

## **NOTICE OF 2018 ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of the shareholders of Maximus Resources Limited (**the Company**) will be convened at **11.00 am. on Friday 30 November 2018, at Level 10, 25 Grenfell Street, Adelaide, South Australia** to consider, and if thought fit, to pass the resolutions listed below.

If you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form. The completed Proxy Form must be received by the Company at least 48 hours before the commencement of the Meeting.

### **AGENDA**

#### **ORDINARY BUSINESS**

##### **Financial Report**

To receive and consider the Company's financial statements and reports by the Director's and the independent auditor for the year ended 30 June 2018.

The Annual Report incorporating the financial statements is available at:

**[www.maximusresources.com](http://www.maximusresources.com)**

#### **Resolution 1: Adoption of the Remuneration Report**

To consider, and if thought fit, pass the following non-binding resolution as an ordinary resolution:

*"That the Remuneration Report required by section 300A of the Corporations Act 2001 (Cth), as contained in the Company's Directors' Report for the year ended 30 June 2018 be adopted."*

##### **Voting Exclusion**

In accordance with the Corporations Act 2001 (Cth) (**Corporations Act**), a vote must not be cast on this resolution in any capacity (and will be taken to have not been cast if contrary to this restriction) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report, and any closely related party of such member. However, such a member or any closely related party of such a member may cast a vote as a proxy if the vote is not cast on behalf of a person described above and either:

- The person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution;
- The person is the chair of the meeting at which the resolution is voted on and the appointment of the chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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

#### **Resolution 2: Re-election of Ms Leigh McClusky as a Director**

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

*"That Ms Leigh McClusky, being a Director of the Company who retires by rotation in accordance with the Company's constitution, and being eligible, is re-elected as a Director of the Company."*

A summary of Ms McClusky's qualifications and experience is set out in the Explanatory Statement accompanying this Notice.

#### **Resolution 3: Election of Mr Gerard Anderson as a Director**

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

*"That Mr Gerard Anderson, being a Director of the Company who was appointed by the Directors of the Company since the last annual general meeting and retires in accordance with the Company's constitution, and being eligible, is elected as a Director of the Company."*

A summary of Mr Anderson's qualifications and experience is set out in the Explanatory Statement accompanying this Notice.

## **SPECIAL BUSINESS**

### **Resolution 4 – Ratification of 150,000,000 ordinary shares previously issued**

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

*“That approval be given for the purposes of ASX Listing Rule 7.4 and for all other purposes, for the issue of 150,000,000 fully paid ordinary shares at \$0.001 per fully paid ordinary share on 26 April 2018 on the terms and conditions detailed in the Explanatory Statement accompanying this Notice.”*

#### **Voting Exclusion**

The Company will disregard any vote cast in favour of this resolution by or on behalf of a person who participated in the issue and any associate of those persons.

However, in respect of this resolution, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Resolution 5 – Ratification of 304,095,000 ordinary shares previously issued**

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

*“That approval be given for the purposes of ASX Listing Rule 7.4 and for all other purposes, for the issue of 304,095,000 fully paid ordinary shares at \$0.001 per fully paid ordinary share on 6 September 2018 on the terms and conditions detailed in the Explanatory Statement accompanying this Notice.”*

#### **Voting Exclusion**

The Company will disregard any vote cast in favour of this resolution by or on behalf of a person who participated in the issue and any associate of those persons.

However, in respect of this resolution, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Resolution 6 – Issue convertible notes to sophisticated investors**

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

*“That, subject to the passing of Resolution 7, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to \$3,000,000 aggregate principal amount of convertible notes to sophisticated and professional investors and the issue of ordinary shares on conversion of the convertible notes, on the terms and conditions and in the manner set out in the Explanatory Statement.”*

#### **Voting Exclusion**

The Company will disregard any vote cast in favour of this resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any associate of those persons.

However, in respect of this resolution, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### **Resolution 7 – Issue of facilitation shares to corporate advisors**

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

*“That, subject to the passing of Resolution 6, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 27,040,953 ordinary shares (on a post-consolidation of issued capital basis) to the parties and on the terms and conditions and in the manner set out in the Explanatory Statement.”*

#### **Voting Exclusion**

The Company will disregard any vote cast in favour of this resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) and any associate of those persons.

