shares	2,571,406,224
Options exercisable at various prices	1,003,466,214
Performance Rights exercisable upon achievement of all performance conditions	59,782,000

¹ The above capital structure excludes any Shares issued under Resolution 8

- (i) If Resolution 9 is passed and Mr Graham's PRs vest into Shares, the effect will be to dilute the shareholding of existing Shareholders by approximately 2.14% on an undiluted basis and based on the number of Shares on issue, assuming that no existing options are exercised, no performance rights having been granted as at the date of this Notice of Meeting vest into Shares and no other securities are issued by the Company in the meantime.
- (j) The Directors (other than Mr Graham) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the PRs to Mr Graham upon the terms proposed.
- (k) The Directors have determined that under the terms of the employment agreement for Mr Graham, he will be paid a remuneration package of \$330,000 per annum (inclusive of superannuation). Such amount is reviewable by the Board on an annual basis (but is not liable to be reduced). No other Director fees will be paid to Mr Graham.
- (l) Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolution 9.

7.4 Information Required Under Listing Rule 10.11

For the purposes of Listing Rule 10.11, the following information is provided in relation to the grant of PRs pursuant to Resolution 9 as required by Listing Rule 10.13:

- (a) The PRs will be granted to Mr Luke Graham (or his nominee), a related party of the Company.
- (b) The maximum number of PRs to be granted by the Company to Mr Graham (or his nominee) is 55,000,000.
- (c) The PRs will be granted not later than 1 month after the date of the Annual General Meeting in which Resolution 9 is passed (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) The PRs will be granted for nil consideration as they are being granted as part of Mr Graham's Managing Director's remuneration package which provides a material incentive for Mr Graham's ongoing commitment and dedication to the growth of the Company.
- (e) The PRs will be issued on the terms and conditions set out in section 7.7 of this Explanatory Memorandum.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised by the grant of the PRs or issue of Shares on vesting.

7.5 Potential Costs – Grant of PRs

Australian International Financial Reporting Standards require PRs that are issued to related parties to be expensed in accordance with AASB 2 – Share Based Payments.

Expensing these PRs will have the effect of increasing both the expenses and the contributed equity of the Company. There will be no impact on the net assets or the cash position or financial resources of the Company as result of expensing these PRs.

7.6 Taxation Consequences

There are no tax implications for the Company issuing these PRs.

7.7 Terms and Conditions of the PRs

Subject to shareholder approval, the PRs will be granted on the following terms:

- (a) A person who accepts an offer of PRs (the 'holder'), will not pay any consideration for the grant of the PRs.
- (b) Each PR entitles the holder to be issued with one Share upon vesting of that PR.
- (c) PRs may be issued to a nominee of the holder, subject to approval by the Board in its absolute discretion.
- (d) PRs will only vest if the performance conditions, as specified in section 7.1 of this Explanatory Memorandum, are satisfied on or before the applicable vesting date.
- (e) The holder of vested PRs will be issued with a corresponding number of Shares without being required to pay any consideration.
- (f) PRs will expire 2 years from the grant date (in the case of the Tranche 1 PRs) and 3 years from the grant date (in the case of the Tranche 2 PRs) ('expiry date').
- (g) PRs lapse on the earlier to occur of:
 - (i) where performance conditions have not been satisfied on or before the vesting date;
 - (ii) if a holder ceases to be a Director or employee of the Company;
 - (iii) the day the Board makes a determination that PRs lapse due to breach, fraud or dishonesty; and
 - (iv) the expiry date.
- (h) Unvested PRs will become vested PRs upon a change of control event, which is defined as:
 - (i) a takeover bid being made to acquire Shares in the Company and such bid being declared unconditional; or
 - (ii) a greater than 50% change in the shareholding of the Company from that which existed at the date the relevant PRs were granted; or
 - (iii) any merger transaction or scheme of arrangement is recommended by the Board (where such transaction would have the effect contemplated in (ii) above).
- (i) A PR does not confer on the holder the right to participate in new issues of Shares by the Company, including by way of bonus issue, rights issue or otherwise.
- (j) All Shares issued upon exercise of the PRs will rank equally in all respects with Shares previously issued. The Company will apply for official quotation or listing of those Shares on ASX.
- (k) The Company will not apply for official quotation of any PRs.
- (l) The PRs are not transferable except if the holder dies.
- (m) If the Company makes a bonus issue of Shares pro rata to Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Shares have been registered in the name of the holder for a PR held by the holder before the record date for determining entitlements to the bonus issue, then the number of Shares to which the PR relates will be increased by the number of Shares which the holder would have received under the bonus issue if the PR had vested immediately prior to the record date for the bonus issue.
- (n) On a reorganisation of the Company's capital, the rights of the holder will be changed to the extent necessary to comply with the Listing Rules.

7.8 Voting Exclusion Statement

A voting exclusion applies to Resolution 9 in the terms set out in the Notice of Meeting.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on these Resolutions.

8. Resolution 10 – Approval of Additional 10% Placement Facility

8.1 Background

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

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as at the time of this Notice of Meeting and expects to be so at the date of the Annual General Meeting.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 8.2(c) below).

The Company intends to use the consideration from any Shares issued under the 10% Placement Facility to raise funds for the acquisition of new assets (including the expenses associated with such acquisition), continued exploration, feasibility study and project development expenditure on the Company's current assets and/or for general working capital.

The Board believes the 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's Share capital during the next 12 months. Accordingly, the Directors of the Company believe Resolution 10 is in the best interests of the Company and unanimously recommend Shareholders vote in favour of this Resolution.

8.2 Requirements of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue three classes of Equity Securities, being Shares (ASX Code: STA) unlisted options and performance rights.

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

Where:

- A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:
- (A) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (B) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
 - (C) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4;
 - (D) less the number of fully paid ordinary shares cancelled in the 12 months.

Note: A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

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

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 2,571,406,224 Shares. If Resolution 10 is passed, the Company will be permitted to issue (as at the date of this Notice):

- (i) Equity Securities under Listing Rule 7.1; and
- (ii) Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 8.2(c))

above).

