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

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11:00am (AEDT)

DATE: Friday, 28 February 2020

PLACE: Seasons Botanic Gardens Melbourne
348 St Kilda Road
MELBOURNE VIC 3004

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm (AEDT) on Wednesday, 26 February 2020.

BUSINESS OF THE MEETING

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

AGENDA

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

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

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

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

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

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

2. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

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

"That, subject to and conditional upon the passing of all Essential Resolutions, pursuant to section 254H of the Corporations Act and for all

other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 10 Shares be consolidated into 1 Share; and
- (b) every 10 Options be consolidated into 1 Option,

and, where this Consolidation results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be)."

3. RESOLUTION 3 – ISSUE OF WATERSHED CONSIDERATION SHARES

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

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

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

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

4. RESOLUTION 4 – ISSUE OF MT MARSHALL CONSIDERATION SHARES

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

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

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

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

5. RESOLUTION 5 – ISSUE OF DIRECTOR PERFORMANCE RIGHTS TO AARON BANKS

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

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

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

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

Voting Prohibition Statement:

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

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF DIRECTOR PERFORMANCE RIGHTS AND DIRECTOR OPTIONS TO ROBERT MARTIN

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 12,000,000 Director Performance Rights and 10,000,000 Director Options to Mr Robert Martin (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

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

Voting Prohibition Statement:

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

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – ISSUE OF DIRECTOR PERFORMANCE RIGHTS AND DIRECTOR OPTIONS TO LEONARD TRONCONE

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

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

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

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

Voting Prohibition Statement:

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

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 8 – ISSUE OF ADVISOR OPTIONS TO SANDTON CAPITAL

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 22,500,000 Advisor Options to Sandton Capital Advisory Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

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

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

- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9. RESOLUTION 9 – ISSUE OF ADVISOR OPTIONS TO ASTRID HILL

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 22,500,000 Advisor Options to Astrid Hill Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”

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

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

10. RESOLUTION 10 – ISSUE OF LEAD MANAGER OPTIONS

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 45,616,903 Lead Manager Options on the terms and conditions set out in the Explanatory Statement.”

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

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

- (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

11. RESOLUTION 11 – ISSUE OF PUBLIC OFFER SHARES

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

“That, subject to and conditional upon the passing of all Essential Resolutions, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 300,000,000 Shares at an issue price of \$0.02 each, on the terms and conditions set out in the Explanatory Statement.”

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

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

12. RESOLUTION 12 – CHANGE OF COMPANY NAME

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

*“That, subject to completion of the Proposed Acquisitions and conditional upon the passing of all Essential Resolutions, for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to **Suvo Strategic Minerals Limited**.”*

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

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

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

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

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

"That, subject to completion of the Proposed Acquisitions and conditional upon the passing of all Essential Resolutions, pursuant to and in accordance with the Company's Constitution and for all other purposes, Mr Robert Martin, having consented to act as a director of the Company, be appointed as a director of the Company with effect on and from Completion."

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

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

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

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

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

"That, for the purpose of, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 12,500,000 Shares to Mr Robert Martin (or his nominee) on the terms and conditions set out in the Explanatory Statement."

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

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

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

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

"That, for the purpose of, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 1,250,000 Shares to Mr Leonard Troncone (or his nominee) on the terms and conditions set out in the Explanatory Statement."

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

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

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

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

“That, for the purpose of, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 5,000,000 Shares to Mr Kobi Ben-Shabat (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

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

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

19. RESOLUTION 19 – APPROVAL OF PERFORMANCE RIGHTS AND OPTION PLAN

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 13) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Performance Rights and Option Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any a person who is eligible to participate in the employee incentive scheme, or any associates of those persons. However, this does not apply to a vote cast in favour of a resolution by:

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

Voting Prohibition Statement:

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

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 23 January 2020

By order of the Board

**Justyn Stedwell
Company Secretary
Ultracharge Limited**

Voting in person

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

Voting by proxy

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

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

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

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

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61(0) 3 9191 0135.

EXPLANATORY STATEMENT

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

1. BACKGROUND TO THE PROPOSED ACQUISITION

1.1 General Background

Ultracharge Limited (ACN 140 316 463) (ASX: UTR) (**Company** or **UTR**) is an Australian public company which has been listed on the Official List of the ASX since 17 May 2011. Most recently the Company's activities have consisted of conducting research and development dedicated to creating leading edge Lithium-Ion battery technology through its Israeli subsidiary, Ultracharge Ltd. In October 2019, the Company announced its plan to divest Ultracharge Ltd as part of the Proposed Acquisition to help maximise shareholder value.

The Company announced on 29 October 2019 that it had entered into two binding term sheets (**Acquisition Agreements**) pursuant to which the Company has been granted options to acquire:

- (a) 100% of the issued capital in Watershed Enterprise Solutions Pty Ltd (ACN 626 494 399) (**Watershed**) (**Watershed Agreement**) which holds exploration license E70/5001 (**Watershed Tenement**); and
- (b) 100% of the issued capital in Mt Marshall Kaolin Pty Ltd (ACN 626 494 399) (**Mt Marshall**) (**Mt Marshall Agreement**) which holds exploration license E70/5039 (**Mt Marshall Tenement**),

(together the **Proposed Acquisitions**).

The Proposed Acquisitions are conditional on the Company obtaining all necessary regulatory and Shareholder approvals to effect the Proposed Acquisitions and satisfying all other requirements of ASX for the reinstatement to official quotation of the Company's Shares on the ASX (among other things) (**Official Quotation**). The key terms of the Acquisition Agreements are set out in Schedule 5 and Schedule 6.

The consideration payable under:

- (a) the Watershed Agreement will be satisfied by the issue of 75,000,000 Watershed Consideration Shares (on a post-Consolidation basis) at Completion to the parties noted at section (b) of Schedule 5 (or their nominees); and
- (b) the Mt Marshall Agreement will be satisfied by the issue of 75,000,000 Mt Marshall Consideration Shares (on a post-Consolidation basis) at Completion to the parties noted at section (b) of Schedule 6 (or their nominees).

(together, the **Consideration Shares**).

It has been agreed that 5% of the Consideration Shares will be issued to Sandton Capital Advisory Pty Ltd (or its nominees) and 7% of the Consideration Shares will be issued to Astrid Hill Pty Ltd (or its nominees) as a facilitation fee in respect of the Proposed Acquisitions.

1.2 Regulatory Matters

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

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

The Company has made a number of enquiries and investigations into Watershed and Mt Marshall's businesses and assets. These enquiries consisted of having a geologist review previous exploration and geological results in the area of the Tenements held by Watershed and Mt Marshall, reviewing the management accounts of Watershed and Mt Marshall, confirming Watershed and Mt Marshall's title to the Tenements (including Watershed's right to be transferred the Tenements not currently in Watershed's name) and undertaking a general corporate legal review of both Watershed and Mt Marshall. The Company recently completed these due diligence investigations and was satisfied with the results. Consequentially, as was announced by the Company on 2 January 2020, the Company exercised the options to acquire Watershed and Mt Marshall.

The Company and its advisors are currently undertaking a full due diligence program which is required in connection with the preparation of the prospectus, associated with the Public Offer, to assist the Company with its re-compliance with Chapters 1 and 2 of the ASX Listing Rules. Due diligence is still ongoing and until such time as those enquiries are complete the Board cannot definitively be satisfied that the Proposed Acquisitions are in the best interests of Shareholders. In accordance with this further due diligence program, the Company is undertaking investigations into the previous issues and subsequent transfers of Watershed and Mt Marshall's respective issued capital, their previous officeholders and appointments as well as undertaking searches of any previous litigation and the personal property securities register. This further due diligence program is expected to be completed prior to the Meeting, in anticipation of lodgement of the Prospectus.

Should the full due diligence program uncover material findings which are unable to be remedied, the Company will not be able to complete the Public Offer and the Proposed Acquisitions will not proceed. In this event, the Company will instead seek to obtain subsequent opportunities to be re-admitted to the Official List of the ASX.

The Board believed it prudent to seek Shareholder approval, prior to completion of the full due diligence program, so as to allow for a minimal period between the completion of the Meeting and the opening of the Public Offer.

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

1.3 Previous Security Issues

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

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

1.4 Summary of Resolutions

This Notice of Meeting sets out the Resolutions necessary to complete the Proposed Acquisitions and associated transactions, being Resolutions 1 to 7 and 10 to 15 (**Essential Resolutions**). Each of the Essential Resolutions are conditional upon the approval by Shareholders of each of the other Essential Resolutions. If any of the Essential Resolutions are not approved by Shareholders, all of the Essential Resolutions will fail and Completion of the Proposed Acquisition will not occur.

A summary of the Essential Resolutions is as follows:

- (a) the Proposed Acquisitions, if successfully Completed, will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under ASX Listing Rule 11.1.2 (Resolution 1);
- (b) the Consolidation of the Company's Shares on such basis as will result in the Company having 112,338,062 Shares and 22,166,667 Options on issue on a post-Consolidation basis (Resolution 2);
- (c) the issue of 75,000,000 Watershed Consideration Shares (on a post-Consolidation basis) to the Watershed Vendors, of which 3,750,000 will be issued to Sandton Capital and 5,250,000 will be issued to Astrid Hill Pty Ltd (or their respective nominees) (Resolution 3);
- (d) the issue of 75,000,000 Mt Marshall Consideration Shares (on a post-Consolidation basis) to the Mt Marshall Shareholders on a pro-rata basis, of which 3,750,000 will be issued to Sandton Capital and 5,250,000 will be issued to other advisors for their services in helping facilitate the Proposed Acquisitions (Resolution 4);
- (e) the issue of 20,000,000 Director Performance Rights to Mr Aaron Banks (or his nominee) (Resolution 5);
- (f) the issue of 12,000,000 Director Performance Rights and 10,000,000 Director Options to Mr Robert Martin (or his nominee) (Resolution 6);
- (g) the issue 8,000,000 Director Performance Rights and 1,250,000 Director Options to Leonard Troncone (or his nominee) (Resolution 7);
- (h) the grant of 45,616,903 Lead Manager Options to Sandton Capital (or its nominees) (post-Consolidation) (Resolution 10);
- (i) the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules and, to achieve this, must successfully undertake a capital raising by issuing a minimum of 250,000,000 Shares at \$0.02 per Share to raise a minimum of \$5,000,000 (with oversubscriptions of an additional

50,000,000 Shares to raise a further \$1,000,000) (**Public Offer**) (post-Consolidation) (Resolution 11); and

- (j) the appointment of the incoming directors (Resolutions 13, 14 and 15).

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

Resolutions 8 and 10 **have not** been denoted as Essential Resolutions. However, should Shareholder approval not be received for the issue of the Advisor Options or Lead Manager Options, there is no guarantee that Sandton Capital will continue with the Lead Manager Mandate. Should the Lead Manager Mandate be terminated as a result, the ability of the Company to complete the Proposed Acquisitions and Public Offer would be significantly diminished.

Resolution 12 (which relates to the change of the Company's name) is conditional upon and subject to the Essential Resolutions but is not itself an Essential Resolution.