However, in respect of this resolution, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **Resolution 8 – Approval to issue an additional 10% of issued capital over a 12 month period**

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

*“That for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval be given to issue equity securities (as defined in the ASX Listing Rules) equivalent to an additional 10% of the number of ordinary securities on issue calculated in accordance with the formula in Listing Rule 7.1A.2 and on the terms described in the accompanying Explanatory Statement accompanying this Notice.”*

### **Voting Exclusion**

In accordance with the ASX Listing Rules, the Company will disregard any votes cast in favour of this resolution by a person (and any associate of such a person) who is expected to participate in the proposed issue and a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of ordinary securities, if this resolution is passed.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on a valid proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## **Resolution 9 – Consolidation of capital**

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

*“That approval be given for the purpose of section 254H of the Corporations Act and for all other purposes, for the issued capital of the Company to be consolidated on the basis that every 115 shares be consolidated into 1 share and where this consolidation results in a fraction of a share being held, the directors be authorised to round that fraction up to the nearest whole share.”*

## **OTHER BUSINESS**

To transact any further business that may be lawfully brought forward.

Further information regarding the business to be transacted at the Annual General Meeting is set out in the accompanying Explanatory Statement.

Dated this 24<sup>th</sup> day of October 2018.

### **BY ORDER OF THE BOARD**

Maximus Resources Limited



Justin Nelson  
Company Secretary

## **EXPLANATORY STATEMENT**

This Explanatory Statement accompanies and forms part of the Notice of Annual General Meeting dated 24<sup>th</sup> October 2018 (**Notice**) and has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of the Company. Amongst other things, this Explanatory Statement provides shareholders with the information required to be provided to shareholders by the *Corporations Act 2001* and the Listing Rules of the ASX (**ASX Listing Rules**).

The Explanatory Statement sets out an explanation of each of the resolutions to be put to shareholders. Shareholders should read this Explanatory Statement carefully before determining how to vote in respect of the resolutions.

### **Annual Financial Report**

The first item of the Notice is to receive and consider the Annual Financial Report and accounts for the Company for the year ended 30 June 2018, comprising the financial statements and notes together with the Directors' Report and the Auditor's Report. No resolution is required in respect of this agenda item. However, it provides shareholders with the opportunity to ask questions of, or make comments to, the Company's management and auditors in relation to the Company's results and operations for that financial year. The Financial Report may be found on the Company's website [www.maximusresources.com](http://www.maximusresources.com).

## Resolution 1: Adoption of Remuneration Report

In accordance with section 250R of the *Corporations Act 2001* the Company submits to shareholders for consideration and adoption by way of a non-binding resolution its Remuneration Report for the year ended 30 June 2018. The Remuneration Report is a distinct section of the Directors' Report that deals with the remuneration of Directors and Key Management Personnel of the Company and can be located on pages 11 to 14 in the 2018 Annual Report and also on the Company's website [www.maximusresources.com](http://www.maximusresources.com).

Shareholders will be given reasonable opportunity at the meeting to discuss the report and ask questions.

***The Directors recommend shareholders vote in favour of Resolution 1.***

The Corporations Act prohibits certain persons from voting on this item of business. The voting exclusion statement relating to this item of business is set out on page 1 of this Notice. Further information is included at paragraph 3 and point 7 of the voting information and notes on page 12 of this Notice.

***The Chairman intends to vote all available proxies in favour of Resolution 1.***

## Resolution 2: Re-election of Director (Ms L McClusky)

Under the Company's constitution, one third of the directors (excluding the managing director) must retire at the Annual General Meeting. The director will be eligible for re-election. The director required to retire under the above framework is Ms McClusky. Mr McClusky has indicated that she will offer herself for re-election. A brief summary of Ms McClusky's experience follows:

### Leigh Carol McClusky

Appointed as a director on 1 September 2010, Ms McClusky is the Managing Director of McCo Group, a strategic communications company with offices in Adelaide, Melbourne and Geelong. After more than 30 years in key media roles across Melbourne, Sydney and Adelaide, Ms McClusky now works closely with a range of organisations and industries to develop proactive communication campaigns and to deflect potentially damaging impacts on corporate reputations. Her role also includes stakeholder engagement and management, client advocacy and crisis communications.