(e) Minimum Issue Price

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

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

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period)

8.3 Effect of Resolution 10

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

Resolution 10 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

8.4 Specific information required by Listing Rule 7.3A

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

- (a) The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days on which trades in that class were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 10 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are exercised) to the extent Shareholders do not receive any Shares under the issue. There is a risk:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the AGM; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

- (c) The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice. The table also shows:
 - (i) calculations where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
 - (ii) calculations where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.003 50% decrease in Issue Price	\$0.006 Current Market/ Issue Price	\$0.009 50% increase in Issue Price
Current Variable A 2,571,406,224 Shares	10% Voting Dilution	257,140,622 shares	257,140,622 shares	257,140,622 shares
	Funds raised	\$771,422	\$1,542,844	\$2,314,266
50% increase in current Variable A 3,857,109,336 Shares	10% Voting Dilution	385,710,934 shares	385,710,934 shares	385,710,934 shares
	Funds raised	\$1,157,133	\$2,314,266	\$3,471,398
100% increase in current Variable A 5,142,812,448 Shares	10% Voting Dilution	514,281,245 shares	514,281,245 shares	514,281,245 shares
	Funds raised	\$1,542,844	\$3,085,687	\$4,628,531

The Table has been prepared on the basis of the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No options or performance rights (including any options or performance rights issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) The issue price is \$0.006, being the closing price of the Shares on ASX on 12 October 2016.
- (d) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 10 for the issue of the Equity Securities will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (e) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration to raise funds for the acquisition of new assets (including the expenses associated with such acquisition), continued exploration, feasibility study and project development expenditure on the Company's current assets and/or for general working capital; or
 - (ii) non-cash consideration for acquisition of new assets (including the expenses associated with such acquisition), continued exploration, feasibility study and project development expenditure on the Company's current assets and/or for general working capital. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
- (f) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (g) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
- (i) the methods of raising funds available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (h) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.
- (i) The Company previously obtained Shareholder approval under Listing Rule 7.1A on 27 November 2015. Therefore, the following information is provided in accordance with Listing Rule 7.3A.6 regarding the Equity Securities issued in the previous 12 months preceding the date of this Meeting.

Assuming no further issue of securities between the date of this Notice of Meeting and the date of the AGM, the Company will have issued a total of 2,246,629,822 Equity Securities during the 12 months preceding the date of this Meeting, representing approximately 167% of the total diluted number of Equity Securities on issue in the Company 12 months prior to the date of this Meeting, being 24 November 2016.

Information relating to issues of Equity Securities by the Company in the 12 months prior to the date of this Meeting is as follows:

Issue Date	Number of Equity Securities Issued	Class of Equity Securities Issued	Names of Persons to Whom Issued Equity Securities	Issue Price	Closing Market Price at Issue Date	Discount to Closing Market Price on Issue Date	Cash Consideration
23/12/2015	49,428,592	Ordinary Shares	Note (i)	\$0.007	\$0.007	nil	\$346,000
23/12/2015	24,714,296	Options	Note (i)	Nil	N/A	N/A	nil
23/12/2015	1,082,000	Ordinary Shares	Note (ii)	\$0.010	\$0.007	Premium	nil
11/01/2016	72,000,000	Ordinary Shares	Note (i)	\$0.007	\$0.006	Premium	\$504,000
11/01/2016	38,563,393	Options	Note (i)	Nil	N/A	N/A	nil
11/01/2016	5,126,786	Ordinary Shares	Note (iii)	\$0.007	\$0.006	Premium	nil
10/05/2016	8,493,000	Ordinary Shares	Note (iv)	\$0.010	\$0.006	Premium	nil
07/06/2016	332,943,363	Ordinary Shares	Note (v)	\$0.007	\$0.004	Premium	\$2,330,604
15/07/2016	857,125,894	Ordinary Shares	Note (vi)	\$0.005	\$0.007	28.6%	\$4,285,629
15/07/2016	857,125,894	Options	Note (vi)	Nil	N/A	N/A	nil
27/09/2016	13,302	Ordinary Shares	Note (vii)	\$0.010	\$0.007	Premium	\$133
27/09/2016	13,302	Ordinary Shares	Note (vii)	\$0.015	\$0.007	Premium	\$200
TOTAL	2,246,629,822						

Note:

- (i) Placement of Shares and free attaching options to sophisticated and professional investors. The cash raised will be used to fund resource drilling and product analysis of existing heavy mineral sands deposits and targeting of new deposits in Tanzania and for working capital as set out in the ASX announcement of 14 October 2015.
- (ii) Issue of Shares to employees pursuant to vesting of performance rights. The current value of the non-cash consideration, based on the closing price of the Shares on ASX on 12 October 2016 of \$0.006 per Share, is \$6,492.
- (iii) Issue of Shares for payment of corporate services to the Company's appointed broker. The deemed issue price was \$0.007 per Share, valuing the Shares issued at \$35,887. The current value of the non-cash consideration, based on the closing price of the Shares on ASX on 12 October 2016 of \$0.006 per Share, is \$30,761.
- (iv) Issue of Shares to employees pursuant to vesting of performance rights. The current value of the non-cash consideration, based on the closing price of the Shares on ASX on 12 October 2016 of \$0.006 per Share, is \$50,958.
- (v) Placement of Shares to Ndovu Capital VII B.V. (part of the Tembo mining fund). The cash raised will be used to fund the advancement of the Company's mineral sands projects in Tanzania as set out in the ASX announcement dated 24 May 2016. Shareholder ratification for the issue of these securities is sought under Resolutions 5 and 6 in this Notice.
- (vi) Issue of Shares and free attaching options to existing shareholders pursuant to fully underwritten pro-rata renounceable 1 for 2 rights issue. Funds will be used to fund the advancement of the Company's mineral sands projects in Tanzania as set out in the prospectus dated 22 May 2016.
- (vii) Issue of Shares pursuant to exercise of options issued under the rights issue. Funds will be used to fund the advancement of the Company's mineral sands projects in Tanzania.
- (j) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

GLOSSARY

In this document:

AGM means the Annual General Meeting of the Company to be held on 24 November 2016, or any adjournment or postponement of the Annual General Meeting.

Annual Report means the Company's Annual Report for the year ended 30 June 2016 containing the Financial Report, the Directors' Report and the Auditors Report.

Associate has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

ASX means ASX Limited (ACN 000 943 377) or the Australian Securities Exchange, as appropriate.

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

Board means the Company's Board of Directors.

Chair means the chair of the AGM.

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 entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth).

Company means Strandline Resources Limited (ACN 090 603 642).

Constitution means the Company's Constitution, as amended from time to time.

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

Directors means the Directors of the Company.

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

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

Explanatory Memorandum means the Explanatory Memorandum which accompanies and forms part of the Notice of Meeting.

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

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.

Listing Rules means the Listing Rules of the ASX.

Notice or **Notice of Meeting** means this notice of Annual General Meeting.

Option means an option to subscribe for and be allotted a Share in the Company.

Proxy Form means the proxy form attached to the Notice of Meeting.

Remuneration Report means the Remuneration Report which is contained in the Directors' Report.

Resolution means a resolution referred to in the Notice of Meeting.

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

Shareholder means a registered holder of a Share.

Share Registrar means Computershare Investor Services Pty Ltd (ACN 000 937 879).

VWAP means volume weighted average price.

WST means Australian Western Standard Time.

APPENDIX 1

STRANDLINE RESOURCES LIMITED
(ACN 090 603 642)

("Company")

SHORT TERM INCENTIVE PLAN

Ref:ECH:4214:007:002



Suite 183, Level 6 580 Hay Street, Perth, WA, 6000

p +61 8 9221 0033

f +61 8 9221 0133

mphlawyers.com.au

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STRANDLINE RESOURCES LIMITED SHORT TERM INCENTIVE PLAN

The Directors are empowered to operate the Strandline Resources Limited Short Term Incentive Plan (**Plan**) on the following terms and in accordance with the ASX Listing Rules (where applicable).