1.5 Watershed Enterprise Solutions Pty Ltd

(a) Background

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

Other than on its incorporation, Watershed has not issued securities in the 6 months prior to the date of this Notice.

Watershed currently holds a right to acquire the Watershed Tenement upon payment of a duty, being exploration license E70/5001, which makes up the Eneabba project (**Eneabba Project**). In addition, Watershed has also recently submitted applications for a further six exploration licences in the south west of Western Australia.

(b) Eneabba Project

The Eneabba Project covers an area of approximately 50.4 square kilometres and is located on the Gin Gin scarp (within Cainozoic ferruginous laterite and associated leached quartz sand). The area overlays the Yarragadee Formation. The Eneabba Project is prospective for silica sand and construction sand. Previous exploration in the area of what is now Eneabba Project has concentrated on the search for mineral sands.



Figure 1: Eneabba Project Location

The Eneabba Project comprises an exploration licence, approximately 15km south-east of Eneabba, 50km north-east of Jurien Bay, and 230km north-north-west of Perth. Access is via the Brand Highway, then Beros Road, then farm roads leading through the licence area, or via Rose Road that traverses the north eastern boundary of the Watershed Tenement.

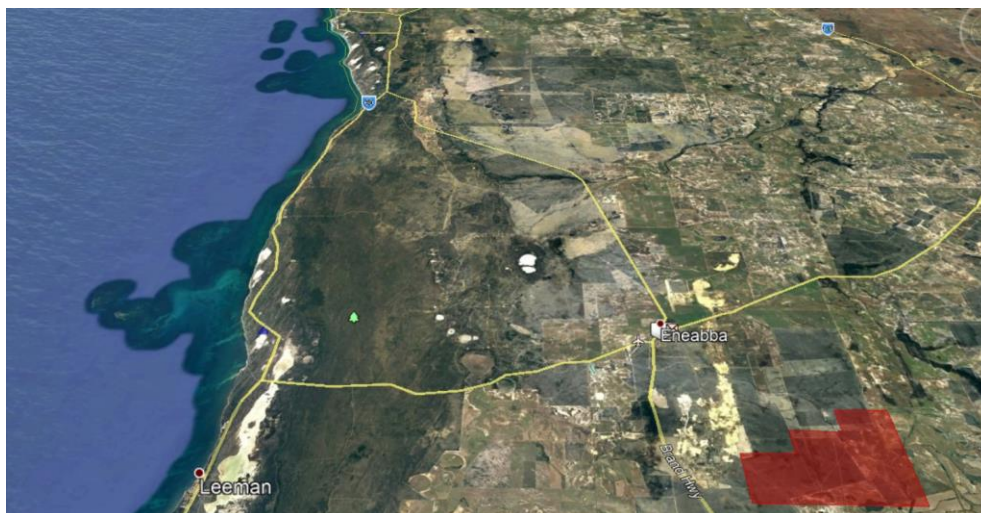


Figure 2: Eneabba Project Location in Context of Brand Highway and Leeman

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



Figure 3: Access Track to Eneabba Project

The Watershed Tenement forming the Eneabba Project is set out below:

Tenement	Area	Grant Date	Expiry Date
E 70/5001	18 Blocks	14/06/2018	13/06/2023

In addition, Watershed has recently submitted applications for the following exploration licences:

Tenement	Area	Application Date	Status
E 70/5322	22 Blocks	25/11/2019	Pending
E 70/5323	7 Blocks	25/11/2019	Pending
E 70/5324	12 Blocks	25/11/2019	Pending
E70/5332	70 Blocks	23/12/2019	Pending
E70/5332	58 Blocks	23/12/2019	Pending
E70/5334	49 Blocks	23/12/2019	Pending

High-grade silica sand is a key raw material in the industrial development of the world, especially in the specialist glass, metal casting, and ceramics industries. High-grade silica sand contains a high portion of silica (over 99.5% SiO₂) and is used for applications other than construction aggregates.

Unlike construction sands, which are used for their physical properties alone, high-grade silica sands are valued for a combination of chemical and physical properties. Ongoing economic and infrastructure development in the Asia/Pacific region is expected to drive growth.

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

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

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

Significant growth is projected in the hydraulic fracturing market as horizontal drilling for shale oil and gas resources expands, largely in North America. The Asia-Pacific region is expected to remain the largest

regional consumer of industrial sand through 2025, supported by the dominant Chinese market. The country's container glass industry will drive further silica sand sales, supported by rising production of glass bottles, particularly in the alcoholic beverage sector including wine and beer.

1.6 Mt Marshall Kaolin Pty Ltd

(a) Background

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

Other than on its incorporation, Mt Marshall has not issued any securities in the 6 months prior to the date of this Notice.

Mt Marshall currently holds a right to acquire the Mt Marshall Tenement upon payment of a duty, being exploration license E70/5039, which makes up the kaolin project (**Kaolin Project**).

(b) Kaolin Project

The Kaolin Project covers an area of approximately 3,555 Hectares (35.56 square kilometres) and is located on the Yilgarn Craton. The area overlays the Yarragadee Formation. It is on cleared farming land (with access agreements in place) so there are fewer environmental considerations than what might otherwise normally exist. The Kaolin Project is prospective for a high-grade kaolin suitable for ceramics industry, fibreglass industry and paper industry as a raw feed stock.

The Kaolin Project comprises an exploration licence, approximately 210km North-East of Perth. Access is via Koorda – Bullfinch Road. The Kaolin Project is ideally situated for transport of product for export through Fremantle port.

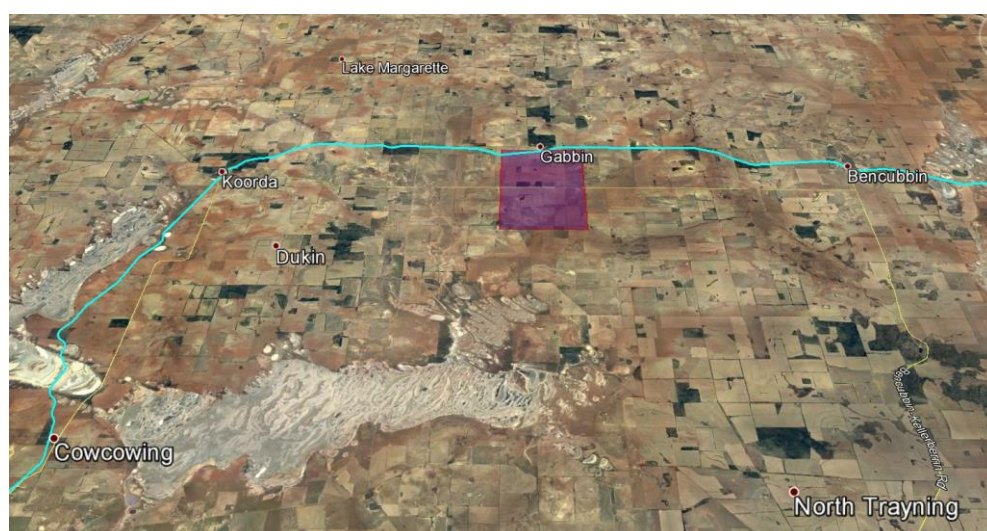


Figure 4: Location of Kaolin Project (Blue Line is Rail Line to Fremantle Port)

The Mt Marshall Tenement forming the Kaolin Project is listed in the table below. It is the Company's intention to peg further ground around this area:

Tenement	Area	Grant date	Expiry Date
E70/5039	12 Blocks	25/10/2018	24/10/2023

Halloysite kaolin is a naturally occurring blend between pure halloysite and kaolin, a clay mineral. A good quality blend of halloysite kaolin typically consists of a resource with a halloysite grade of at least 10%.

Established applications for halloysite kaolin include:

- Ceramics – the main application for halloysite kaolin is ceramics. Fine ceramics that use halloysite kaolin, particularly highly decorative porcelain over 40% of which is manufactured in China. Halloysite kaolin is used to provide the strength and translucence of porcelain products. Typically, ceramics producers demand a halloysite content of at least 10% in the halloysite kaolin blend.
- Catalysts – Superior catalyst for Fluid Catalytic Cracking which is a crucial process in petroleum refineries.

Kaolinite is a mineral belonging to the group of aluminosilicates. It is commonly referred to as "China Clay" because it was first discovered at Kao-Lin, in China. The term kaolin is used to describe a group of relatively common clay minerals dominated by kaolinite and derived primarily from the alteration of alkali feldspar and micas. Kaolin is an industrial mineral used primarily as an inert filler and customers combine it with other raw materials in a wide variety of applications.

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

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

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

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

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

Mature established markets often utilise kaolin in ceramics for high quality porcelain or as catalysts for Fluid Catalytic Cracking. New and emerging markets are known to employ kaolin, often in high purity alumina production and in creating halloysite nanotube technologies. In addition, kaolin is use in hydrogen storage and transport, batteries and super-capacitors, water purification, carbon dioxide capture - storage and conversion to fuel, medical delivery of drugs, construction-delivery of biocides, agriculture-delivery of pesticides and fertilisers, as well as polymers and coatings for reinforcement and fire-retardancy.

A booming construction industry in the Asia-Pacific region is leading an increase in the demand for ceramic products, which in turn is expected to boost the growth of the halloysite kaolin market. Chinese processors have significant demand for feedstock to process through their wet processing facilities but have struggled to find a product with adequate quality and reliability to ensure a premium end-use product and thus are searching for a high-grade supply to feedthrough their facilities.

Due to the decline in Chinese supply, the global halloysite kaolin market is characterised by a limited number of players. Small-scale producers in Thailand and Brazil produce for their respective domestic markets, Chinese companies look for a halloysite grade of ~20%. China has traditionally supplied the market in this sector; however, mines have been closing due to government crackdowns on environmentally-damaging mines. There are about 15-20 major Chinese players in this space who are vertically integrated producers (with both their own mines and processing facilities), however the quality of product is very low. Additionally, there are about six large processors who do not have a mine and are searching for reliable direct shipping ore product.

The Mt Marshall Project is potentially a high-grade Kaolin deposit located on private land with granted tenure. Transport logistics are in place with significant available rail capacity to Fremantle Port.

(c) **Business model**

Following completion of the Public Offer and the Proposed Acquisitions, the Company's proposed business model will be to further explore and develop the identified mineral deposits at the Eneabba Project and Kaolin Project (together, the **Projects**). The Company's main objectives on completion of the Public Offer are:

- (i) systemically explore the Projects for silica and kaolin through geological mapping, surface sampling and drilling on the Projects;

- (ii) assess the viability for, and if viable implement, a low capital expenditure silica sand production project on the Eneabba Project and kaolin production project at the Kaolin Project;
- (iii) continue to pursue other acquisitions that have a strategic fit for the Company;
- (iv) focus on mineral exploration or resource opportunities that have the potential to deliver growth for Shareholders;
- (v) implement a growth strategy to seek out further exploration and acquisition opportunities; and
- (vi) provide working capital for the Company.