### Independence

In assessing Ms McClusky's independence, the Board has determined that Ms McClusky is an independent director.

***The Directors (except Ms McClusky, who abstains) recommend shareholders vote in favour of the re-election of Ms McClusky.***

***The Chairman intends to vote all undirected proxies in favour of Resolution 2***

## Resolution 3: Election of Director (Mr Gerard Anderson)

Under the Company's constitution, any director appointed to the board by the directors since the last annual general meeting must retire at the next annual general meeting. The Director will be eligible for election. The Director required to retire under the above framework is Mr Anderson. Mr Anderson has indicated that he will offer himself for election by members at the meeting.

In accordance with clause 47 of the Company's constitution, Mr Anderson retires and being eligible, has offered himself for election. A brief summary of Mr Anderson qualifications and experience follows.

Gerard is a geologist with 42 years' experience in exploration, mining and resource geology principally in iron ore, gold and base metals. Gerard's senior management positions have included as Exploration Superintendent Boddington Gold Mine, Chief Geologist Bronzewing Gold Mine, Chief Geologist Kalgoorlie Consolidated Gold Mines, General Manager Golden Grove Operations, General Manager Newmont Joint Ventures, Managing director of Croesus, Centrex Metals Limited and Archer Exploration Limited. Gerard has also completed a postgraduate degree in Business and Masters in Mineral Economics.

### Independence

In assessing Mr Anderson's independence, the Board has determined that Mr Anderson is an independent director.

***The Directors (except Mr Anderson, who abstains) recommend shareholders vote in favour of Resolution 3.***

***The Chairman intends to vote all undirected proxies in favour of Resolution 3***

## Resolution 4: Ratification of 150,000,000 shares previously issued

The Company issued 150,000,000 fully paid ordinary shares at \$0.001 per fully paid ordinary share in a placement to a sophisticated investor on 26 April 2018, on the same terms and conditions as other existing ordinary shares in the Company.

The funds raised by the placement were used to restock consumable levels at the Burbanks Processing Facility and for working capital purposes.

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

The issue of the shares detailed in Resolution 4 did not exceed the 15% limit referred to above.

ASX Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for

the purpose of ASX Listing Rule 7.1, thereby refreshing the company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 4 proposes the ratification and approval of the allotment and issue of 150,000,000 shares to a sophisticated investor for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

ASX Listing Rule 14.9 requires the approval be given by an ordinary resolution at a general meeting of the holders of ordinary securities.

***The Directors recommend shareholders vote in favour of Resolution 4.***

***The Chairman intends to vote all undirected proxies in favour of Resolution 4.***

## **Resolution 5: Ratification of 304,095,000 shares previously issued**

The Company issued 304,095,000 fully paid ordinary shares at \$0.001 per fully paid ordinary share in a placement to a sophisticated investor on 6 September 2018, on the same terms and conditions as other existing ordinary shares in the Company.

The funds raised by the placement were used to undertake refurbishment of plant onsite at the Burbanks processing plant and working capital purposes.

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

The issue of the shares detailed in Resolution 5 did not exceed the 15% limit referred to above.

ASX Listing Rule 7.4 provides that where a company ratifies an issue of securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby refreshing the company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 5 proposes the ratification and approval of the allotment and issue of 304,095,000 shares to a sophisticated investor for the purpose of satisfying the requirements of ASX Listing Rule 7.4.

ASX Listing Rule 14.9 requires the approval be given by an ordinary resolution at a general meeting of the holders of ordinary securities.

***The Directors recommend shareholders vote in favour of Resolution 5.***

***The Chairman intends to vote all undirected proxies in favour of Resolution 5.***

## **Resolution 6: Issue of convertible notes to sophisticated investors**

On 26<sup>th</sup> October 2018, the Company announced that it had engaged Taylor Collison Limited and Adelaide Equity Partners Limited to exclusively act as Joint Lead Managers for the re-capitalisation of the Company via the issue of convertible notes to sophisticated investors for an aggregate amount of up to \$3 million.

Resolution 6 seeks shareholder approval for the issue of an aggregate amount of up to \$3 million of convertible notes, together with the ordinary shares to be issued on conversion of the convertible notes, in accordance with ASX Listing Rule 7.1.

