
AMERICAN PACIFIC BORATE & LITHIUM LTD

ACN 615 606 114

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00 am (WST)
DATE: 14 June 2019
PLACE: Level 24 Allendale Square
77 St Georges Terrace
PERTH WA 6000

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 7.00pm (WST) on Wednesday, 12 June 2019.

BUSINESS OF THE MEETING

AGENDA

1. **RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – PLACEMENT SHARES AND FREE ATTACHING OPTIONS**

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 7.4 and for all other purposes, Shareholders ratify the issue of 15,277,778 Shares and 7,638,889 free attaching Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. **RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – LEAD MANAGER OPTIONS EXERCISABLE AT \$0.25**

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 7.4 and for all other purposes, Shareholders ratify the issue of 3,000,000 Options exercisable at \$0.25 to the Lead Manager on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. **RESOLUTION 3 – ISSUE OF PLACEMENT SHARES AT AN ISSUE PRICE OF \$0.18 AND FREE ATTACHING OPTIONS TO RELATED PARTY – STEPHEN HUNT**

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 10.11 and for all other purposes, approval is given for the Company to issue up to 555,556 Shares at an issue price of \$0.18 and 277,778 free attaching Options to Stephen Hunt (or his nominee/s) 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 Stephen Hunt (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A 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.

4. RESOLUTION 4 – ISSUE OF PLACEMENT SHARES AT AN ISSUE PRICE OF \$0.18 AND FREE ATTACHING OPTIONS TO RELATED PARTY – ANTHONY HALL

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 10.11 and for all other purposes, approval is given for the Company to issue up to 1,111,111 Shares at an issue price of \$0.18 and 555,556 free attaching Options to Anthony Hall (or his nominee/s) 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 Anthony Hall (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A 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.

5. RESOLUTION 5 – ISSUE OF PLACEMENT SHARES AT AN ISSUE PRICE OF \$0.18 AND FREE ATTACHING OPTIONS TO COMPANY SECRETARY – AARON BERTOLATTI

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 7.1 and for all other purposes, approval is given for the Company to issue up to 277,778 Shares at an issue price of \$0.18 and 138,889 free attaching Options to Aaron Bertolatti (or his nominee/s) 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 Aaron Bertolatti (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the 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.

Dated: 9 May 2019

By order of the Board



Aaron Bertolatti
Company Secretary

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 8 6141 3145.

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. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – PLACEMENT SHARES AND FREE ATTACHING OPTIONS

1.1 General

On 2 May 2019, the Company announced that it had undertaken a placement (**Placement**) to issue a total of:

- (a) 17,222,222 Shares (including 1,944,444 Shares to Company Management for which Shareholder approval is being sought pursuant to Resolutions 3, 4 and 5) at an issue price of \$0.18 per Share to raise approximately \$3.1 million (**Placement Shares**); and
- (b) 8,611,111 free attaching Options (including 972,222 Options to Company Management for which Shareholder approval is being sought pursuant to Resolutions 3, 4 and 5), with 1 Option issued for every 2 Shares subscribed for (**Placement Options**).

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 15,277,778 Shares (**Placement Shares**) and the 7,638,889 Options (**Placement Options**) which were issued on 9 May 2019 (**Ratification**).

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 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 15,277,778 Shares and 7,638,889 Options were issued;
- (b) the issue price for the:
 - (i) Placement Shares was \$0.18 per Share; and
 - (ii) Placement Options was nil as they were free attaching on a 1:2 basis;
- (c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Options were issued on the terms and conditions set out in Schedule 1;

- (e) the Placement Shares and Placement Options were issued to institutional and sophisticated investors. None of these subscribers are related parties of the Company; and
- (f) the funds raised from this issue will be used by the Company to progress construction related engineering activities for its Fort Cady Borate Project in Southern California.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – LEAD MANAGER OPTIONS EXERCISABLE AT \$0.25

2.1 General

On 9 May 2019, the Company issued 3,000,000 Options to the Lead Manager in consideration for lead services provided in respect of the Placement.