(d) **Key Dependencies of the Business Model**

The key dependencies influencing the viability of the Proposed Acquisitions are:

- (i) the Company's capacity to re-comply with Chapters 1 and 2 of the Listing Rules to enable re-admission to quotation of the Company's Securities;
- (ii) completion of the Proposed Acquisitions;
- (iii) tenure access and grant of applications;
- (iv) commodity price volatility and exchange rate risk;
- (v) ability to meet resource and reserves and exploration targets;
- (vi) raising sufficient funds to satisfy expenditure requirements, exploration and operating costs; and
- (vii) minimising environmental impact and complying with health and safety requirements.

(e) **Related parties**

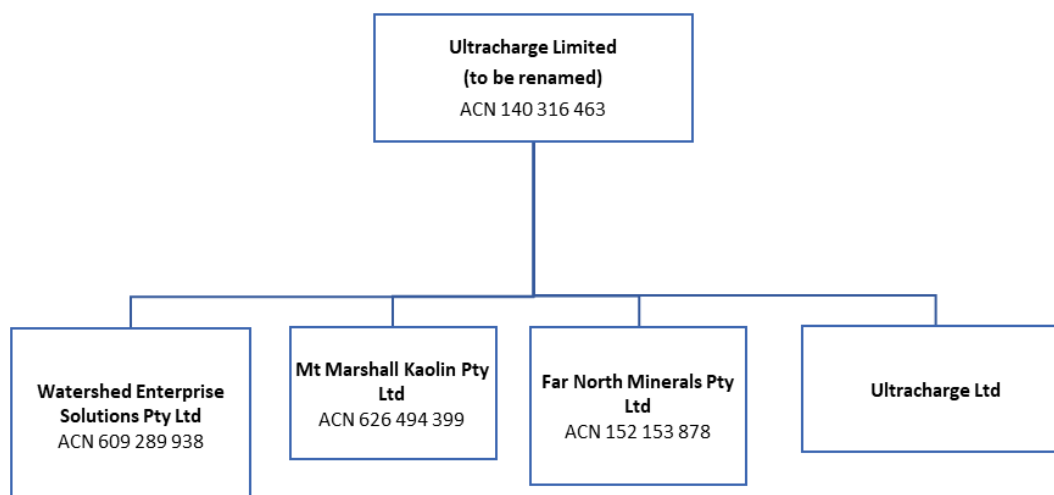
It is proposed that Mr John Paitaridis, Mr Kobi Ben-Shabat and Mr Anthony Brown will resign from the board of the Company on or before the completion of the Proposed Acquisitions. The Company notes Mr Yury Nehushtan and Mr Doron Nevo each resigned from the board on 11 November 2019 and 2 December 2019, respectively.

Subject to Completion of the Proposed Acquisitions, it is proposed that Mr Robert Martin will be appointed as Executive Chairman, Mr Leonard Troncone will be appointed as Non-Executive Director and Mr Aaron Banks will be appointed as Managing Director. On this basis, Messrs Martin, Troncone and Banks are each a related party by virtue of each being a person who is likely to become a related party of the Company in the future.

Mr Aaron Banks', Robert Martin's and Leonard Troncone's qualifications and experience are set out at Resolutions 13, 14 and 15, respectively.

1.7 Group Structure

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



Both Watershed and Mt Marshall have not traded during the current and prior financial periods and do not have any assets and liabilities, other than the respective Watershed and Mt Marshall Tenements. Far North Minerals Pty Ltd is currently dormant.

Ultracharge Ltd is a company incorporated in Israel and is the operating company for the Company's existing activities. The Company will seek to divest of its interest in Ultracharge Ltd in connection with, or following, Completion of the Proposed Acquisitions.

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

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

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

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

1.9 Indicative timetable

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

Event	Date*
Execution of the Acquisition Agreement	21 October 2019
Notice of Meeting for the Acquisition sent to Shareholders	28 January 2020
Lodge prospectus for the Capital Raise with ASIC	21 February 2020
Shareholder Meeting to approve the Acquisition, Consolidation and Capital Raise	28 February 2020
Consolidation of Capital	28 February 2020
Opening date of Public Offer	28 February 2020
Closing date of Public Offer	6 March 2020
Issue of Securities under the Public Offer	13 March 2020
Completion of Acquisition	13 March 2020
Despatch of holding statements	17 March 2020
Re-quotation on the ASX	20 March 2020

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

1.10 ASX waivers and confirmations obtained

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

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

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

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

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

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

- (a) the issue price of the ordinary securities issued by the Company in connection with the Proposed Acquisitions and the Public Offer is not

less than \$0.02 each, and the exercise price of the Options is not less than \$0.02 each;

- (b) the terms of this waiver are clearly disclosed in the notice of meeting and in the Prospectus; and
- (c) Shareholders approve:
 - (i) the issue price of the ordinary securities as part of the approvals obtained under ASX Listing Rule 11.1.2 for the Proposed Acquisitions and Public Offer; and
 - (ii) the exercise price of the options as part of the approvals obtained under Listing Rule 11.1.2 for the Proposed Acquisitions.

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

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

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

- (a) 20,000,000 Director Performance Rights (post Consolidation) to Mr Aaron Banks under Resolution 5;
- (b) 12,000,000 Director Performance Rights and 10,000,000 Director Options (post Consolidation) to Mr Robert Martin under Resolution 6;
- (c) 8,000,000 Director Performance Rights and 1,250,000 Director Options (post Consolidation) to Mr Leonard Troncone under Resolution 7;
- (d) 12,500,000 Shares to Mr Robert Martin in accordance with his participation under the Public Offer under Resolution 16;
- (e) 1,250,000 Shares to Mr Leonard Troncone in accordance with his participation under the Public Offer under Resolution 17; and
- (f) 5,000,000 Shares to Mr Kobi Ben-Shabat in accordance with his participation under the Public Offer under Resolution 18.

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

- (a) the Securities must be issued no later than three months after the date of the Meeting;
- (b) the Securities are issued pursuant to the relevant terms and conditions set out in this Notice;

- (c) the circumstances of the Company, as determined by ASX, do not materially change from the date of receipt of Shareholder approval to the date of issue of the Securities; and
- (d) the terms of the waiver are clearly disclosed in the Notice and in the Prospectus.

1.11 Use of Funds

To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its strategy post-completion of the Proposed Acquisitions, the Company intends, subject to Shareholder approval, to conduct the Public Offer. Shareholder approval for the Public Offer is the subject of Resolution 11.

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

	Minimum Subscription (\$)	Full Subscription (\$)
Funds available		
Existing cash reserves	\$1,411,618	\$1,411,618
Funds raised from the Public Offer	\$5,000,000	\$6,000,000
Total	\$6,411,618	\$7,411,618
Allocation of funds	(\$)	(\$)
Option Fees under Watershed Agreement ¹	\$150,000	\$150,000
Option Fees under Mt Marshall Agreement ¹	\$150,000	\$150,000
Exploration at Eneabba Project ²	\$970,000	\$1,004,438
Development of Eneabba Project ³	\$700,000	\$1,000,000
Exploration at Kaolin Project ²	\$720,000	\$745,562
Development of Kaolin Project ³	\$850,000	\$1,350,000
Expenses of the Public Offer ⁴	\$750,000	\$810,000
Administration Costs ⁵	\$600,000	\$600,000
Working capital ⁶	\$1,521,618	1,601,618
Total	\$6,411,618	\$7,411,618

Notes:

1. Refer to Schedule 5 and Schedule 6, respectively, for summaries of the material terms of the Watershed and Mt Marshall Agreements. Note that each Acquisition Agreement specifies that the option fee is not to be distributed to shareholders.
2. Exploration expenses include tenure expenses, drilling, assays, testwork, resource estimations and costs of feasibility studies
3. Development expenses include capital expenditure associated with mining and processing products from the Projects. Additional funding will be required to fully develop both of the projects to be acquired.
4. Expenses of the Public Offer include legal fees, ASX fees, advisor fees, Investigating Accountant fees, Independent Geological Advisory Fees, Share Registry Fees and brokerage costs.

5. Administration costs include, without limitation, general corporate costs such as the provision of contract services to the Company, ASX listing fees, Board and executive remuneration, office rent, and ongoing audit and accounting costs.
6. Working capital provides for additional capital to be used for additional exploration following the planned exploration programs and investment in new mineral exploration projects not yet identified by the Directors.

The above table is a statement of current intentions as of the date of this Notice of Meeting. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Directors and the Proposed Directors consider that following completion of the Public Offer, the Company will have sufficient working capital to carry out its stated objectives. It should however be noted that an investment in the Company is speculative and investors are encouraged to read the risk factors outlined in Section 1.23.

1.12 No Underwriter

The Public Offer is not underwritten.

1.13 Lead Manager

The Company has appointed Sandton Capital Advisory Pty Ltd (**Lead Manager**) to lead manage the Public Offer. The terms of the Lead Manager Mandate are detailed in Schedule 7.

The Lead Manager will receive the following fees:

- (a) lead management fee of 2% of all funds raised under the Public Offer;
- (b) capital raise fee of 4% of all funds raised under the Public Offer;
- (c) monthly retainer of \$10,000 plus GST per month commencing on 16 September 2019; and
- (d) the following on the successful facilitation of the Proposed Acquisitions:
 - (i) 45,616,903 Lead Manager Options (post-Consolidation); and
 - (ii) 22,500,000 Advisor Options (post Consolidation).

The Lead Manager will also receive 3,750,000 Watershed Consideration Shares (post-Consolidation) 3,750,000 Mt Marshall Consideration Shares (post-Consolidation).

Therefore, in addition to the monthly retainer fee:

- (a) upon minimum subscription of the Public Offer (raising \$5,000,000), \$300,000 will be payable to the Lead Manager; or
- (b) if the Public Offer and its oversubscriptions are fully subscribed (raising \$6,000,000), \$360,000 will be payable to the Lead Manager.

1.14 Other Advisors

In addition to the above, Astrid Hill Pty Ltd will receive 5,250,000 Watershed Consideration Shares and 5,250,000 Mt Marshall Consideration Shares, together with 22,500,000 Advisor Options.

Astrid Hill Pty Ltd will receive the above Consideration Shares and Advisor Options, subject to Shareholder approval, as consideration for the provision of their services in identifying and facilitating the Proposed Acquisitions.

1.15 Pro forma capital structure

The proposed capital structure of the Company following Completion of the Proposed Acquisitions and issues of all Securities contemplated by this Notice is set out below.