Resolution 6 is an ordinary resolution and is subject to resolution 7 being passed.

Subject to the consolidation of capital (the subject of resolution 9), the convertible notes will be convertible into shares at the election of the noteholder in accordance with the following formula:

Number of shares = Principal/Conversion Price.

Conversion Price means \$0.02 (2 cents) per share on a post-consolidation basis.

ASX Listing Rule 7.3 requires the following information to be included in this notice in respect of resolution 6.

- A maximum aggregate amount of \$3 million of convertible notes will be issued and allotted.
- The convertible notes will be issued after the consolidation contemplated by resolution 9, and in any event no later than three months after the date on which shareholder approval is obtained.
- The convertible notes will be issued to various sophisticated and professional investors introduced by Taylor Collison Limited and Adelaide Equity Partners Limited.
- In addition to the terms set out above, other key terms of the convertible notes are as follows:
  - the convertible notes will be fully secured via a general deed of security and priority over the Company's assets including the Burbanks Mill, and a negative pledge from the Company;
  - Interest is payable semi-annually in arrears. The interest rate is 10% per annum, payable in Maximus scrip (**Interest Shares**) on a post consolidation basis at \$0.02 per share, on the proviso that if shareholder approval is required to issue the Interest Shares and such approval is not obtained, the interest is payable to the noteholder in cash rather than Interest Shares;
  - The noteholder has the option to convert any principal (in whole or in part) into equity at the conversion price (\$0.02 per share on a post-consolidation basis) at any time following establishment of the facility;
  - the maturity date is 36 months from the date the relevant convertible note agreements are entered into;
  - the convertible note agreement will include representations and warranties given by the Company in favour of the noteholders which are typical for agreements of this nature. These include representations regarding the Company having corporate

power and authority to enter into the convertible note agreement and entering into the agreement being permitted under its constitution and under law;

- the convertible note agreement will include default events which are typical for agreements of this nature, such as failure to pay amounts owing, failure to perform obligations under the agreement, insolvency, etc.
- the convertible note agreement will contain certain restrictions on the conduct of the Company's business including undertakings to not amend key contracts or change the business;
- the convertible note agreement will include other provisions which are typical in agreements of this nature such as restrictions on assignment, provisions relating to sale of main undertaking etc.;
- the ordinary shares issued upon conversion of a convertible note will rank pari passu with existing ordinary shares;
- unless converted, the convertible notes do not carry any voting rights at meetings of shareholders of the Company, rights to receive dividends or rights to participate in any issue of securities undertaken by the Company;
- the purpose of the issue of convertible notes is to fund the repayment and removal of Ramelius secured debt line over Burbanks Mill and to pay down trade creditors and fund working capital requirements.
- a voting exclusion statement relating to resolution 6 is included in the notice.

The passing of resolution 6 is conditional upon, and subject to, resolution 7 being approved by shareholders. Accordingly, if you intend to vote in favour of resolution 6, you should also vote in favour of resolution 7.

***The Directors recommend shareholders vote in favour of resolution 6.***

***The Chairman intends to vote all undirected proxies in favour of resolution 6.***

## **Resolution 7: Issue of facilitation shares to corporate advisors**

The Company has engaged Taylor Collison Limited (**Taylor Collison**) and Adelaide Equity Partners Limited (**Adelaide Equity**) to exclusively act as Joint Lead Managers for the re-capitalisation of the Company via the issue of convertible notes to sophisticated investors in accordance with resolution 6.

Subject to the approval of resolution 6, resolution 7 seeks shareholder approval for the issue of up to 27,040,953 ordinary shares to Taylor Collison, Adelaide Equity and incoming directors of Maximus introduced as part of the convertible note fundraising as required at the discretion of the Joint Lead Managers in accordance with ASX Listing Rule 7.1.

Under the terms of a joint corporate and financial services mandate between the Company, Taylor Collison and Adelaide Equity the Joint Lead Managers will be paid a corporate and financial services fee within 7 days of the successful transaction, as follows:

- a capital raising fee of 6.0% payable on the total funds raised, made up of:
  - a management fee of 2% on the total funds raised; and
  - a selling fee of 4% of funds raised.
- "Facilitation Shares" equal to 15% of the issued capital of the Company post re-capitalisation on a fully diluted basis as follows:
  - 10% payable to Taylor Collison and Adelaide Equity; and
- Up to 5% payable to any incoming director of the Company introduced as part of the re-capitalisation as required at the discretion of Taylor Collison and Adelaide Equity (subject to current Company board approval).
- a cash component of \$10,000 per month, commencing immediately after the successful re-capitalisation of the Company.