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

For the purposes of the Plan, the following words have the following meanings.

Acceptance Notice has the meaning given in Rule 4.6(f), which notice must be substantially the same form as set out in Schedule 2 or as otherwise approved by the Company from time to time.

ASIC means the Australian Securities and Investments Commission.

Associated Body Corporate means:

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the official Listing Rules of the ASX as they apply to the Company from time to time.

Board means the board of Directors of the Company or committee appointed by the Board for the purposes of the Plan.

Bonus Entitlement has the meaning given in Rule 4.6(a).

Business Day means those days other than a Saturday, Sunday or public holiday in Western Australia and any other day which the ASX shall declare and publish is not a business day.

Class Order means ASIC Class Order 14/1000 (or any amendment to or replacement of that Class Order).

Closing Date has the meaning given in Rule 4.6(f).

Company means Strandline Resources Limited (ACN 090 603 642).

Corporations Act means the *Corporations Act 2001 (Cth)*, as amended from time to time.

Director means any person occupying the position of a director of any Group Company (including an alternate director or managing director appointed in accordance with the relevant constitution).

Eligible Participant means:

- (a) a full or part time employee of any Group Company (which for the avoidance of doubt includes a Director of a Group Company engaged in a full time executive capacity);
- (b) a casual employee or contractor of a Group Company to the extent permitted by the Class Order; or
- (c) a prospective participant, being a person to whom the Offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming an Eligible Participant under Rules (a) or (b) above,

who is declared by the Board to be eligible to receive the issue of Shares under the Plan.

Entitlement Confirmation Notice has the meaning given in Rule 4.5.

Financial Year means the 12 month period commencing on 1 July in a particular calendar year and finishing on 30 June in the immediately subsequent calendar year.

Group means the Company and each Associated Body Corporate.

Group Company means the Company or any Associated Body Corporate.

Holding Lock has the meaning given to that term in the ASX Listing Rules.

Issue Date means, in relation to a Share, the date on which the Share is issued.

KPIs means key performance indicators to be established by the Board with respect to a particular Eligible Participant for a particular Financial Year, the level of achievement of which will be relevant to the determination of the entitlement (if any) of such Eligible Participant to receive a bonus payment under this Plan as regards that Financial Year.

Maximum Bonus Entitlement has the meaning given in Rule 4.4(a).

Nominee means a nominee of an Eligible Participant that is one of the following:

- (a) an immediate family member of the Eligible Participant or (subject to Board approval) a trustee of an Eligible Participant's family trust whose beneficiaries are limited to the Eligible Participant and/or the Eligible Participant's immediate family members;
- (b) a company whose members comprise no persons other than the Eligible Participant or immediate family members of the participant; or
- (c) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Participant is a director of the trustee.

Notification Event means any of the events specified in Rules 10.1 or 10.2.

Offer means an offer made to an Eligible Participant to be granted one or more Shares under the Plan.

Participant means an Eligible Participant to whom Shares have been granted under the Plan or, if Rule 4.3 applies, a Nominee of the Eligible Participant to whom Shares have been granted under the Plan.

Plan means the plan as set out in this document, subject to any amendments or additions made under Rule 11.

Plan Participation Notice has the meaning given in Rule 4.1(a).

Plan Participation Rights has the meaning given in Rule 4.2.

Redundancy means termination of the employment, office or engagement of a Relevant Person due to economic, technological, structural or other organisational change:

- (a) the Group no longer requires the duties and responsibilities carried out by the Relevant Person to be carried out by anyone; or
- (b) the Group no longer requires the position held by the Relevant Person to be held by anyone.

Relevant Period means, as regards a Financial Year to which a Plan Participation Notice relates, the period commencing on 1 June in that Financial Year and ending on 31 July in that same calendar year, unless another period is specified by the Board in the relevant Plan Participation Notice [or Entitlement Confirmation Notice].

Relevant Person means:

- (a) for an Eligible Participant, that person; and
- (b) for a Nominee of an Eligible Participant, that Eligible Participant.

Remuneration means, as regards an Eligible Participant:

- (a) if an employee of the Group (including an executive director), the Eligible Participant's total gross remuneration, including superannuation but excluding the value of additional benefits, such as, without limitation, motor vehicles, phone, telecommunications allowance, medical or other insurance or other benefits during an applicable Financial Year; or
- (b) in all other circumstances, the total payments made by the Group to the Eligible Participant, excluding GST and reimbursement of expenses incurred by them and reimbursed by the Company, during an applicable Financial Year.

Restriction Period means the period during which a Share issued under the Plan cannot be transferred or otherwise dealt with in accordance with Rule 8.1.

Restricted Shares means Shares issued under the Plan the Board has determined are subject to a Restriction Period.

Retirement means where a Relevant Person intends to permanently cease all gainful employment in circumstances where the Relevant Person provides, in good faith, a written statutory declaration to the Board to that effect.

Rules means the rules of the Plan set out in this document.

Severe Financial Hardship means the Relevant Person is unable to provide themselves, their family or other dependents with basic necessities such as food, accommodation and clothing, including as a result of family tragedy, financial misfortune, serious illness, impacts of natural disaster and other serious or difficult circumstances.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of Shares.

Special Circumstances means:

- (a) a Relevant Person ceasing to be an Eligible Participant due to:
 - (i) death or Total and Permanent Disability of a Relevant Person; or
 - (ii) Retirement or Redundancy of a Relevant Person;
- (b) a Relevant Person suffering Severe Financial Hardship;
- (c) any other circumstance stated to constitute "Special Circumstances" in the terms of the relevant Offer made to and accepted by the Participant; or
- (d) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant.

Total and Permanent Disability means that the Relevant Person has, in the opinion of the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Relevant Person unlikely ever to engage in any occupation with the Company or its Associated Bodies Corporate for which they are reasonably qualified by education, training or experience.

1.2 Interpretation

In this Plan unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of this Plan;
- (b) any reference in the Plan to any enactment of the ASX Listing Rules includes a reference to that enactment or those ASX Listing Rules as from time to time amended, consolidated, re-enacted or replaced;
- (c) the singular includes the plural and vice versa;
- (d) any words denoting one gender include the other gender;
- (e) where any word or phrase is given a definite meaning in this Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (f) a reference to:
 - (i) a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - (ii) a document includes all amendments or supplements to that document;
 - (iii) a Rule is a reference to a Rule of this Plan;
 - (iv) a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity and is a reference to that law as amended, consolidated or replaced;
 - (v) an agreement other than this Plan includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - (vi) a monetary amount is in Australian dollars; and
- (g) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day.

2. PURPOSE

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Eligible Participants;
- (b) link the reward of Eligible Participants to performance and the creation of Shareholder value;
- (c) align the interests of Eligible Participants more closely with the interests of Shareholders by providing an opportunity for Eligible Participants to receive Shares;
- (d) provide Eligible Participants with the opportunity to share in any future growth in value of the Company; and
- (e) provide greater incentive for Eligible Participants to focus on the Company's longer term goals.