	Minimum Subscription	Full Subscription
Shares currently on issue	1,123,380,620	1,123,380,620
Consolidation of capital	(1,011,042,558)	(1,011,042,558)
Shares on issue in the Company^{1,2}	112,338,062	112,338,062
Shares to be issued for the Acquisition of Watershed ^{3,4}	75,000,000	75,000,000
Shares to be issued for the Acquisition of Mt Marshall ^{4, 5}	75,000,000	75,000,000
Shares to be issued pursuant to the Public Offer ⁶	250,000,000	300,000,000
Total Shares on completion of the Proposed Acquisitions (post-Consolidation)	512,338,062	562,338,062

Notes:

1. Assuming no other Shares are issued prior to Completion of the Proposed Acquisitions.
2. Based on 1,123,380,620 Shares on issue as at 17 December 2019 and completion of the Consolidation, however the final number may differ as a result of any rounding.
3. Refer to Schedule 5 for terms of the Watershed Agreement
4. 5% of the Shares to be issued as consideration for the Proposed Acquisitions will be issued to Sandton Capital (or its nominees) and 7% of the Shares to be issued as consideration for the Proposed Acquisitions will be issued to Astrid Hill Pty Ltd as a facilitation fee in respect of the Proposed Acquisitions.
5. Refer to Schedule 6 for terms of the Mt Marshall Agreement.
6. The Company will seek to raise \$5,000,000 through the issue of 250,000,000 Shares at \$0.02 per Share, with oversubscriptions of an additional 50,000,000 Shares to raise up to a further \$1,000,000.

No party will acquire control of, or voting power of 20% or more in, the Company as at Completion as a result of the Proposed Acquisitions.

1.16 Options and Performance Rights

Options	Number
Options currently on issue	10,000,000 ¹
	5,166,667 ²
Lead Manager Options to be issued to Sandton Capital (or its nominees)	45,616,903 ³
Director Options to be issued to Mr Robert Martin and Mr Leonard Troncone	11,250,000 ³
Adviser Options to be issued to Sandton Capital and Astrid Hill Pty Ltd (or their respective nominees)	45,000,000 ⁴
Total Options on completion of the Proposed Acquisitions (post-Consolidation)	117,033,570

Notes:

- Options exercisable at \$0.50 each on or before 30 June 2020 on a post-Consolidation basis.
- Options exercisable at \$0.08 each on or before 3 September 2022 on a post-Consolidation basis.
- Options exercisable at \$0.03 on or before the date that is 3 years following the date of issue on a post-Consolidation basis.
- Options exercisable at \$0.03 on or before the date that is 3 years following the date of issue on a post-Consolidation basis.

Performance Rights	Number
Performance Rights currently on issue	Nil
Director Performance Rights to be issued to Messrs Aaron Banks, Robert Martin and Leonard Troncone	40,000,000 ¹
Total Performance Rights on completion of the Proposed Acquisitions (post-Consolidation)	40,000,000

Notes:

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

1.17 Pro forma balance sheet

The pro-forma balance sheet of the Company following completion of the Proposed Acquisitions and issues of all Securities contemplated by this Notice is set out in Schedule 8. The historical and pro-forma information is presented in an abbreviated form, insofar as it does not include all of the disclosure required by the Australian Accounting Standards applicable to annual financial statements.

1.18 Composition of the Board of Directors

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

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

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

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

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

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

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

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

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

Mr Troncone has been involved with initial public offerings, capital raisings and the arrangement of debt facilities to fund major acquisitions and projects. He has made transformative contributions to newly listed

entities including the delivery and creation of strong shareholder wealth in the years post-initial public offer at both United Group Limited and Decmil Group Limited (formerly Paladio Group Limited). Mr Troncone has previously been involved in the preparation of long-term strategic plans with the single objective of delivering shareholder wealth through revenue growth, profitability growth, return on shareholders' funds, share price growth, increasing market share, competitor analysis, industry trends and acquisition targets.

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

1.19 Director and Proposed Director Interests in Securities

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

Details of the Directors' and Proposed Directors' relevant interest in the Securities of the Company upon completion of the Proposed Acquisitions are set out in the table below (on a post-Consolidation basis):

Director/Proposed Director	Shares	% (undiluted) ⁴	Performance Rights	Options	% (diluted) ⁵
Kobi Ben-Shabat ¹	12,210,816 ²	2.17%	Nil	333,334 ³	1.74%
John Paitaridis ¹	900,000	0.16%	Nil	Nil	1.55%
Anthony Brown ¹	Nil	Nil	Nil	Nil	Nil
Robert Martin	12,500,000 ⁸	2.22%	12,000,000 ⁶	10,000,000 ⁷	3.41%
Leonard Troncone	1,250,000 ⁹	0.22%	8,000,000 ⁶	1,250,000 ⁷	1.29%
Aaron Banks	73,042,500	12.99%	20,000,000 ⁶	Nil	12.96%

Notes:

1. To resign on or prior to the Company re-admission to the Official List of the ASX.
2. Comprising 1,966,667 Shares held directly by Mr Ben-Shabat, 2,251,309 Shares held by 102 Capital Management ATF Kobi Ben-Shabat and 2,992,840 Shares held by Reblaze Singapore Pte Ltd (an entity associated with Mr Ben-Shabat). Including 5,000,000 Shares to be issued under the Public Offer, subject to Resolution 18.
3. Unlisted Options exercisable at \$0.08 each on or before 4 September 2022.
4. Calculated on the basis that, at completion of the Public Offer (being fully subscribed) and the Proposed Acquisitions, the Company will have 562,338,062 Shares on issue.
5. Calculated on the basis that, on a fully diluted basis, the Company would have 719,371,632 Shares on issue (assuming the Public Offer is fully subscribed).
6. Refer to Schedule 1 for the terms of the Director Performance Rights.
7. Refer to Schedule 3 for the terms of the Director Options.
8. To be issued under the Public Offer, subject to Resolution 16.
9. To be issued under the Public Offer, subject to Resolution 17.

1.20 Advantages of the Acquisition

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

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

1.21 Disadvantages of the Acquisition

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

- (a) the Company will be changing the scale of its activities which may not be consistent with the objectives of all Shareholders;
- (b) the Proposed Acquisitions, Public Offer and associated transactions the subject of this Notice will result in the issue of a significant number of Shares to the Vendors and new investors which will have a dilutionary effect on the holdings of Shareholders;
- (c) there are inherent risks associated with the change in nature of the Company's activities. Some of these risks are summarised in Section 1.23 below; and
- (d) future outlays of funds from the Company may be required for its proposed business and exploration operations.

1.22 Restricted Securities and free float

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Public Offer, certain Securities on issue (including the Watershed Consideration Shares and Mt Marshall Consideration Shares (together, the **Consideration Shares**)) may be classified by ASX as restricted

securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

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

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

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

The Company's 'free float' (being the percentage of Shares not subject to escrow and held by Shareholders that are not related parties of the Company (or their associates) at the time of admission to the Official List) will be approximately 45.14%, comprising all Shares issued pursuant to the Public Offer, other than Shares to be applied for by the Directors or Proposed Directors.

1.23 Risk factors

The key risks of the Proposed Acquisitions and following Completion are:

(a) Risks relating to Change in Nature and Scale of Activities

(i) Completion risk

Pursuant to the Acquisition Agreements, the Company has been granted an option to acquire 100% of the issued capital of both Watershed and Mt Marshall, the exercise and completion of which is subject to the fulfilment of certain conditions. There is a risk that the conditions for completion of the Proposed Acquisitions cannot be fulfilled and, in turn, that completion of the Proposed Acquisitions of each Watershed and Mt Marshall does not occur.

If the Proposed Acquisitions are not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(ii) Re-quotation of Shares on ASX

The Proposed Acquisitions of Watershed and Mt Marshall constitute a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX.

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

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Securities on the ASX. Should this occur, the Securities will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares and Options until such time as it does re-comply with the ASX Listing Rules.

(iii) **Dilution risk**

The Company currently has 1,123,380,620 Shares on issue (on a pre-Consolidation basis). Pursuant to the Acquisition Agreements, the Company proposes to issue (on a post-Consolidation basis):

- (A) 150,000,000 Consideration Shares;
- (B) 300,000,000 Public Offer Shares;
- (C) 45,616,903 Lead Manager Options to Sandton Capital;
- (D) 20,000,000 Director Performance Rights to Mr Aaron Banks;
- (E) 12,000,000 Director Performance Rights and 10,000,000 Director Options to Mr Robert Martin;
- (F) 8,000,000 Director Performance Rights and 1,250,000 Director Manager Options to Mr Leonard Troncone; and
- (G) 22,500,000 Advisor Options to each of Sandton Capital and Astrid Hill Pty Ltd (or their respective nominees).

After the Consolidation (the subject of Resolution 2) and subject to the passing of the Resolutions the subject of this Notice and the issue of the Securities the subject of each Resolution:

- (A) the existing Shareholders will retain approximately 19.98% of the Company's issued Share capital;
- (B) the Vendors will hold approximately 11.74% of the Company's issued Share capital (after deducting those Consideration Shares issued to Sandton Capital and Astrid Hill Pty Ltd);
- (C) Sandton Capital will hold approximately 1.33% of the Company's issued Share capital; and
- (D) the investors under the Public Offer will hold approximately 48.80% of the Company's issued Share capital at Minimum Subscription.

(b) **Risks relating to the Company**

(i) **Exploration**

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

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

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

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

(ii) **Tenement applications and license renewal**

The Company cannot guarantee additional applications for tenements made by the Company will ultimately be granted, in whole or in part. Further the Company cannot guarantee that renewals of valid tenements will be granted on a timely basis, or at all. The Company has yet to receive regulatory and environmental approval to convert its exploration licences into production concessions. There is a risk that these approvals may not be obtained.

(iii) **Mine development**

Possible future development of a mining operation at the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns,

unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

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

(iv) **Additional requirements for capital**

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

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

(v) **Reliance on key personnel**

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

(vi) **Economic and financial market risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (A) general economic outlook;
- (B) interest rates and inflation rates;
- (C) currency fluctuations;
- (D) changes in investor sentiment toward particular market sectors;
- (E) the demand for, and supply of, capital; and
- (F) terrorism or other hostilities.

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

(vii) **Force majeure**

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

(viii) **Trading price of Shares**

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

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-company specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general

state of the global economy. No assurances can be made that the Company's market performance will not be adversely affected by any such market fluctuations or factors.

As the Company's Shares have been suspended from trading for approximately three months, there is currently no public market for Shares. There is no guarantee that an active trading market in the Company's Shares will develop or that that prices at which Shares trade will increase following completion of the Acquisition and the Public Offer. The prices at which Shares trade may be above or below the Public Offer price and may fluctuate in response to a number of factors.

1.24 Plans for the Company if completion of the Acquisition does not occur

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

1.25 Directors' interests in the Acquisition

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

1.26 Vendors' interests in the Company

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

1.27 Forward looking statements

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

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

2.1 General

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

A detailed description of the Proposed Acquisitions is outlined in Section 1 above, and the key terms and conditions of the Acquisition Agreements are set out in Schedule 5 and Schedule 6 of this Notice.

2.2 ASX Listing Rule 11.1

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

- (a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- (b) if ASX requires, obtain the approval of holders of its shares and comply with any requirements of ASX in relation to the notice of meeting; and
- (c) if ASX requires, meet the requirements of Chapters 1 and 2 of the ASX Listing Rules as if the entity were applying for admission to the Official List.