In addition, the Company has agreed to appoint Taylor Collison and Adelaide Equity as Joint Lead Managers to any capital raisings undertaken by the Company for a period of 12 months from the date of completion of the fundraising contemplated by resolution 6. On any such successful capital raising, the Company will pay Taylor Collison and Adelaide Equity a commission of 4% and a 2% management fee on all funds raised.

ASX Listing Rule 7.3 requires the following information to be included in this notice in respect of resolution 7.

- A maximum of 27,040,953 fully paid ordinary shares (on a post consolidation basis) will be issued and allotted.
- The shares will be issued no later than three months after the date on which shareholder approval is obtained
- The shares are a facilitation fee to be issued to the Joint Lead Managers and incoming directors (if any) in connection with the capital raising the subject of resolution 6.
- No funds will be raised by the issue of the shares the subject of this resolution.
- a voting exclusion statement relating to resolution 7 is included in the notice.

The passing of resolution 7 is conditional upon, and subject to, resolution 6 being approved by shareholders. Accordingly, if you intend to vote in favour of resolution 7, you should also vote in favour of resolution 6.

***The Directors recommend shareholders vote in favour of resolution 7.***



## **Resolution 8: Approval to issue an additional 10% of issued capital over a 12 month period**

Listing Rule 7.1A permits eligible entities that have obtained shareholder approval by special resolution at an annual general meeting (**AGM**) to issue an additional 10% of the entity's issued ordinary securities (calculated using the formula set out below). The ability to issue securities under Listing Rule 7.1A is in addition to the Company's ability to issue 15% of its issued shares without security holder approval in a 12 month period, under Listing Rule 7.1.

A listed entity must satisfy both of the following criteria at the time of its AGM in order to be eligible to seek approval under Listing Rule 7.1A:

- it must have a market capitalisation of \$300 million or less; and
- it must not be included in the S&P/ASX 300 Index.

On 28 September 2018 the market capitalisation of the Company was \$3,481,397. At the date of the Notice, the Company was not included in the S&P/ASX 300 Index.

The number of equity securities that the Company may issue with approval under listing rule 7.1A.2 is calculated using the following formula:

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

**A =** The number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in rule 7.2;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- plus the number of fully paid ordinary securities issued in the 12 months with approval of shareholders under rule 7.1 or rule 7.4;
- less the number of fully paid ordinary securities cancelled in the 12 months.

**D =** 10%

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

A resolution under Listing Rule 7.1A can only be proposed as a special resolution at an eligible entity's AGM. A special resolution is a resolution that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

Securities issued with approval under Listing Rule 7.1A must belong to a class of equity securities (as defined in the ASX Listing Rules) (**Equity Securities**) already quoted. Listing Rule 7.1A cannot be used for placements of securities in a class that has not yet been quoted.

### **Information required by Listing Rule 7.3A**

Listing Rule 7.3A prescribes the information that must be included in the Notice in relation to a resolution under Listing Rule 7.1A. This information is as follows:

1. The issue price of securities issued under Listing Rule 7.1A must be no less than 75% of the volume weighted average market price for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before either:
  - 1.1 the date on which the price at which the securities are to be issued is agreed; or
  - 1.2 if the securities are not issued within 5 trading days of the date in paragraph 1.1 above, the date on which the securities are issued.
2. If Resolution 8 is approved by shareholders and the Company issues additional Equity Securities there is a risk of economic and voting dilution of the existing shareholders including the risk that:
  - 2.1 the market price for the Company's Equity Securities may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
  - 2.2 the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

The table below provides details of the quoted and unquoted classes of Equity Securities the Company has on issue at the date of the Notice.