3. COMMENCEMENT AND TERM

- (a) This Plan will commence on the date determined by resolution of the Board and will continue until terminated by the Board.
- (b) The Board may terminate the Plan at any time by resolution.
- (c) Termination shall not affect the rights or obligations of a Participant or the Company which have arisen under the Plan before the date of termination and the provisions of the Plan relating to a Participant's Shares shall survive termination of the Plan until fully satisfied and discharged.

4. PARTICIPATION

4.1 Plan Participation Notice

- (a) The Board may, from time to time, in its absolute discretion, give notice in writing to any Eligible Participant (including an Eligible Participant who has previously received a Plan Participation Notice) confirming that the Board has decided that such Eligible Participant is eligible to participate in this Plan with respect to a particular Financial Year, upon the terms set out in this Plan and upon such additional terms and conditions as the Board determines ("**Plan Participation Notice**").
- (a) In exercising that discretion, the Board may have regard to the following (without limitation):
 - (i) the Eligible Participant's length of service with the Group;
 - (ii) the contribution made by the Eligible Participant to the Group;
 - (iii) the potential contribution of the Eligible Participant to the Group;
 - (iv) the achievement of milestones for the Company's business, either agreed or determined separately by the Board; or
 - (v) any other matter the Board considers relevant.
- (b) For the avoidance of doubt, nothing in this document obliges the Company at any time to give a Plan Participation Notice to any Eligible Participant with respect to any particular Financial Year.

4.2 Participation is personal to Eligible Participant

Subject to Rule 4.3, an Eligible Participant's rights to participate in this Plan as regards a particular Financial Year (as confirmed by a relevant Plan Participation Notice) ("**Plan Participation Rights**") are personal and not assignable.

4.3 Nominee

- (a) Upon receipt of a Plan Participation Notice, an Eligible Participant may, by notice in writing to the Board, nominate a Nominee in whose favour the Eligible Participant wishes to renounce the Plan Participation Rights.
- (b) The Board may, in its discretion, resolve not to allow a renunciation of Plan Participation Rights in favour of a Nominee without giving any reason for that decision.

4.4 Minimum contents of Plan Participation Notice

Each Plan Participation Notice must set out, at a minimum, the following information:

- (a) the maximum percentage of the relevant Eligible Participant's Remuneration, not being greater than 50%, which will be available to that Eligible Participant as a bonus under this Plan for the relevant Financial Year, should each of the applicable KPIs be achieved ("**Maximum Bonus Entitlement**");
- (b) the dollar value of the Maximum Bonus Entitlement (if known);

- (c) the minimum percentage of the Maximum Bonus Entitlement liable to be paid to the Eligible Participant in cash (as opposed to in Shares);
- (d) details of the KPIs applicable to the relevant Plan Participation Notice – or, if such details are not at that time known, an indicative summary of the types of matters which will form the basis for those KPIs and an estimated timeline for the KPIs to be set (and, once set, the Board will as soon as practicable provide a supplementary notice in writing to the relevant Eligible Participant containing details of those KPIs, which will constitute an annexure to, and be deemed to form part of, the Plan Participation Notice),

and such Plan Participation Notice must otherwise be in a form substantially similar to that attached to this Plan as Schedule 1.

4.5 Entitlement Confirmation Notice

No later than 35 days after the end of a Financial Year with respect to which the Board has given Plan Participation Notices to one or more Eligible Participants, the Board must give a further notice in writing to each of those Eligible Participants ("**Entitlement Confirmation Notice**"), unless such Eligible Participants have not become liable to receive a bonus payment under this Plan with respect to that Financial Year.

4.6 Minimum contents of Entitlement Confirmation Notice

Each Entitlement Confirmation Notice must set out, at a minimum, the following information:

- (a) the total value of the bonus which the Board has determined is payable to the relevant Eligible Participant as regards the Financial Year to which it relates ("**Bonus Entitlement**");
- (b) the minimum amount of such Bonus Entitlement, expressed as a dollar value, which must be taken by the Eligible Participant as a cash bonus (as opposed to in Shares);
- (c) correspondingly (but subject always to Rule 4.12), the maximum amount (expressed as a dollar value) which the Eligible Participant may elect to receive as a Share-based bonus payment;
- (d) the deemed issue price to apply to each Share which the Eligible Participant may elect to take up as part of their Bonus Entitlement and the formula for determining the number of Shares that may be applied for;
- (e) any Restriction Period the Board has resolved to apply to Shares issued under this Plan to that Eligible Participant;
- (f) the fact that the Eligible Participant must provide the Board with an executed notice in the form attached to the Entitlement Confirmation Notice ("**Acceptance Notice**") by a set date (not being later than 10 August in the relevant calendar year) ("**Closing Date**") as to the number of Shares they wish to take up out of their relevant Bonus Entitlement (having regard to the matters contemplated in paragraphs (b) and (c) above) – and if no Acceptance Notice has been received by that date then the Eligible Participant will be deemed to have elected to take 100% of the relevant Bonus Entitlement in cash and none of it in Shares; and
- (g) any other information required by law or the ASX Listing Rules or considered by the Board to be relevant to the Shares to be issued to that Eligible Participant,

and such Entitlement Confirmation Notice must otherwise be in a form substantially similar to that attached to this Plan as Schedule 2 (including containing as an attachment an Acceptance Notice).

4.7 Entitlement Confirmation Notice an Offer

An Entitlement Confirmation Notice will (subject to the terms and conditions of this Plan) constitute a deemed offer by the Board to the relevant Eligible Participant to subscribe for up to the maximum number of Shares set out in that Entitlement Confirmation Notice at any time up to the Closing Date ("Offer"). An Offer may, subject to the terms and conditions of the Entitlement Confirmation Notice, be accepted by that Eligible Participant in whole or in part.

4.8 Consideration for issue of Shares

Shares issued under the Plan will be issued for no [more than nominal] cash consideration.

4.9 Share Restriction Period

A Share may be subject to a Restriction Period as determined by the Board in accordance with Rule 8 of this Plan.

4.10 Deferred taxation

Subdivision 83A-C of the *Income Tax Assessment Act 1997* applies to the Plan except to the extent an Offer provides otherwise.

4.11 Quotation of Shares

Shares will be quoted on the ASX and rank equally with all other Shares quoted on ASX.

4.12 Limit on Offers

The Company must have reasonable grounds to believe, when making an Offer, the number of Shares to be offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

4.13 Board determination is final

The Board's determination as to:

- (a) whether (and the extent to which) an Eligible Participant has met their applicable KPIs as regards a particular Financial Year; and
- (b) the Bonus Entitlement (if any) to be paid to an Eligible Participant as regards a particular Financial Year, is final and not open to challenge, other than to the extent an Entitlement Confirmation Notice clearly and unambiguously contains a manifest error.