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

2.3 ASX Listing Rule 11.1.2

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

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

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

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

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

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

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

The Company's securities have been suspended from quotation since October 2019 and, subject to Shareholder approval being obtained, will remain

suspended from quotation until the Company has acquired both Watershed and Mt Marshall pursuant to the Acquisition Agreements and re-complied with Chapters 1 and 2 of the ASX Listing Rules, including by satisfaction of ASX's conditions precedent to reinstatement.

3. RESOLUTION 2 – CONSOLIDATION OF CAPITAL

3.1 Background

The Directors are seeking Shareholder approval to consolidate the number of Shares on issue on a 10 for 1 basis (**Consolidation**). If Resolution 2 is passed and excluding any Securities issued pursuant to the other Resolutions, the number of:

- (a) Shares on issue will be reduced from 1,123,380,620 to 112,338,062 (subject to rounding); and
- (b) Options on issue will be reduced from 151,666,666 to 15,166,667 (subject to rounding).

3.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

3.3 Fractional entitlements

Not all Security holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by 10. Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

3.4 Taxation

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

3.5 Holding statements

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

3.6 Effect on capital structure

The effect which the Consolidation will have on the Company's capital structure is set out in the table below.

Capital Structure	Shares	Unlisted Options ¹	Performance Rights
Pre-Consolidation Securities	1,123,380,620	151,666,666	Nil
Sub-total	1,123,380,620	151,666,666	Nil
Post 10:1 Consolidation of Securities (Resolution 2)²	112,338,062	15,166,667	Nil
Watershed Consideration Shares to be issued to Watershed Vendors (Resolution 3)	75,000,000	Nil	Nil
Mt Marshall Consideration Shares to be issued to Mt Marshall Vendors (Resolution 4)	75,000,000	Nil	Nil
Issue of Director Performance Rights to Aaron Banks, Robert Martin and Leonard Troncone (Resolution 5 to 7)	Nil	Nil	40,000,000
Issue of Director Options (Resolutions 6 and 7)	Nil	11,250,000	Nil
Issue of Advisor Options (Resolutions 8 and 9)	Nil	45,000,000	Nil
Issue of Lead Manager Options (Resolution 10)	Nil	45,616,903	Nil
Issue of Shares pursuant to the Public Offer (Resolution 11)	300,000,000	Nil	Nil
Completion of all Resolutions	562,338,062	117,033,570	40,000,000

Notes

1. The terms of these Options are set out in the table below.
2. Assuming the Public Offer is fully subscribed.

The Company's Share price at the time of its suspension, on 21 October 2019, was \$0.002. The Company does not expect there to be any dilution resulting from the Consolidation, other than a nominal amount caused by possible rounding.

The effect the Consolidation will have on the terms of the Options is as set out in the tables below:

Options – Pre Consolidation

Terms	Number
Options exercisable at \$0.05 by 30 June 2020	100,000,000
Options exercisable at \$0.008 by 3 September 2022	51,666,666
Total	151,666,666

Options – Post Consolidation

Terms	Number
Options exercisable at \$0.5 by 30 June 2020	10,000,000
Options exercisable at \$0.08 by 3 September 2022	5,166,667
Total	15,166,667

3.7 Proposed Consolidation Timetable

Event	Date*
Entity announces consolidation	29 October 2019
Entity sends out notices for security holders' meeting.	28 January 2020
Meeting of security holders passes the necessary resolution approving the consolidation effective on the date of the resolution or a later date specified in the resolution.	28 February 2020
Entity announces effective date of consolidation (being the date of the resolution approving the consolidation or a later date specified in the resolution).	28 February 2020
Effective date of consolidation (as specified in the resolution approving the consolidation)	28 February 2020
Last day for trading in pre-consolidation securities.	2 March 2020
If agreed by ASX, trading in post-consolidation securities commences on a deferred settlement basis.	Not applicable
Record date	4 March 2020
First day for entity to update its register and to send holding statements to security holders reflecting the change in the number of securities they hold.	5 March 2020

4. RESOLUTION 3 – ISSUE OF WATERSHED CONSIDERATION SHARES

4.1 General

Resolution 3 seeks Shareholder approval for the issue of 75,000,000 Watershed Consideration Shares (on a post-Consolidation basis) in consideration for the acquisition of 100% of the issued capital in Watershed Enterprise Solutions Pty Ltd, in accordance with the Watershed Agreement.

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

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

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

If Resolution 3 is passed, the Company will be able to proceed with the issue of 75,000,000 Watershed Consideration Shares (as detailed at Schedule 5) to the Watershed Vendors, Sandton Capital and Astrid Hill Pty Ltd (or their respective nominees). In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Watershed Consideration Shares and the Company will therefore be unable to proceed with the Proposed Acquisitions and re-compliance with the ASX Listing Rules.

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

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issued of the Watershed Consideration Shares:

- (a) the maximum number of Watershed Consideration Shares to be issued is 75,000,000 (on a post-Consolidation basis);
- (b) the Watershed Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Watershed Consideration Shares will occur on the same date;
- (c) the Watershed Consideration Shares will be issued for nil cash consideration in satisfaction of the acquisition of 100% of the issued capital in Watershed Enterprise Solutions Pty Ltd;
- (d) the Watershed Consideration Shares will be issued (as detailed at Schedule 5) to the Watershed Vendors, Sandton Capital and Astrid Hill Pty Ltd (or their respective nominees), who (other than Mr Aaron Banks) are not related parties of the Company. As Mr Banks is only a related party by reason of the Proposed Acquisitions, the Company will not require ASX Listing Rule 10.11 approval as it will rely upon ASX Listing Rule 10.12 (Exception 12);
- (e) the Watershed Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue as the Watershed Consideration Shares are being issued in consideration for the acquisition of 100% of the issued capital in Watershed Enterprise Solutions Pty Ltd; and
- (g) the material terms of the Watershed Acquisition Agreement are summarised at Schedule 5.

5. RESOLUTION 4 – ISSUE OF MT MARSHALL CONSIDERATION SHARES

5.1 General

Resolution 4 seeks Shareholder approval for the issue of 75,000,000 Mt Marshall Consideration Shares (on a post-Consolidation basis) in consideration for the acquisition of 100% of the issued capital in Mt Marshall Kaolin Pty Ltd, in accordance with the Mt Marshall Agreement.

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

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

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

Resolution 4 seeks the required Shareholder approval to the issue of the Mt Marshall Consideration Shares under and for the purposes of Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the issue of 75,000,000 Mt Marshall Consideration Shares (as detailed at Schedule 6) to the Mt Marshall Vendors, Sandton Capital and Astrid Hill Pty Ltd (or their respective nominees). In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Mt Marshall Consideration Shares and the Company will therefore be unable to proceed with the Proposed Acquisitions and re-compliance with the ASX Listing Rules.

To this end, Resolution 4 seeks Shareholder approval to the issue under and for the purposes of Listing Rule 7.1.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issued of the Mt Marshall Consideration Shares:

- (a) the maximum number of Mt Marshall Consideration Shares to be issued is 75,000,000 (on a post-Consolidation basis);
- (b) the Mt Marshall Consideration Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Mt Marshall Consideration Shares will occur on the same date;
- (c) the Mt Marshall Consideration Shares will be issued for nil cash consideration in satisfaction of the acquisition of 100% of the issued capital in Mt Marshall Kaolin Pty Ltd;
- (d) the Mt Marshall Consideration Shares will be issued (as detailed at Schedule 6) to the Mt Marshall Vendors, Sandton Capital and Astrid Hill Pty Ltd, who (other than Mr Aaron Banks) are not related parties of the Company. As Mr Banks is only a related party by reason of the Proposed Acquisitions, the Company will not require ASX Listing Rule 10.11 approval as it will rely upon ASX Listing Rule 10.12 (Exception 12);
- (e) the Mt Marshall Consideration Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) no funds will be raised from the issue as the Mt Marshall Consideration Shares are being issued in consideration for the acquisition of 100% of the issued capital in Mt Marshall Kaolin Pty Ltd; and

- (g) the material terms of the Mt Marshall Acquisition Agreement are summarised at Schedule 6.

6. RESOLUTIONS 5, 6 AND 7 – ISSUE OF DIRECTOR SECURITIES TO AARON BANKS, ROBERT MARTIN AND LEONARD TRONCONE

6.1 General

As per the Acquisition Agreements, on Completion of the Proposed Acquisitions, the Company will issue a total of:

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

each on a on a post-Consolidation basis.

Resolutions 5, 6 and 7 seek Shareholder approval for the grant of the Director Performance Rights and Director Options (as detailed above) to Mr Aaron Banks, Mr Robert Martin and Mr Leonard Troncone (or their respective nominees).

6.2 Chapter 2E of the Corporations Act

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

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

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

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

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

6.3 ASX Listing Rule 10.11

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

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

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

6.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 5, 6 and 7:

- (a) the Director Performance Rights and Director Options will be granted to Mr Aaron Banks, Mr Robert Martin and Mr Leonard Troncone (or their respective nominees), as follows:
 - (i) Mr Aaron Banks is to be granted 20,000,000 Director Performance Rights;
 - (ii) Mr Robert Martin is to be granted 12,000,000 Director Performance Rights and 10,000,000 Director Options; and
 - (iii) Mr Leonard Troncone is to be granted 8,000,000 Director Performance Rights and 1,2500,000 Director Options;
- (b) the Director Performance Rights and Director Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that grant of the Director Performance Rights and Director Options will occur on the same date;
- (c) the Director Performance Rights and Director Options will be issued as part of the remuneration packages for the Proposed Directors, each for nil cash consideration, accordingly no funds will be raised; and
- (d) the terms and conditions of the:
 - (i) Director Performance Rights are set out in Schedule 1; and
 - (ii) Director Options are set out in Schedule 3.
- (e) the Director's remuneration packages are as follows:

Director	Remuneration ¹
Mr Aaron Banks	\$20,000 per month

Mr Robert Martin	\$14,000 per month
Mr Leonard Troncone	\$3,500 per month

Notes:

1. Excluding superannuation.

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

7. RESOLUTIONS 8 AND 9 – ISSUE OF ADVISER OPTIONS TO SANDTON CAPITAL AND ASTRID HILL

7.1 General

As per the Acquisition Agreements, on Completion of the Proposed Acquisitions, the Company will issue a total of 45,000,000 Adviser Options (on a post-Consolidation basis) to Sandton Capital and Astrid Hill Pty Ltd for the advisory services and assistance in undertaking the Proposed Acquisitions.

Resolutions 8 and 9 each seek Shareholder approval for the issue of 22,500,000 Adviser Options to each of Sandton Capital and Astrid Hill Pty Ltd in consideration for advisory services provided by them Ltd in connection with the Proposed Acquisitions and Public Offer.

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

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

Resolutions 8 and 9 each seek the required Shareholder approvals for the issue of the Adviser Options under and for the purposes of Listing Rule 7.1.

If Resolutions 8 and 9 are passed, the Company will be able to proceed with the issue of 45,000,000 Adviser Options to Sandton Capital and Astrid Hill Pty Ltd (as detailed in Schedules 5 and 6). In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolutions 8 and 9 are not passed, the Company will not be able to proceed with the issue of the Adviser Options and the Company will therefore be in breach of the Lead Manager Mandate and will be unable to access the funds raised under the Public Offer.