Equity Security	Number on issue
Quoted fully paid ordinary shares	3,481,396,940

The following table illustrates the potential dilution of existing shareholders on the basis of the number of ordinary securities for variable 'A' as at the date of this notice ("current variable A") and where variable "A" is 50% and 100% greater than the current variable A:

	Current variable "A"	50% increase in current variable "A"	100% increase in current variable "A"
	3,481,396,940	5,222,095,410	6,962,793,880
10% voting dilution	348,139,694	522,209,541	696,279,388
Total shares on issue following rule 7.1A placements	3,829,536,634	5,744,304,951	7,659,073,268

Assumptions relevant to the table describing the potential dilution of existing shareholders:

- (i) an additional 10% of the Company's ordinary shares are issued under rule 7.1A;
- (ii) the issue under rule 7.1A consists only of shares.

The following table illustrates the funds raised from the issue of an additional 10% of ordinary securities under rule 7.1A, based on:

- the current variable "A" and where variable "A" has increased by 50% and 100%; and
- the share price as at the date of this notice and where the share price has fallen by 50% and increased by 50% and 100%.

Rule 7.1A placement details	\$0.00050 (50% decrease in share price)	\$0.001 (share price as at the date of this notice)	\$0.0015 (50% increase in share price)	\$0.002 (100% increase in share price)
348,139,694 (10% voting dilution based on current variable "A")	\$174,069	\$348,139	\$522,209	\$696,279
522,209,541 (10% voting dilution based on a 50% increase in current variable "A")	\$261,104	\$522,209	\$783,314	\$1,044,419
696,279,388 (10% voting dilution based on a 100% increase in current variable "A")	\$348,139	\$696,279	\$1,044,419	\$1,392,558

3. The Company will only issue Equity Securities during the 12 month period after the date of the AGM on 30 November 2018. The approval under Resolution 8 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (the disposal of the main undertaking).
4. The Company may issue the Equity Securities to fund the Company's exploration and development projects in the next year, acquire new assets or investments and/or for general working capital. The Company may also issue some Equity Securities for non-cash consideration for the acquisition of new projects, assets or investments. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
5. The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (a) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (b) the effect of the issue of the Equity Securities on the control of the Company;
  - (c) the financial situation and solvency of the Company; and
  - (d) advice from corporate, financial and broking advisers (if applicable).



As at the date of this Notice, the Company has not formed any specific intentions regarding who may be offered securities under a placement pursuant to Listing Rule 7.1A. No decision has been made regarding allottees. The allottees may include either existing security holders or new investors who have not previously been shareholders, or a combination of both, who are not related parties or associates of a related party of the Company.

Further, if the Company acquires new assets, it is likely that the allottees pursuant to this resolution will be the vendors of the new assets. If this resolution is approved by shareholders, the Company may issue Equity Securities during the 12 month period after the date of the AGM as and when the circumstances of the Company require.

6. The Company previously obtained shareholder approval under Listing Rule 7.1A at the Annual General Meeting held on 22 November 2017.

Further details of all issues of equity securities by the Company during the 12 months preceding the date of this Notice are as follows:

Total number of Equity Securities issued in the last 12 months	
Number of Equity Securities Issued	454,095,000
Percentage of Equity Securities Issued	14.99%

As required by the ASX Listing Rules, the details of all issues of securities by the Company during the 12 months preceding the date of meeting are detailed below:

At the date of this Notice of meeting, the Company has on issue 3,481,396,940 ordinary shares and therefore has a capacity to issue:

- a. 291 equity securities under ASX Listing Rule 7.1;

Date of Issue	No. of Equity Securities issued	Class of Equity Securities	Issue Price	Details of allottees	Consideration (cash/non-cash)	Discount to closing price on issue date of Equity Securities	Intended use of funds	Total Cash Consideration	Use of Funds
26/04/2018	150,000,000	Ordinary Shares	\$0.001	Sophisticated investor	cash	0.00%	Restock consumable levels at the Burbanks Mill and general working capital.	\$150,000	All funds were used to restock consumable levels at the Burbanks Processing Facility.
06/09/2018	304,095,000	Ordinary Shares	\$0.001	Sophisticated investor	cash	0.00%	Undertake refurbishment of plant onsite at the Burbanks Mill and general working capital	\$285,849.30	All funds were used to undertake refurbishment of plant onsite at the Burbanks Mill and general working capital

- b. 302,730,194 Equity Securities under ASX Listing Rule 7.1A.