5. FORMULA FOR CALCULATION OF SHARES OFFERED

The value of the maximum entitlement to Shares and the maximum number of Shares to be the subject of an Offer will be calculated as follows:

- (a) Part A – calculation of total value of Shares:

$$SV = BE - CV$$

Where:

SV is the value of the Shares to be the subject of the Offer;

BE is the value of the applicable Bonus Entitlement determined by the Board; and

CV is the minimum cash value of the Bonus Entitlement determined by the Board;

- (b) Part B – calculation of total number of Shares:

$$OS = SV/DSP$$

Where:

OS is the number of Shares to be the subject of the Offer;

SV is the value referred to in Rule 5(a) above; and

DSP is the deemed price of Shares in the Company on the date the Offer is made (ie the date of the Entitlement Confirmation Notice which contains the Offer), being the volume weighted average price for the Shares in the Company traded on the ASX during the Relevant Period.

6. ACCEPTANCE OF OFFER

6.1 Acceptance of Offer

An Eligible Participant (or permitted Nominee) may accept an Offer in whole or in part, by signing and returning an Acceptance Notice to the Company no later than the Closing Date.

6.2 Board's right to reject

- (a) The Board may accept or reject any Acceptance Notice in its absolute discretion.
- (b) Before accepting or rejecting the Acceptance Notice, the Board may require the applicant to provide any information that the Board requests concerning the person's entitlement to lodge an Acceptance Notice under this Plan.
- (c) The Board must promptly notify an applicant if an Acceptance Notice has been rejected, in whole or in part.

6.3 Participant agrees to be bound

- (a) An Eligible Participant, by submitting an Acceptance Notice, agrees to be bound by the terms and conditions of the Offer and the Acceptance Notice, the Plan and the Constitution of the Company, as amended from time to time.
- (b) If the Board resolves to allow a renunciation of an Offer in favour of a Nominee, the Eligible Participant will procure that, to the extent it wishes for a portion of its applicable Bonus Entitlement to be taken in Shares, the permitted Nominee accepts the Offer made to that Eligible Participant and that both the Eligible Participant and the Nominee agree to be bound by the terms and conditions of the Offer and Acceptance Notice, the Plan and the Constitution of the Company, as amended from time to time.

6.4 Lapse of Offer

To the extent an Offer is not accepted in accordance with Rule 6.1, the Offer will lapse on the date following the Closing Date, unless the Board determines otherwise.

7. ISSUE OF SHARES

7.1 Issue of Shares

Subject to Rule 7.2, once the Board has received and accepted a duly signed and completed Acceptance Notice for Shares, the Company must, provided the Eligible Participant to whom the Offer was made remains an Eligible Participant, promptly issue Shares to the applicant, upon the terms set out in the Offer, the Acceptance Notice and the Plan and upon such additional terms and conditions as the Board determines.

7.2 Approvals

The Company's obligation to issue Shares is conditional on:

- (a) the issue of the Shares complying with all applicable legislation and the ASX Listing Rules; and
- (b) all necessary approvals required under any applicable legislation and the ASX Listing Rules being obtained prior to the issue of the Shares.

The Company will, subject to the Corporations Act, the ASX Listing Rules, this Plan and any applicable Offer issue Shares the subject of an accepted Acceptance Notice to the Participant, credited as being fully paid, on or about 15 August in the relevant calendar year.

7.3 Withholding

If a Participant is liable for tax, duties or other amounts on the issue of their Shares and the Company is liable to make a payment to the appropriate authorities on account of that liability, unless the Participant and the Company agree otherwise, the Company must issue and sell such number of Shares which would otherwise be issued and allocated to the Participant so the net proceeds of sale equal the payment the Company is required to pay to the appropriate authorities.

7.4 Rights attaching to Shares

A Participant will, from and including the issue date of Shares under this Plan, be the legal owner of the Shares issued for them and will be entitled to dividends and to exercise voting rights attached to the Shares.

7.5 Share ranking

All Shares issued under the Plan will rank equally in all respects with the Shares of the same class for the time being on issue except as regards any rights attaching to such Shares by reference to a record date prior to the date of their issue.

7.6 Quotation on ASX

If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within the later of 10 Business Days after:

- (a) the date the Shares are issued; and
- (b) the date any Restriction Period that applies to the Shares ends.

7.7 Sale of Shares

- (a) Subject to Rule 8 (Restriction on Dealing in Shares), there will be no transfer restrictions on Shares issued under the Plan unless the sale, transfer or disposal by the Participant of the Shares issued to them would require the preparation of a disclosure document (as that term is defined in the Corporations Act).

- (b) If a disclosure document is required, the Participant agrees to enter into such arrangements with the Company as the Board considers appropriate to prevent the sale, transfer or disposal of the relevant Shares in a manner that would require a disclosure document to be prepared.
- (c) The Company will issue, where required to enable Shares to be freely tradeable on the ASX (subject to any Restriction Period), a cleansing statement under Section 708A(5) of the Corporations Act at the time Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will use reasonable endeavours to prepare and lodge a prospectus in relation to the Shares with ASIC which complies with the requirements of the Corporations Act and allows the Shares to be freely tradeable on the ASX (subject to any Restriction Period).

8. RESTRICTION ON DEALING IN SHARES

8.1 Restriction Period

Subject to Rule 8.5, the Board may, in its discretion, determine at any time up to the making of the Offer, a restriction period will apply to some or all of the Shares issued to a Participant ("Restricted Shares"), up to a maximum of 12 months from the Issue Date of the Shares ("Restriction Period").

8.2 Waiver of Restriction Period

Subject to Rule 8.5, the Board may, in its sole discretion, having regard to the circumstances at the time, waive a Restriction Period determined pursuant to Rule 8.1.

8.3 No disposal of Restricted Shares

A Participant must not dispose of or otherwise deal with any Shares issued to them under the Plan while they are Restricted Shares.

8.4 ASX Imposed Escrow

The Company must impose a Restriction Period on Shares to the extent necessary to comply with any escrow restrictions imposed by the ASX Listing Rules.

8.5 Enforcement of Restriction Period

- (a) The Company may implement any procedure it considers appropriate to restrict a Participant from dealing with any Restricted Shares for as long as those Shares are Restricted Shares.
- (b) The Participant agrees to:
 - (i) execute an ASX restriction agreement in relation to the Restricted Shares reflecting any Restriction Period applying to the Restricted Shares under the Plan;
 - (ii) the Company lodging the share certificates for Restricted Shares (where issuer sponsored) with a bank or recognised trustee to hold until the expiry of any Restriction Period applying to the Restricted Shares or until the Restricted Shares are otherwise released from restrictions (at which time the Company shall arrange for the share certificates to be provided to the Participant); and
 - (iii) the application of a Holding Lock over Restricted Shares until any Restriction Period applying to the Restricted Shares under the Plan has expired (at which time the Company shall arrange for the Holding Lock to be removed).

8.6 Lapse of Restriction Period

When a Share ceases to be a Restricted Share, all restrictions on disposing of or otherwise dealing or purporting to deal with that Share provided in or under these Rules will cease.