Resolutions 8 and 9 **have not** been denoted as Essential Resolutions. However, should Shareholder approval not be received for the issue of the Adviser Options, there is no guarantee that Sandton Capital will continue with the Lead Manager Mandate. Should the Lead Manager Mandate be terminated as a

result, the ability of the Company to complete the Proposed Acquisitions and Public Offer would be significantly diminished.

To this end, Resolutions 8 and 9 seeks Shareholder approval to the issue under and for the purposes of Listing Rule 7.1.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Adviser Options to Sandton Capital and Astrid Hill Pty Ltd:

- (a) the maximum number of Adviser Options to be issued is 45,000,000 (on a post-Consolidation basis), being:
 - (i) 22,500,000 Adviser Options to Sandton Capital; and
 - (ii) 22,500,000 Adviser Options to Astrid Hill Pty Ltd;
- (b) the Adviser Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Adviser Options will occur on the same date;
- (c) the Adviser Options will be issued for nil cash consideration in satisfaction of the advisory services provided by Sandton Capital and Astrid Hill Pty Ltd in accordance with the Proposed Acquisition and Acquisition Agreements;
- (d) the Adviser Options will be issued to Sandton Capital and Astrid Hill Pty Ltd, who are not related parties of the Company;
- (e) the Adviser Options will be issued on the terms and conditions set out in Schedule 2;
- (f) no funds will be raised from the issue of the Adviser Options, as they are being issued in consideration for the advisory services provided by Sandton Capital and Astrid Hill Pty Ltd in accordance with the lead manager mandate between Sandton Capital and the Company dated 17 October 2019, the Proposed Acquisitions and Acquisition Agreements; and
- (g) the material terms of the Acquisition Agreements and Lead Manager Mandate are summarised at Schedules 5, 6 and 7, respectively.

8. RESOLUTION 10 – ISSUE OF LEAD MANAGER OPTIONS

8.1 General

Resolution 10 seeks Shareholder approval for the issue of up to 45,616,903 Lead Manager Options (on a post-Consolidation basis) in consideration for lead manager services provided by Sandton Capital.

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

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

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

If Resolution 10 is passed, the Company will be able to proceed with the issue of 45,616,903 Lead Manager Options to Sandton Capital (as detailed in Schedule 7). In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

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

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

To this end, Resolutions 8 and 9 seeks Shareholder approval to the issue under and for the purposes of Listing Rule 7.1.

The effect of Resolution 10 will be to allow the Company to issue the Lead Manager Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

8.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Lead Manager Options:

- (a) the maximum number of Lead Manager Options to be issued is 45,616,903 (on a post-Consolidation basis);
- (b) the Lead Manager Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Lead Manager Options will occur on the same date;
- (c) the Lead Manager Options will be issued for nil cash consideration in satisfaction of lead manager services provided by Sandton Capital;
- (d) the Lead Manager Options will be issued to Sandton Capital, who is not a related party of the Company;
- (e) the Lead Manager Options will be issued on the terms and conditions set out in Schedule 3;

- (f) no funds will be raised from the issue of the Lead Manager Options as the Lead Manager Options are being issued in consideration for lead manager services provided by Sandton Capital; and
- (g) the material terms of the Lead Manager Mandate are summarised at Schedule 7.

9. RESOLUTION 11 – ISSUE OF PUBLIC OFFER SHARES

9.1 General

Resolution 11 seeks Shareholder approval for the issue of up to 300,000,000 Shares at an issue price of \$0.02 per Share to raise up to \$6,000,000 (**Public Offer**).

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

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

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

If Resolution 11 is passed, the Company will be able to proceed with the issue of up to 300,000,000 Shares (on a post-Consolidation basis) under the Public Offer. In addition, the issue will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

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

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

9.2 Technical information required by ASX Listing Rule 7.1

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

- (a) the maximum number of Shares to be issued is 300,000,000 (on a post-Consolidation basis);
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price will be \$0.02 per Share, with all funds raised under the Public Offer to be spent in accordance with the use of funds detailed at Section 1.11;

- (d) the Shares will be issued to subscribers under the Public Offer. The Directors will determine to whom the Shares will be issued, on a basis to ensure the Company's Re-compliance requirements are met, but these persons will not be related parties of the Company, other than with Shareholder approval as per Resolutions 16 and 17;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Public Offer as set out in Section 1.11.

10. RESOLUTION 12 – CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 12 seeks the approval of Shareholders for the Company to change its name to 'Suvo Strategic Minerals Limited'.

If Resolution 12 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 12 is passed, the Company will lodge a copy of the special resolution with ASIC on Completion of the Proposed Acquisitions in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

11. RESOLUTION 13 – APPOINTMENT OF MR AARON BANKS

11.1 General

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

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

11.2 Qualifications and other material directorships

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

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

In 2016 he discovered what has become to be known as one of the largest high-grade silica sand resources in the world. While on the board of Australian Silica, he successfully negotiated the sale of the Muchea Silica Sand Project to VRX

Silica (ASX:VRX) in 2017, which helped re-pivot VRX from a base metals explorer to a silica sand explorer.

11.3 Independence

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

If elected the Board does not consider Mr Aaron Banks will be an independent director.

11.4 Board recommendation

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

12. RESOLUTION 14 – APPOINTMENT OF MR ROBERT MARTIN

12.1 General

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

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

12.2 Qualifications and other material directorships

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

12.3 Independence

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

If elected the Board considers Mr Robert Martin will be an independent director.

12.4 Board recommendation

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

13. RESOLUTION 15 – APPOINTMENT OF MR LEONARD TRONCONE

13.1 General

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

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

13.2 Qualifications and other material directorships

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

Mr Troncone has been involved with initial public offerings, capital raisings and the arrangement of debt facilities to fund major acquisitions and projects.

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

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

13.3 Independence

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

If elected the Board considers Mr Leonard Troncone will be an independent director.

13.4 Board recommendation

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

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

14.1 General

Pursuant to Resolution 11 the Company is seeking Shareholder approval for the allotment and issue of up to 300,000,000 Shares at an issue price of \$0.02 per Share to raise up to \$6,000,000 under the Public Offer.

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

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

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

arising from their respective participation in the Public Offer (**Participation**).

14.2 Chapter 2E of the Corporations Act

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

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

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

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

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

14.3 ASX Listing Rule 10.11

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

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

14.4 Technical Information required by ASX Listing Rule 10.13

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

- (a) the Shares will be allotted and issued to Mr Robert Martin, Mr Leonard Troncone and Mr Kobi Ben-Shabat (or his nominee);
- (b) the maximum number of Shares to be issued is:
 - (i) up to 12,500,000 Shares to Mr Robert Martin (or his nominee);
 - (ii) up to 1,250,000 Shares to Mr Leonard Troncone (or his nominee); and
 - (iii) up to 5,000,000 Shares to Mr Kobi Ben-Shabat (or his nominee);
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (d) the issue price will be \$0.02 per Share, being the same as all other Shares issued under the Public Offer, with all funds raised under the Public Offer to be spent in accordance with the use of funds detailed at Section 1.11;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Public Offer as set out in Section 1.11 of this Explanatory Statement.

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

15. RESOLUTION 19 – APPROVAL OF PERFORMANCE RIGHTS AND OPTION PLAN

Resolution 19 seeks Shareholders approval for the adoption of the employee incentive scheme titled Performance Rights and Option (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 13).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 13) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the employee incentive scheme as an exception to ASX Listing Rule 7.1, provided that the holders of the entity's ordinary securities have approved the issue of equity securities under the employee incentive scheme as an exception to this rule.

ASX Listing Rule 7.2 (Exception 13) is only available if and to the extent that the number of equity securities issued under the employee incentive scheme does not exceed the maximum number in the notice of meeting.

Exception 13 ceases to be available if there is a material change to the terms of the employee incentive scheme from those set out in the entity's prospectus, PDS or information memorandum (in the case of (a) above) or in the notice of meeting (in the case of (b) above).

If Resolution 19 is passed, the Company will be able to issue Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no securities have previously been issued under the Plan. The Company does not presently intend to issue any securities under the Plan following Shareholder approval. However, the Plan is being adopted in order to give the Company flexibility with respect to incentivising its employees and management in the future.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Shares under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A material feature of the Plan is the issue of Shares pursuant to the Plan may be undertaken by way of provision of a non-recourse, interest free loan to be used for the purposes of subscribing for the Shares based on a price that will be not less than the volume weighted average price at which Shares were traded on the ASX over the 10 trading days up to and including the date of acceptance of the offer.

Any future issues of Shares under the Plan to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 4. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (+61(0) 3 9191 0135). Shareholders are invited to contact the Company if they have any queries or concerns.

GLOSSARY

\$ means Australian dollars.

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

Advisor Option means an option to acquire a Share to be issued on the terms as at Schedule 2.

AEDT means Australian Eastern Daylight Savings Time

ASIC means the Australian Securities & Investments Commission.

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

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

Company means Ultracharge Limited (ACN 140 316 463).

Completion means the completion and settlement of the Proposed Acquisitions.

Constitution means the Company's constitution.

Consolidation has the meaning as at Section 3.1.

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

Directors means the current directors of the Company.

Director Option means an Option to be issued to a Director on the terms as at Schedule 3.

Essential Resolution has the meaning as at Section 1.4.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Lead Manager Option means an Option to be issued to the Lead Manager on the terms as at Schedule 3.

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

Mt Marshall Agreement means the agreement granting the Company the option to acquire 100% of the issued capital in Mt Marshall, between the Company and the Mt Marshall Vendors dated 24 December 2019.

Mt Marshall Consideration Shares means the 75,000,000 Shares (post-Consolidation) to be issued to the Mt Marshall Vendors as per Resolution 4.

Mt Marshall Tenement means exploration license E70/5039.

Mt Marshall Vendors means the shareholders of Mt Marshall.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proposed Acquisitions means the Company's acquisition of both Watershed and Mt Marshall.

Proxy Form means the proxy form accompanying the Notice.

Public Offer means the Company's proposed public offer of up to 300,000,000 Shares (post-Consolidation) the subject of Resolution 11.

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

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

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

Section means a section of the Explanatory Statement.

Securities means the Company's issued securities.

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

Shareholder means a registered holder of a Share.

Vendors means the Watershed Vendors and the Mt Marshall Vendors.

Watershed means Watershed Enterprise Solutions Pty Ltd (ACN 626 494 399).

Watershed Agreement means the agreement granting the Company the option to acquire 100% of the issued capital in Watershed, between the Company and the Watershed Vendors dated 24 December 2019.

Watershed Consideration Shares means the 75,000,000 Shares (post-Consolidation) to be issued to the Watershed Vendors as per Resolution 3.

Watershed Tenement means exploration license E70/5001.

Watershed Vendors means the shareholders of Watershed.

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

SCHEDULE 1 – TERMS OF DIRECTOR PERFORMANCE RIGHTS

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

(a) **Milestone**

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

(each a **Milestone**).