7. A voting exclusion statement is included in the Notice. At the date of the Notice the proposed allottees of the securities are not known and identified. Therefore no existing shareholder's votes will be excluded under the voting exclusion in this Notice.

***The Directors recommend shareholders vote in favour of Resolution 8.***

***The Chairman intends to vote all undirected proxies in favour of Resolution 8.***

## Resolution 9: Consolidation of capital

On 26<sup>th</sup> October 2018 the Company announced a proposed consolidation of share capital through the consolidation of every 115 fully paid ordinary share into 1 fully paid ordinary share.

If resolution 9 is passed, the number of securities on issue will be reduced from:

- 3,481,396,940 fully paid ordinary shares to 30,273,017

(subject to rounding).

### *Reasons for the consolidation*

The Company has a very large number of shares on issue, which imposes a number of disadvantages on the Company, including:

- a large number of shares on issue relative to comparable companies, resulting in a lower share price;
- negative perceptions associated with a low share price; and
- additional share price volatility relating to the fact that the minimum share price movement permitted by the ASX (\$0.001) represents a high proportion of the share price.
- additional costs to maintain a large number of shares on issue

The directors are of the opinion that a consolidation will create a more efficient capital structure and assist in mitigating these disadvantages.

### *Legal requirements*

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

Approval of the proposed consolidation of the Company's shares is sought pursuant to this section.

ASX Listing Rule 7.20 requires an entity to tell security holders in writing each of the following:

- the effect of the proposed consolidation on the number of securities;
- the proposed treatment of any fractional entitlements;
- the proposed treatment of any convertible securities on issue.

This Notice contains this required information and is provided to security holders pursuant to this rule.

### *Effect on shareholders*

The consolidation will not result in any change to the substantive rights and obligations of existing shareholders of the Company. The holding of all shareholders will be consolidated on the same terms and so there is no effect on voting power.

Where the consolidation would result in the holding of a fraction of a share, the Company will round that fraction up to the nearest whole number of shares.

It is not considered that any taxation implications exist for shareholders. However, shareholders are advised to seek their own taxation advice on the effect of the consolidation.

From the date of the consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of shares. New holding statements shall be issued to each shareholder by the Share Registry on a post consolidation basis as per the timetable on page 11.

After the consolidation becomes effective, the Company will arrange for new holding statements to be issued to shareholders. It is the responsibility of each shareholder to check the number of shares held prior to disposal.

## Timetable

ACTION	DATE
Annual General Meeting of shareholders.	30 November 2018
The Company tells ASX that security holders have approved reorganisation.	30 November 2018
If the details of holdings change as a result of the reorganisation, last day for trading in pre-reorganised securities.	3 December 2018
If the details of holdings change as a result of the reorganisation, trading in the reorganised securities on a deferred settlement basis starts.	4 December 2018
If the details of holdings change as a result of the reorganisation, last day for the Company to register transfers on a pre-reorganisation basis.	5 December 2018
If the details of holdings change as a result of the reorganisation: <ul style="list-style-type: none"> <li>First day for entity to send notice to each security holder.</li> <li>In the case of uncertificated holdings, first day for the Company to register securities on a post-reorganisation basis and first day for issue of holding statements.</li> </ul>	6 December 2018
If the details of holdings change as a result of the reorganisation: <ul style="list-style-type: none"> <li>Issue date. Deferred settlement market ends.</li> <li>Last day for securities to be entered into the holders' security holdings.</li> <li>Last day for the Company to send notice to each security holder</li> </ul>	12 December 2018
Normal trading starts.	13 December 2018

***The directors recommend shareholders vote in favour of the consolidation of capital.***

***The Chairman intends to vote all undirected proxies in favour of Resolution 9***

## DEFINITIONS

**Key Management Personnel** (KMP) of the Company are, as adopted from the Australian Accounting Standards Board, those persons have authority and responsibility for planning, directing and controlling activities of the Company, directly or indirectly, including any Director (whether exclusive or otherwise) of the Company.

**Closely related parties** of the Company's KMP include certain family members, dependents and companies they control.

## VOTING INFORMATION AND NOTES

### 1. Voting entitlement on a poll

On a poll, each shareholder present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

### 2. Proxies

A shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote on the shareholder's behalf. If the shareholder is entitled to cast two or more votes at the meeting, the shareholder may appoint up to two proxies to attend and vote on the shareholder's behalf.