9. OVERRIDING RESTRICTIONS ON ISSUE

- (a) Notwithstanding the Rules, no Share may be issued under the Plan if to do so:
 - (i) would contravene the Corporations Act, the ASX Listing Rules or any other applicable law; or
 - (ii) would contravene the local laws or customs of an Eligible Participant's country of residence or in the opinion of the Board would require actions to comply with those local laws or customs which are impractical.

- (b) To the extent the Company is restricted from issuing Shares under the Plan as contemplated in Rule 9(a), the value of the Shares not able to be so issued will be paid in cash to the affected Eligible Participants as part of their Bonus Entitlement and, in such circumstances, those Eligible Participants will have no recourse as against the Board or the Company in connection with their non-receipt of Shares.

10. CHANGE OF CONTROL

10.1 Vesting upon Change of Control

The Board may in its absolute discretion determine that, immediately upon the occurrence of:

- (a) a takeover bid (as defined in the Corporations Act) to acquire any Shares becoming or being declared to be unconditional, irrespective of whether the takeover bid extends to Shares issued and allotted after the date of the takeover bid;
- (b) a Change of Control Event; or
- (c) approval of a merger by way of scheme of arrangement under the Corporations Act being given by the Court under section 411(4)(b) of the Corporations Act,

(each a **Notification Event**),

an Eligible Participant is entitled to receive a payment under the Plan which corresponds to the level to which the Board considers the applicable KPIs for the Financial Year in question had by that time been achieved.

10.2 Winding up and Change of Main Undertaking

Subject to the applicable law, the Board may, determine in its absolute discretion, the amount of any cash bonus or Shares that an Eligible Participant shall be entitled to (irrespective of whether the relevant performance indicators have been met) where:

- (a) the Company passes a resolution for voluntary winding up; or
- (b) an order is made for the compulsory winding up of the Company,

(also each a **Notification Event**).

10.3 Notification to Participants

Upon a Notification Event occurring, the Company shall notify each Eligible Participant in writing of its entitlement to any cash bonus or Shares.

11. AMENDMENTS

11.1 Power to amend Plan

Subject to Rule 10.2, the Corporations Act and the ASX Listing Rules:

- (a) the Board may by resolution:
 - (i) amend or add to all or any of the provisions of the Plan at any time; or
 - (ii) amend an Offer at any time prior to receipt of a valid Acceptance Notice for that Offer; and
- (b) any amendment may be given such retrospective effect as is specified in the written instrument or resolution by which the amendment is made.

11.2 Notice of amendment

As soon as reasonably practicable after making any amendment under Rule 10, the Board will give notice in writing of that amendment to any Participant affected by the amendment.

12. TRUST

- (a) The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares for which a Participant has provided an Acceptance Notice, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust.
- (b) The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust.
- (c) The Board may at any time amend all or any of the provisions of this Plan to effect the establishment of a trust and the appointment of a trustee as detailed in this Rule.

13. MISCELLANEOUS

13.1 Rights and obligations of Participants

- (a) The rights and obligations of an Eligible Participant under the terms of their office, employment or contract with a Group Company are not affected by their participation in the Plan.
- (b) This Plan will not form part of, and its terms are not incorporated into, any contract of any Eligible Participant (whether or not they are an employee of a Group Company).
- (c) No Eligible Participant (nor any Nominee of any such Eligible Participant) will have any rights to compensation or damages in consequence of the termination, for any reason, of the office, employment or other contract with a Group Company of the Eligible Participant where those rights arise, or may arise, as a result of the Eligible Participant or Nominee ceasing to have rights under the Plan as a result of such termination.
- (d) Nothing in this Plan or participation in the Plan:
 - (i) affects the rights of any Group Company to terminate the employment, engagement or office of an Eligible Participant ;
 - (ii) affects the rights and obligations of any Eligible Participant under the terms of their employment, engagement or office with any Group Company;
 - (iii) confers any legal or equitable right on an Eligible Participant whatsoever to take action against any Group Company for their employment, engagement or office;
 - (iv) confers on an Eligible Participant any rights to compensation or damages in consequence of the termination of their employment, engagement or office by any Group Company for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination; or
 - (v) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents for any taxation liabilities of the Eligible Participant,
 - (vi) and the provisions of this Rule 13.1(d) apply equally to, and bind, any Nominee of an Eligible Participant nominated for the purposes of this Plan.

13.2 Power of the Board

- (a) The Plan is administered by the Board which has power to:
 - (i) determine appropriate procedures for administration of the Plan consistent with this Plan; and
 - (ii) delegate to any one or more persons, for such period and on such conditions as it may determine, the exercise of any of its powers or discretions arising under the Plan.
- (b) Except as otherwise expressly provided in this Plan, the Board has absolute and unfettered discretion to act, or refrain from acting, under or in connection with the Plan and in the exercise of any power or discretion under the Plan.

13.3 Dispute or disagreement

In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Shares issued under it, the decision of the Board is final and binding.

13.4 ASIC relief

- (a) Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC for the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan.
- (b) To the extent that any covenant or other provision deemed by this Rule to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision shall prevail.

13.5 Non-residents of Australia

- (a) The Board may adopt additional rules of the Plan applicable in any jurisdiction outside Australia under which rights offered under the Plan may be subject to additional or modified terms, having regard to any

securities, exchange control or taxation laws or regulations or similar factors which may apply to the Participant or to any Group Company in relation to the rights.

- (b) Any additional rule must conform to the basic principles of the Plan.

13.6 Communication

- (a) Any notice or other communication under or in connection with the Plan may be given by personal delivery or by sending the same by post, facsimile or email:
 - (i) in the case of a company, to its registered office;
 - (ii) in the case of an individual, to the individual's last notified address; or
 - (iii) where a Participant is an employee of a Group Company, either to the Participant's last known address or to the address of the place of business at which the Participant performs the whole or substantially the whole of the duties of the Participant's office of employment.
- (b) Where a notice or other communication is given:
 - (i) by post, it is deemed to have been received 48 hours after it was put into the post properly addressed and stamped;
 - (ii) by facsimile, it is deemed to have been received on completion of transmission;
 - (iii) by electronic transmission, the notice is taken to have been received at the time the electronic transmission is sent.

13.7 Attorney

Each Participant:

- (a) irrevocably appoints the Company and any person nominated from time to time by the Company (each an attorney), severally, as the Participant's attorney to complete and execute any documents, including applications for Shares and Share transfers, and to do all acts or things on behalf of and in the name of the Participant which may be convenient or necessary for the purpose of giving effect to the provisions of this Plan;
- (b) covenants that the Participant will ratify and confirm any act or thing done pursuant to this power;
- (c) releases each Group Company and the attorney from any liability whatsoever arising from the exercise of the powers conferred by this Rule; and
- (d) indemnifies and holds harmless each Group Company and the attorney in respect thereof.

13.8 Costs and Expenses

The Company will pay all expenses, costs and charges in relation to the establishment, implementation and administration of the Plan, including all costs incurred in or associated with the issue or purchase of Shares for the purposes of the Plan.