(b) **Notification to Holder**

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

(c) **Consideration**

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

(d) **Conversion**

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

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

If:

- (i) the Milestone attaching to a Director Performance Right has not been satisfied within the period required under the relevant Milestone; or

- (ii) the Director Performance Rights have not converted into Shares 5 years of the Company's admission to the Official List,

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

(f) **Share ranking**

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

(g) **Application to ASX**

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

(h) **Transfer of Director Performance Rights**

The Director Performance Rights are not transferable.

(i) **Participation in new issues**

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

(j) **Reorganisation of capital**

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

(k) **Adjustment for bonus issue**

If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Director Performance Right will be increased by the number of Shares or other securities which the Holder would have received if the Holder had converted the Director Performance Right before the record date for the bonus issue.

(l) **Dividend and Voting Rights**

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

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

If the conversion of a Director Performance Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Director Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a

conversion of a Director Performance Right would result in a contravention of the General Prohibition:

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

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

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

(o) **Rights on winding up**

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

(p) **No other rights**

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

SCHEDULE 2 – TERMS OF ADVISOR OPTIONS

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

(a) **Entitlement**

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

(b) **Exercise Price**

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

(c) **Expiry Date**

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

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Adviser Option being exercised in cleared funds (**Exercise Date**).

(g) **Consideration**

The Advisor Options will be issued for nil cash consideration.

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

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

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Adviser Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section

708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Adviser Options.

If a notice delivered under (h)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

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

(j) **Reconstruction of capital**

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

(k) **Participation in new issues**

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

(l) **Change in exercise price**

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

(m) **Transferability**

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

SCHEDULE 3 – TERMS OF DIRECTOR OPTIONS AND LEAD MANAGER OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

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

(c) **Expiry Date**

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

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

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

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

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

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

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

SCHEDULE 4 – TERMS OF PERFORMANCE RIGHTS OPTION PLAN

The key terms of the Performance Rights and Option Plan (**Plan**) are as follows:

(a) **Eligibility**

Participants in the Plan consist of:

- (i) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a **Group Company**);
- (ii) a full or part time employee of any Group Company;
- (iii) a casual employee or contractor of a group company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
- (iv) 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 a under subparagraphs (i), (ii) or (iii) above,

who is declared by the Board to be eligible to receive grants of Options or Performance Rights (together, **Awards**) under the Plan (Eligible Participant).

(b) **Offer**

The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).

(c) **Limit on Offers**

Where the Company has relied or intends relying on the Class Order to make an Offer, the Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Awards 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.

(d) **Issue price**

Unless the Awards are quoted on the ASX, Awards issued under the Plan will be issued for no more than nominal cash consideration.

(e) **Exercise Price**

The Board may determine the Option exercise price (if any) for an Option offered under that Offer in its absolute discretion. To the extent the ASX Listing Rules specify or require a minimum price, the Option Exercise Price in respect of an Option offered under an Offer must not be less than any minimum price specified in the ASX Listing Rules.

(f) **Vesting Conditions**

In respect of any Award, any condition set out in the Offer which must be satisfied (unless waived in accordance with the Plan) before that Award can be exercised or any other restriction on exercise of that Award specified in the Offer or in the Plan (**Vesting Conditions**).

(g) **Vesting**

The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:

- (i) special circumstances arising in relation to a Relevant Person in respect of those Awards, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or 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; or
- (ii) a change of control occurring; or
- (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

(h) **Lapse of an Award**

An Award will lapse upon the earlier to occur of:

- (i) an unauthorised dealing in, or hedging of, the Award occurring;
- (ii) a vesting condition in relation to the Award is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the vesting condition and vest the Award;
- (iii) in respect of an unvested Award only, a Relevant Person ceases to be an Eligible Participant, unless the Board:

- (A) exercises its discretion to vest the Award; or
- (B) in its absolute discretion, resolves to allow the unvested Award to remain unvested after the Relevant Person ceases to be an Eligible Participant;
- (iv) in respect of a vested Award only, a Relevant Person ceases to be an Eligible Participant and, where required by the Board in its absolute discretion, the vested Performance Right is not exercised within a one (1) month period (or such other period as the Board determines) as notified by the Board to the Participant after the date the Relevant Person ceases to be an Eligible Participant;
- (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
- (vi) the Company undergoes a change of control or a winding up resolution or order is made, and the Award does not vest; and
- (vii) the expiry date of the Award.

(i) **Cashless exercise facility**

If an Eligible Participant wishes to exercise some or all of their vested Options, they may, subject to Board approval, elect to pay the Option Exercise Price by using a cashless exercise facility, which entitles an Eligible Participant to set-off the Option exercise price against the number of Shares which the Participant is entitled to receive upon exercise of the Options as follows:

- (i) the aggregate total Option exercise price otherwise payable in respect of all vested Options exercised, less the aggregate total market value of Shares as at the date the vested Option is exercised that would otherwise be issued or transferred on exercise of the vested Options; and
- (ii) divided by the market value of a Share as at the date the vested Option is exercised.

(j) **Not transferrable**

Awards are only transferrable in special circumstances or a change of control, and in either case with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the Participant's legal personable representative or upon bankruptcy to the Participant's trustee in bankruptcy.

(k) **Shares**

All shares issued on exercise of an Award 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.

(l) **Sale Restrictions**

The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Awards up

to a maximum of five (5) years from the grant date of the Awards. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.

(m) **No Participation Rights**

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

(n) **Change in exercise price of number of underlying securities**

An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.

(o) **Reorganisation**

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

(p) **Trust**

The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to effect the establishment of such a trust and the appointment of such a trustee.

SCHEDULE 5 – SUMMARY OF WATERSHED AGREEMENT

The Company entered into a binding heads of agreement with Watershed Enterprise Solutions Pty Ltd (ACN 609 289 938) (**Watershed**) and the shareholders of Watershed (**Watershed Shareholders**) (**Watershed Agreement**), pursuant to which the Company agreed to purchase and the Watershed Shareholders agreed to sell 100% of the fully paid ordinary shares in the capital of Watershed (**Watershed Shares**) (**Acquisition**). The material terms of the Watershed Agreement are as follows:

(a) **Option**

In consideration for the Company paying \$50,000 to Watershed, the Shareholders of Watershed will grant the Company the option to acquire 100% of the Watershed Shares. Upon exercise of the option, the Company will be required to pay \$100,000 to Watershed.

(b) **Consideration**

The consideration payable by the Company for the Acquisition is:

- (i) 75,000,000 fully paid ordinary shares in the capital of the Company to be apportioned amongst the Watershed Shareholders on a pro rata basis (subject to paragraph (ii) below (**Consideration Shares**); and
- (ii) 5% of the Consideration Shares will be issued to Sandton Capital Advisory Pty Ltd (or its nominees) and 7% of the Consideration Shares will be issued to Astrid Hill Pty Ltd (or its nominees).

Name of Shareholder	Watershed Shares Held	Percentage of Consideration Shares
JTB Holdings (WA) Pty Ltd (ACN 137 326 973) ATF the Petkovic Family Trust	3	2.64%
Mark Balfour ATF the Balfour Resources Trust	5	4.40%
Aaron Peter Banks ATF the Banks Family Trust	67	58.96%
Asia Pacific Consulting Pty Ltd (ACN 009 311 406)	4	3.52%
Sselkrow Pty Ltd (ACN 618 366 457)	10	8.80%
Brockman Solutions Pty Ltd (ACN 124 482 417) ATF the Sandpit Investment Trust	3	2.64%
Murray Grigg Lines	1	0.88%
Paul Ryding	1	0.88%

Name of Shareholder	Watershed Shares Held	Percentage of Consideration Shares
Denise Ryding	1	0.88%
Paulden (WA) Pty Ltd (ACN 600 412 226)	1	0.88%
Christopher James Weed and Janet Elizabeth Brockman ATF the Brockman Weed Family Trust	3	2.64%
Wayne Stephen Clarke	1	0.88%
Sandton Capital Advisory Pty Ltd (or nominees)	Nil	5.00%
Astrid Hill Pty Ltd (or nominees)	Nil	7.00%
Total	100	100%

(c) **Conditions Precedent**

Settlement of the Acquisition is subject to the satisfaction (or waiver) of the following conditions precedent:

- (i) completion of due diligence on Watershed by the Company;
- (ii) the tenement being transferred to Watershed such that Watershed is the sole legal and beneficial owner of the Tenement;
- (iii) the parties to the Watershed Agreement being ready, willing and able to settle the acquisition of Watershed pursuant to the Watershed Agreement;
- (iv) the Company undertaking a capital raising and receiving valid applications for the minimum sum required to meet the ASX listing requirements;
- (v) the Company complying with the requirements of Chapters 1 and 2 of the ASX Listing Rules and receiving conditional approval from ASX to admit its securities to official quotation on ASX on terms reasonably acceptable to the Company;
- (vi) the parties obtaining all necessary regulatory approvals to complete the Acquisition; and
- (vii) the parties obtaining all shareholder approvals required to give effect to the Watershed Agreement, including
 - (A) a consolidation of the Company's issued capital (**Consolidation**); and
 - (B) approval for the change of name of the Company,
 to the extent required by the Corporations Act and their respective constitutions,

(together, the **Conditions Precedent**).

(d) **Settlement**

Settlement of the Acquisition (**Settlement**) will occur on the date which is five (5) business days after the satisfaction (or waiver) of the Conditions Precedent.

(e) **Board Changes**

At Settlement, the Company must deliver to Watershed:

- (i) the written resignations of Messrs Anthony Brown, Doron Nevo, Yury Nehushtan, Kobi Ben-Shabat and John Paitaridis (**Resignations**), and
- (ii) the written resolutions of the directors of the Company resolving that the resignations of Messrs Anthony Brown, Doron Nevo, Yury Nehushtan and John Paitaridis as existing directors of the Company are accepted and that Aaron Banks and a second director to be nominated by Mt Marshall are appointed as directors of the Company with effect from Settlement.

(f) **Termination**

If the Conditions Precedent are not satisfied (or waived) on or before 5.00pm (WST) on the date which is six (6) months from the date of execution of the Watershed Agreement (or such later date as is agreed between the parties), any party may terminate the Watershed Agreement by notice in writing to the other parties.

(g) **Other Security Issues**

At Settlement, the Company will also issue:

- (i) 20,000,000 Director Performance Rights to Aaron Banks;
- (ii) 22,500,000 Adviser Options each to Sandton Capital Advisory Pty Ltd and Astrid Hill Pty Ltd; and
- (iii) 45,366,903 Lead Manager Options to Sandton Capital Advisory Pty Ltd (or its nominees).

The Watershed Agreement otherwise contains representations and warranties, considered standard for an agreement of this nature.

SCHEDULE 6 – MT MARSHALL AGREEMENT

The Company entered into a binding heads of agreement with Mt Kaolin Pty Ltd (ACN 626 494 399) (**Mt Marshall**) and the shareholders of Watershed (**Watershed Shareholders**) (**Mt Marshall Agreement**), pursuant to which the Company agreed to purchase and the Mt Marshall Shareholders agreed to sell 100% of the fully paid ordinary shares in the capital of Mt Marshall (**Mt Marshall Shares**) (**Acquisition**). The material terms of the Mt Marshall Agreement are as follows:

(a) **Option**

In consideration for the Company paying \$50,000 to Mt Marshall, the Shareholders of Mt Marshall will grant the Company the option to acquire 100% of the Mt Marshall Shares. Upon exercise of the option, the Company will be required to pay \$100,000 to Mt Marshall.