If a shareholder appoints two proxies, each proxy must be appointed to represent a specified proportion or number of the shareholder's votes. Absent this specification, each proxy will need to exercise half the votes.

A proxy need not be a shareholder of the Company.

To appoint a proxy, a proxy form must be signed by the shareholder or the shareholder's attorney duly authorised in writing. If the shareholder is a corporation, the proxy form must be signed in accordance with section 127 of the *Corporations Act 2001 (Cth)*. To be effective, a proxy form (and, if it is signed by an attorney, the authority under which it is signed or a certified copy of the authority) must be received by the Company not later than 48 hours prior to the commencement of the meeting. Proxy form and authorities may be lodged:

- by post to Computershare Investor Services Pty Ltd, GPO Box 242, Melbourne VIC 3001, or;
- in person to Computershare at Level 5, 115 Grenfell Street, Adelaide SA 5000, or;

- by facsimile to Computershare on (within Australia) 1800 783 447 (outside Australia) +61 3 9473 2555 or the Company on +61 8 8375 3999; or

## VOTING INFORMATION AND NOTES – CONT.

- electronically by casting votes online at [www.investorvote.com.au](http://www.investorvote.com.au) and follow the prompts. To use this facility you will need your holder number (SRN or HIN), postcode and control number as shown on the proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Custodian voting – For Intermediary Online subscribers only (custodians), please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

Shareholders who forward their proxy forms by fax must make available the original executed form of the proxy for production at the meeting, if called upon to do so.

### Chairman acting as proxy

Shareholders may appoint the Chairman of the meeting as the proxy. Where the Chairman is appointed as proxy by a shareholder entitled to cast a vote on a particular resolution and the proxy form specifies how the Chairman is to vote on the resolution, (that is, a directed proxy), the Chairman must vote in accordance with that direction.

In respect of proxies where no voting directions has been given (undirected proxies), the Chairman intends to vote all available proxies in favour of each resolution.

In relation to resolution 1, if the shareholder has appointed the Chairman as their proxy and no voting direction has been given, the shareholder will be expressly authorising the Chairman to exercise the undirected proxy in respect of resolution 1, even though the resolution is connected with the remuneration of members of the KMP of the Company. Please read the directions on the proxy form carefully, especially if you intend to appoint the Chairman of the meeting as your proxy.

### 3. Entitlement to vote at the meeting

For the purpose of the meeting, shares in the Company will be taken to be held by those persons who are registered holders at 7.00 pm (Adelaide time) on Wednesday 28 November 2018. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

### 4. Quorum

The Constitution of the Company provides that 10 shareholders present in person, by proxy, attorney or body corporate representative shall be a quorum for the general meeting of the Company.

### 5. Appointing a corporate representative

Corporate representatives are requested to bring appropriate evidence of appointments as a representative. Proof of identity will be required for corporate representatives.

### 6. Appointment of an attorney

Attorneys are requested to bring a power of attorney pursuant to which they are appointed. Proof of identity will also be required for attorneys.

### 7. Resolution 1 - Adoption of Remuneration Report

The *Corporations Act 2001(Cth)* prohibits Directors and other key management personnel of the Company and their closely related parties voting in any capacity (including as a shareholder, proxy or personal representative) on resolution 1. The prohibition does not apply if the person has been appointed as a proxy by writing that specifies how the proxy is to vote on resolution 1, provided that the person who appointed the proxy is not themselves a person subject to the prohibition.

Accordingly, the Company will disregard any votes cast on resolution 1 (in any capacity) by or on behalf of Directors and other key management personnel of the Company and their closely related parties, unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction in the proxy form.

In addition, the Chairman of the meeting can vote undirected proxies on resolution 1 where the shareholder provides the Chairman with express authorisation to do so, even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.

**Therefore, in relation to resolution 1, if you appoint the Chairman of the meeting as your proxy, or if the Chairman of the meeting is appointed as your proxy by default, then unless you mark one of the voting instruction boxes for resolution 1, you will be taken to have given your express authority to the Chairman to cast any undirected proxy votes on resolution 1.**