13.9 Adverse Tax

Where a Participant may suffer an adverse taxation consequence as a direct result of participating in the Plan that was not apparent to the Participant or the Company at the time the Participant was issued Shares under the Plan, the Board may, in its absolute discretion, agree to compensate the Participant in whole or in part.

13.10 Data protection

By lodging an Acceptance Notice, each Participant consents to the holding and processing of personal data provided by the Participant to any Group Company for all purposes relating to the operation of the Plan. These include, but are not limited to:

- (a) administering and maintaining Participants' records;
- (b) providing information to trustees of any employee benefit trust, registrars, brokers or third party administrators of the Plan;
- (c) providing information to future purchasers of the Company or the business in which the Participant works; and
- (d) transferring information about the Participant to a country or territory outside Australia.

13.11 No fiduciary capacity

The Board may exercise any power or discretion conferred on it by this Plan in the interest or for the benefit of the Company, and in so doing the Board is not required to act in the interests of another person or as requested by another person and will not be under any fiduciary obligation to another person.

13.12 ASX Listing Rules

While the Company remains admitted to the ASX, the provisions of the ASX Listing Rules of the ASX will apply to the Plan, and to the extent that the Plan and the ASX Listing Rules are inconsistent, the provisions of the ASX Listing Rules will prevail.

13.13 Enforcement

As regards each Eligible Participant, this Plan and any determination of the Board made pursuant to this Plan, will be deemed to form a contract between the Company and that Eligible Participant.

13.14 Laws governing Plan

- (a) This Plan is governed by the laws of Western Australia and the Commonwealth of Australia.
- (a) The Company and the Eligible Participants submit to the non-exclusive jurisdiction of the courts of Western Australia.

SCHEDULE 1 – SHORT TERM INCENTIVE PLAN – PLAN PARTICIPATION NOTICE

[insert date]

[Name and address of Eligible Participant]

Dear [*]

STRANDLINE RESOURCES LIMITED – SHORT TERM INCENTIVE PLAN

The board of directors (“**Board**”) of Strandline Resources Limited (ACN 090 603 642) (“**Company**”) is pleased to inform you of your entitlement to participate in the Company’s Short Term Incentive Plan (“**Plan**”) for the Financial Year ending 30 June **[insert year]** (“**Current Financial Year**”). Terms used in this Plan Participation Notice (“**Notice**”) have the same meaning as used in the Plan.

The basis on which you are entitled to participate in the Plan under the terms of this Notice are as follows:

Maximum Bonus Entitlement	Your maximum entitlement to bonus payments under the Plan for the Current Financial Year is capped at [insert] % of the Remuneration payable to you in connection with the Current Financial Year.
	The value of your Remuneration as at the date of this Notice is \$ [insert] and, accordingly, the value of such maximum entitlement is \$ [insert] [delete if not applicable]
Key Performance Indicators (KPIs)	Your entitlement to a bonus payment under the Plan is dependent upon achievement of the KPIs set out in the Annexure to this Notice. The Board’s view as to whether (and to what extent) such KPIs have been satisfied is final
Minimum cash percentage	Should you become entitled to a bonus payment under the Plan, you must take no less than [insert] % of that payment as cash (as opposed to in Shares)
Basis for share price calculation	To the extent that you elect to receive any bonus payment in Shares, the deemed issue price per Share will be [insert basis of calculation]

Your participation in the Plan is otherwise subject to the terms and conditions set out in the Plan (a copy of which is attached to this Notice as the Schedule).

Within 35 days after the end of the Current Financial Year, the Board will notify you of the extent to which you have become entitled to receive a bonus payment under the Plan. That notice (“**Entitlement Confirmation Notice**”) will contain information confirming the deemed price per Share that will apply to the extent you elect to take a portion of any such payment in Shares and, consequently, will enable you to calculate the maximum number of Shares to which you are entitled under the Plan as regards the Current Financial Year. The Entitlement Confirmation Notice will constitute an offer from the Board to you to issue up to that maximum number of Shares to you (subject to the terms and conditions of the Plan) and will attach an Acceptance Notice by which you can specify the extent to which you elect to accept that offer.

Additional relevant information in connection with the basis on which Shares may be issued to you under the Plan will be specified in the Entitlement Confirmation Notice.

We thank you for your ongoing contribution to the Company and look forward to communicating further with you in relation to these matters, including providing you with an Entitlement Confirmation Notice in due course (and in accordance with the timeframe mentioned above). In the interim, if you have any questions regarding the operation of the Plan, please contact **[name]** on **[telephone number/e-mail address]**.

Yours faithfully

[insert name]

For and on behalf of
Strandline Resources Limited

Encl.

ANNEXURE – KEY PERFORMANCE INDICATORS

[insert]

SCHEDULE – STRANDLINE RESOURCES LIMITED SHORT TERM INCENTIVE PLAN

See attached.

SCHEDULE 2 – ENTITLEMENT CONFIRMATION NOTICE

[insert date]

[Name and address of Eligible Participant]

Dear [*]

STRANDLINE RESOURCES LIMITED – CONFIRMATION OF ENTITLEMENT UNDER SHORT TERM INCENTIVE PLAN

The board of directors (“**Board**”) of Strandline Resources Limited (ACN 090 603 642) (“**Company**”) is pleased to provide you with this notice (“**Entitlement Confirmation Notice**”) confirming the extent to which you have become entitled to receive a bonus payment pursuant to the Company’s Short Term Incentive Plan (“**Plan**”) for the Financial Year ending 30 June [*insert year*] (“**Relevant Financial Year**”). Terms used in this Entitlement Confirmation Notice have the same meaning as used in the Plan.

Bonus Entitlement	The total bonus payment to which you have become entitled under the Plan as regards the Relevant Financial Year is \$[<i>insert</i>]
Minimum cash bonus amount	The minimum amount which will be paid to you in cash in connection with your Bonus Entitlement is \$[<i>insert</i>]
Maximum Share bonus amount	The maximum amount of your Bonus Entitlement which you may elect to take as Shares (subject to the terms and conditions of this Entitlement Confirmation Notice and of the Plan) is \$[<i>insert</i>]
Applicable deemed price per Share	To the extent you elect to receive a portion of your Bonus Entitlement in Shares, the deemed issue price applicable to each such Share is \$[<i>insert</i>]
Calculation of maximum Share entitlement	<p>The following formulae apply in order to determine the maximum number of Shares which you may elect to have issued to you in connection with your Bonus Entitlement:</p> <p><u>Part A – calculation of total value of Shares:</u></p> $SV = BE - CV$ <p>Where:</p> <p>SV is the maximum value of the Shares which you may elect to receive in connection with your Bonus Entitlement;</p> <p>BE is the value of your Bonus Entitlement; and</p> <p>CV is the minimum amount payable to you in cash in connection with your Bonus Entitlement;</p> <p><u>Part B – calculation of total number of Shares:</u></p> $OS = SV/DSP$ <p>Where:</p> <p>OS is the maximum number of Shares which you may elect to receive in connection with your Bonus Entitlement;</p> <p>SV has the same meaning as in Part A above; and</p> <p>DSP is the applicable deemed price per Share specified above in this Entitlement Confirmation Notice (being the volume weighted average price for the Shares in the Company traded on the ASX during the Relevant Period)</p>