(b) **Consideration**

The consideration payable by the Company for the Acquisition is:

- (i) 75,000,000 fully paid ordinary shares in the capital of the Company to be apportioned amongst the Mt Marshall Shareholders on a pro rata basis (**Consideration Shares**), subject to paragraph (ii) below; and
- (ii) 5% of the Consideration Shares will be issued to Sandton Capital Advisory Pty Ltd (or its nominees) and 7% of the Consideration Shares will be issued to other advisors for their services in helping facilitate the Acquisition.

Name of Shareholder	Mt Marshall Shares Held	Percentage of Consideration Shares
JTB Holdings (WA) Pty Ltd (ACN 137 326 973) ATF the Petkovic Family Trust	6	1.76%
Balfour Meagher Pty Ltd	15	4.40%
Aaron Peter Banks ATF the Banks Family Trust	131	38.43%
Asia Pacific Consulting Pty Ltd (ACN 009 311 406)	3	0.88%
Sselkrow Pty Ltd (ACN 618 366 457)	15	4.40%
Brockman Solutions Pty Ltd (ACN 124 482 417) ATF the Sandpit Investment Trust	8	2.35%
Murray Grigg Lines	3	0.88%
Robert Kingsley Fitzgerald ATF the RKF Trust	100	29.33%
Paul Ryding	3	0.88%
Denise Ryding	3	0.88%

Name of Shareholder	Mt Marshall Shares Held	Percentage of Consideration Shares
Paulden (WA) Pty Ltd (ACN 600 412 226)	3	0.88%
Christopher James Weed and Janet Elizabeth Brockman ATF the Brockman Weed Family Trust	6	1.76%
Wayne Stephen Clarke	4	1.17%
Sandton Capital Advisory Pty Ltd (or nominees)	Nil	5.00%
Astrid Hill Pty Ltd (or nominees)	Nil	7.00%
Total	300	100%

(c) **Conditions Precedent**

Settlement of the Acquisition is subject to the satisfaction (or waiver) of the following conditions precedent:

- (i) completion of due diligence on Mt Marshall by the Company;
- (ii) the tenement being transferred to Mt Marshall such that Mt Marshall is the sole legal and beneficial owner of the tenement;
- (iii) the parties to the Mt Marshall Agreement being ready, willing and able to settle the acquisition of Watershed pursuant to the Mt Marshall Agreement;
- (iv) the Company undertaking a capital raising and receiving valid applications for the minimum sum required to meet the ASX listing requirements;
- (v) the Company complying with the requirements of Chapters 1 and 2 of the ASX Listing Rules and receiving conditional approval from ASX to admit its securities to official quotation on ASX on terms reasonably acceptable to the Company;
- (vi) the parties obtaining all necessary regulatory approvals to complete the Acquisition; and
- (vii) the parties obtaining all shareholder approvals required to give effect to the Mt Marshall Agreement, including
 - (A) a consolidation of the Company's issued capital (**Consolidation**); and
 - (B) approval for the change of name of the Company,
 to the extent required by the Corporations Act and their respective constitutions,

(together, the **Conditions Precedent**).

(d) **Settlement**

Settlement of the Acquisition (**Settlement**) will occur on the date which is five (5) business days after the satisfaction (or waiver) of the Conditions Precedent.

(e) **Board Changes**

At Settlement, the Company must deliver to Mt Marshall:

- (i) the written resignations of Messrs Anthony Brown, Doron Nevo, Yury Nehushtan, Kobi Ben-Shabat and John Paitaridis (**Resignations**), and
- (ii) the written resolutions of the directors of the Company resolving that the resignations of Messrs Anthony Brown, Doron Nevo, Yury Nehushtan and John Paitaridis as existing directors of the Company are accepted and that Aaron Banks and a second director to be nominated by Mt Marshall are appointed as directors of the Company with effect from Settlement.

(f) **Termination**

If the Conditions Precedent are not satisfied (or waived) on or before 5.00pm (WST) on the date which is six (6) months from the date of execution of the Mt Marshall Agreement (or such later date as is agreed between the parties), any party may terminate the Mt Marshall Agreement by notice in writing to the other parties.

(g) **Other Security Issues**

At Settlement, the Company will also issue:

- (i) 20,000,000 Director Performance Rights to Aaron Banks;
- (ii) 22,500,000 Adviser Options each to Sandton Capital Advisory Pty Ltd and Astrid Hill Pty Ltd; and

45,366,903 Lead Manager Options to Sandton Capital Advisory Pty Ltd (or its nominees).

The Mt Marshall Agreement otherwise contains representations and warranties, considered standard for an agreement of this nature.

SCHEDULE 7 – LEAD MANAGER MANDATE

The Company has entered into a mandate agreement with Sandton Capital Advisory Pty Ltd (**Lead Manager**) pursuant to which the Company has appointed the Lead Manager as the lead manager and corporate advisor to the Company (**Lead Manager Mandate**). The material terms and conditions of the Lead Manager Mandate are set out below:

(a) **Term**

The Lead Manager Mandate commenced on 16 September 2019 and will continue for a fixed period of 24 months unless extended by written agreement between the parties (**Term**).

(b) **Fees**

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

(i) Lead manager and corporate advisory fees of:

- (A) a lead management fee of 2% of all funds raised under the Public offer;
- (B) a capital raise fee of 4% of all funds raised under the Public Offer; and
- (C) a monthly retainer of AUD\$10,000 plus GST per month commencing on 16 September 2019 and ceasing upon the effective date of any termination of the Lead Manager Mandate; and

(ii) Success fees (upon the successful completion of the Proposed Acquisitions and the Company's Re-compliance) of:

- (A) 45,616,903 Options in the Company, each exercisable at \$0.03 on or before 3 years from the listing date;
- (B) the number of Shares in the Company that equates to 5% of the vendor consideration; and
- (C) 45,000,000 Advisor Options.

(c) **Expenses**

The Company is responsible for the payment of all costs associated with the Public Offer including legal, accounting, registry and listing fees and the fees of any other professional or technical advisers or experts. The Lead Manager is entitled to be reimbursed for out of pocket expenses (with prior written approval of the Company) and reasonable travel incurred in undertaking its role (subject to all travel expenses in excess of \$1,000 receiving prior approval from the Company).

(d) **Termination**

The Lead Manager Mandate may be terminated by either party:

- (i) By fourteen (14) days' notice in writing to that effect:

- (A) if the other party commits or allows to be committed a material breach of any of the terms or conditions of the Lead Manager Mandate; or
 - (B) if any warranty or representation given or made by the other party is not complied with or proves to be untrue in any respect.
- (ii) Immediately by notice in writing to that effect if:
 - (A) if the other party becomes insolvent, has a receiver, administrative receiver or manager or administrator appointed over the whole of or any of their assets, enters into any composition with creditors generally or has an order made or resolution passed for it to be wound up; or
 - (B) if a court makes an administration order with respect to the other party or any composition in satisfaction of its debts of or a scheme of arrangement of the affairs of such other party.
- (iii) The right under item (i) cannot be exercised without first giving the other party, 28 day's prior notice for the reason of the proposed termination and the other party being unable to rectify the matter within that time.
- (iv) The Lead Manager Mandate may be terminated by the Company, by ninety (90) days' notice in writing at its discretion.

(e) **Capital Raisings Following Termination**

In the event of termination by the Company (except under items (d)(i) and (d)(ii)), all applicable fees under section (b) in relation to any capital raising by the Company will be payable by the Company to the Lead Manager if:

- (i) the capital raise is completed within 6 months of termination of the Lead Manager Mandate; or
- (ii) the capital raise is completed by a counterparty introduced to the Company by the Lead Manager.

The Lead Manager Mandate also contains various other terms and conditions that are considered standard for an agreement of this nature.

SCHEDULE 8 – PRO FORMA BALANCE SHEET

Balance Sheet 30 June 2019	Ultracharge Limited	Mt Marshall Kaolin Pty Ltd	Watershed Enterprises Solutions Pty Ltd	Issue of shares September 2019	Share consolidation	Share options issued to Sandston	Capital raising	Grant of options on Watershed and Mt Marshall	Completion of Watershed Agreement	Completion of Mt Marshall Agreement	Consolidate Mt Marshall	Consolidate Watershed	PROFORMA GROUP
	Consolidated												Consolidated
CURRENT ASSETS													
Cash and cash equivalents	1,411,618	-	-	79,847			5,000,000	- 300,000					6,191,465
Trade and other receivables	88,803	300	100								- 300	- 100	88,803
Financial assets at fair value	14,925	-	-										14,925
TOTAL CURRENT ASSETS	1,515,346	300	100	79,847	-	-	5,000,000	- 300,000	-	-	- 300	- 100	6,295,193
NON-CURRENT ASSETS													
Property plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Exploration assets									1,350,000	1,350,000			2,700,000
Intangible asset	-	1,250	1,050	-	-	-	-	-	-	-	1,250	1,050	-
TOTAL NON-CURRENT ASSETS	-	1,250	1,050	-	-	-	-	-	1,350,000	1,350,000	- 1,250	- 1,050	2,700,000
TOTAL ASSETS	1,515,346	1,550	1,150	79,847	-	-	5,000,000	- 300,000	1,350,000	1,350,000	- 1,550	- 1,150	8,995,193
CURRENT LIABILITIES													
Trade and other payables	104,158	-	-										104,158
Financial liabilities	70,153	1,250	1,050	- 70,153							- 1,250	- 1,050	-
Provisions	-												-
TOTAL CURRENT LIABILITIES	174,311	1,250	1,050	- 70,153	-	-	-	-	-	-	- 1,250	- 1,050	104,158
NON-CURRENT LIABILITIES													
Financial liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	174,311	1,250	1,050	- 70,153	-	-	-	-	-	-	- 1,250	- 1,050	104,158
NET ASSETS	1,341,035	300	100	150,000	-	-	5,000,000	- 300,000	1,350,000	1,350,000	- 300	- 100	8,891,035
EQUITY													
Issued capital	12,803,460	300	100	150,000			5,000,000		1,500,000	1,500,000	- 300	- 100	20,953,460
Reserves	2,532,896	-	-						-				2,532,896
Accumulated losses	- 13,995,320	-	-					- 300,000	- 150,000	- 150,000			- 14,595,320
TOTAL EQUITY	1,341,036	300	100	150,000	-	-	5,000,000	- 300,000	1,350,000	1,350,000	- 300	- 100	8,891,036



ULTRACHARGE

Ultracharge Limited | ACN 140 316 463

GM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: UTR

Your proxy voting instruction must be received by **11.00am (AEDT) on Wednesday, 26 February 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

Joint holding: Where the holding is in more than one name, all of the Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