This Resolution seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in Section 1.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to this Resolution:

- (a) 3,000,000 Options were issued;
- (b) the Options were issued for nil cash consideration in satisfaction of lead management services provided by Peloton Capital Pty Ltd in respect of the Placement;
- (c) the Options will be issued on the terms and conditions set out in Schedule 1;
- (d) the Options were issued to Peloton Capital Pty Ltd and their nominees, who are not related parties of the Company; and
- (e) no funds were raised from this issue as the Options were issued in consideration for lead manager services provided to the Company in respect of the Placement.

3. RESOLUTIONS 3 AND 4: DIRECTOR PARTICIPATION IN PLACEMENT

3.1 General

Stephen Hunt and Anthony Hall, both Directors of the Company have agreed to participate in the Placement on the same terms and conditions as the other investors (**Participation**).

Resolutions 3 and 4 seek Shareholder approval for the issue of Placement Shares and Placement Options to Messrs Hunt and Hall (or their nominees) as a result of participating in the Placement (**Related Party Securities**).

3.2 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 constitutes giving a financial benefit and the persons who will receive the Related Party Securities are each a related party of the Company by virtue of being a Director.

The Directors (other than Director who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Related Party Securities will be issued to Messrs Hunt and Hall on the same terms as the Placement Shares and Placement Options were issued to non-related party participants in the Placement and as such the giving of the financial benefit is on arm's length terms.

3.3 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 Related Party Securities involves the issue of securities to a related party 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.

3.4 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 these Resolutions:

- (a) the Related Party Securities will be issued to Messrs Hunt and Hall (or their nominees);
- (b) the number of Related Party Securities to be issued to Messrs Hunt and Hall (or their nominees) is up to:

Director	No. of Shares	No. of Options
Stephen Hunt	555,556	277,778
Anthony Hall	1,111,111	555,556

- (c) the Related Party Securities 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 issue of the Related Party Securities will occur on the same date;
- (d) the issue price for the:
 - (i) Placement Shares was \$0.18 per Share; and
 - (ii) Placement Options was nil as they were free attaching on a 1:2 basis;
- (e) the Placement Shares issued will be all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Placement Options issued will be on the terms and conditions set out in Schedule 1; and

- (g) the funds raised from this issue will be used by the Company to progress construction related engineering activities for its Fort Cady Borate Project in Southern California.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Securities as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of the Related Party Securities to Messrs Hall and Hunt (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

4. RESOLUTION 5 – ISSUE OF PLACEMENT SHARES AND FREE ATTACHING OPTIONS TO MR BERTOLATTI

4.1 General

Aaron Bertolatti, the Company secretary has also agreed to participate in the Placement on the same terms and conditions as the other investors.

This Resolution seeks Shareholder approval for the issue of up to 277,778 Shares at an issue price of \$0.18 per Share and 138,889 Options to Mr Bertolatti (or his nominee/s) to raise up to \$50,000 (**Placement**).

A summary of ASX Listing Rule 7.1 is set out in Section 1.1 above.

The effect of this Resolution will be to allow the Company to issue the Shares and Options to Mr Bertolatti (or his nominee/s) 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.

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 this Resolution:

- (a) the maximum number of:
- (i) Placement Shares to be issued is 277,778; and
 - (ii) Placement Options to be issued is 138,889;
- (b) the Placement Shares and Placement 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 Shares will occur on the same date;
- (c) the issue price will be:
- (i) \$0.18 per Placement Share; and
 - (ii) nil per Placement Option as they are attaching on a 1:2 basis;
- (d) the Placement Shares and Placement Options will be issued to Mr Bertolatti who is not a related party of the Company;
- (e) the Placement 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) the Placement Options will be issued on the terms and conditions set out in Schedule 1; and
- (g) the funds raised from this issue will be used by the Company to progress construction related engineering activities for its Fort Cady Borate Project in Southern California.

5. GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

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.

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

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

Company means American Pacific Borate and Lithium Limited (ACN 615 606 114).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Lead Manager means Peloton Capital Pty Ltd.

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.

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Placement has the meaning given to it in clause 1.1.

Proxy Form means the proxy form accompanying the Notice.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF 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 \$0.25 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 10 August 2020 (**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.