Offer	This Entitlement Confirmation Notice constitutes an offer by the Board to issue to you up to the maximum number of Shares calculated under the above formulae (" Offer "), subject to the terms and conditions set out below
Trading restrictions	[No trading restrictions are applicable to Shares issued to you in connection with your Bonus Entitlement] OR [Each Share issued to you in connection with your Bonus Entitlement will be subject to trading restrictions, in accordance with the Plan, for a period of [insert] months after their date of issue]

The following information is also provided to you in connection with any election which you may make to receive a portion of your Bonus Entitlement in Shares:

- (a) the Offer is subject to the terms and conditions of the Plan;
- (b) this Offer remains open for acceptance by you until 5pm WST on **[insert date]** ("**Closing Date**") at which time the Offer will close and lapse;
- (c) you may apply for the Shares by filling out the Acceptance Notice attached to this Entitlement Confirmation Notice and returning it to the Company Secretary before the Closing Date;
- (d) to the extent the Company has not received a valid Acceptance Notice from you (or your Nominee) by the Closing Date, you will be deemed to have elected to have 100% of your Bonus Entitlement paid to you in cash (and none of it in Shares);
- (e) you may apply for the Shares to be registered in your name, or in a Nominee's name. Examples of acceptable Nominees are set out in the Plan. Please discuss this with the Company Secretary if you have any queries;
- (f) the issue of the Shares is subject to the terms of the Plan, including the Company obtaining any necessary Shareholder approvals and you remaining an Eligible Participant at the time the Shares are to be issued;
- (g) the Shares will be granted to you for nil cash consideration;
- (h) unless the Plan provides otherwise, the Shares and your corresponding cash payment in connection with your Bonus Entitlement will be issued/paid to you by no later than 15 August **[insert year]**;
- (i) the Company will apply for the Shares to be quoted on the ASX in accordance with the ASX Listing Rules within 10 Business Days of the later of the date the Shares are issued and the date any Restriction Period that applies to the Shares ends;
- (j) the Shares may be subject to restrictions on disposal in accordance with the Plan, in which case the Company will impose a Holding Lock with the Company's share registry and the Shares will not be able to be traded until the Holding Lock is lifted by the Company;
- (k) the Company will issue, where required to enable the Shares to be freely tradeable on the ASX (subject to any Restriction Period), a cleansing statement under Section 708A(5) of the Corporations Act at the time Shares are issued. Where a cleansing statement is required, but cannot be issued, the Company will use reasonable endeavours to prepare and lodge a prospectus in relation to the Shares which complies with the requirements of the Corporations Act;
- (l) the current market price of the Company's Shares can be found on the Company's ASX website at **[insert]**; and
- (m) Subdivision 83A-C of the *Income Tax Assessment Act 1997*, which enables tax deferral on Shares, [will/will not] apply (subject to the conditions in that Act) to Shares issued to you under this Offer.

You should be aware the business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company, including Shares issued under the Plan.

Any advice given by the Company in relation to the Shares offered under the Plan, does not take into account your objectives, financial situation and needs (including financial or taxation issues).

This Entitlement Confirmation Notice and all other documents provided to you in connection with it contain general advice only and you should consider obtaining your own financial product advice from an independent person who is licensed by the Australian Securities and Investments Commission to give such advice. You are advised to seek independent professional

advice regarding the Australian tax consequences of the issue of Shares and the acquiring and disposing of any Shares under the Plan according to your own particular circumstances.

Please confirm your (or your Nominee's) acceptance of the Offer set out in this letter by completing the attached Acceptance Notice and returning it to the Company **by no later than [insert]**.

Yours faithfully

[insert name]

**For and on behalf of
Strandline Resources Limited**

Encl.

ATTACHMENT – ACCEPTANCE NOTICE

With reference to an offer made by Strandline Resources Limited (ACN 090 603 642) ("**Company**") to apply for the issue of Shares under the Company's Short Term Incentive Plan ("**Plan**"), the terms of which offer are set out in the Entitlement Confirmation Notice to which this Acceptance Notice constitutes an attachment ("**Offer**"), the person below (being an Eligible Participant under the Plan or a nominee of such an Eligible Participant) hereby applies for the number of Shares specified below under the terms of the Offer, this Acceptance Notice and the Plan.

Full Name:			
Address:			
Ph:		Email:	
Number of Shares applied for:			

Tax file number(s) or exemption:

CHESS HIN (where applicable):

In applying for the issue of the abovementioned quantity of Shares under the Offer, the person below acknowledges and agrees:

- (a) to be entered on the register of Shareholders of the Company as the holder of the Shares applied for;
- (b) to be bound by the terms of the Constitution of the Company;
- (c) to be bound by the terms and conditions of the Plan;
- (d) to be bound by the terms and conditions of the Offer;
- (e) a copy of the full terms of the Plan has been provided to it;
- (f) by completing this Acceptance Notice, it agrees to appoint the Company Secretary as its attorney to complete and execute any documents and do all acts on its behalf which may be convenient or necessary for the purpose of giving effect to the provisions of the Plan (if applicable);
- (g) any tax liability arising from the Company accepting its application for Shares under the Plan is its responsibility and not that of the Company; and
- (h) to the extent required by the terms of the Plan and the ASX Listing Rules, to enter into any necessary restriction agreement in relation to any Shares and to the placing of a Holding Lock on those Shares.

Where an individual

SIGNED by **[INSERT NAME OF INDIVIDUAL]** in the)
presence of:)

Signature of witness

Signature

Name of witness

Where an Australian company

EXECUTED by **[INSERT COMPANY NAME]**)
ACN [INSERT ACN])
in accordance with section 127 of the *Corporations Act*)
2001 (Cth):)

Signature of director

Signature of director/company secretary*

Name of director


Name of director/company secretary*

*please delete as applicable

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

Lodge your vote:

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www.investorvote.com.au

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

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Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999 PIN: 99999

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



 **For your vote to be effective it must be received by 9:00am (WST) Tuesday, 22 November 2016**

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

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

☐

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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

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

☐

the Chairman
of the Meeting **OR**



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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Strandline Resources Limited to be held at the offices of BDO Australia, 38 Station Street, Subiaco, Western Australia on Thursday, 24 November 2016 at 9:00am (WST) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1 and 7 - 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 7 - 9 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1 and 7 - 9 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



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

		For	Against	Abstain			For	Against	Abstain
Resolution 1	Adoption of the Remuneration Report (non-binding resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Approval of Short Term Incentive Plan ("Plan")	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election Mr Richard Hill as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Approval of Issue of Shares to Mr Luke Graham under the Short Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Mr John Hodder as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Approval of Grant of Performance Rights to Mr Luke Graham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of Mr Luke Graham as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Approval of Additional 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Tranche 1 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					
Resolution 6	Ratification of Tranche 2 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>					

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

SIGN

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date

/ /

STA

999999A

Computershare +