

# **GULLEWA LIMITED**

ACN 007 547 480

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

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### **Date of Meeting**

Friday, 30 November 2018

### **Time of Meeting**

11.00a.m. EDST

### **Place of Meeting**

Gullewa Limited  
Suite 1 Level 2  
49-51 York Street  
SYDNEY NSW 2000

**This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.**

# GULLEWA LIMITED

ACN 007 547 480

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the Annual General Meeting of Gullewa Limited ("**Company**" or "**Gullewa**") to be held at the Offices of Gullewa Limited, Suite 1 Level 2, 49-51 York Street, Sydney NSW 2000 on Friday, 30 November, 2018 at 11:00a.m. EDST, for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

An Explanatory Memorandum containing information in relation to the following Resolutions accompanies and forms part of this Notice of Annual General Meeting.

## AGENDA

### Accounts and Reports

To receive and consider the annual financial report of the Company for the year ended 30 June, 2018 and accompanying reports of the Directors and auditor of the Company.

### Resolution 1 – Adoption of Remuneration Report

To consider and put to a non-binding vote the following resolution as an **ordinary resolution**:

*"That the Remuneration Report required by section 300A of the Corporations Act, as disclosed in the report of the Directors for the year ended 30 June, 2018, be adopted."*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### Voting Prohibition Statement

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

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

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

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

### Resolution 2 –Re-election of Mr Anthony Howland Rose as a Director

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

*"That Mr David Deitz who retires in accordance with the Constitution and who offers himself for re-election and is eligible for re-election, be re-elected as a Director."*

### Resolution 3 – Approval of Issue of Shares

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

*"That, pursuant to and in accordance with ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue and allotment by the Company of up to 50,000,000 Shares by way of private placement, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on the Resolution by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the Resolution is passed, 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.

### Resolution 4 – Approval of Issue of Options to Mr Anthony Howland-Rose

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 Chapter 2E of the Corporations Act, and for all other purposes, the Company is authorised to issue and allot up to 6,000,000 Options to Mr Anthony Howland-Rose and/or his nominee(s) for the purposes, on the terms and conditions, and in the manner described in the Explanatory Memorandum."*

#### **Voting Exclusion Statement**

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

#### **Voting Prohibition Statement:**

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

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

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

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

## Resolution 5 – Approval of Issue of Options to Mr David Deitz

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 Chapter 2E of the Corporations Act, and for all other purposes, the Company is authorised to issue and allot up to 8,000,000 Options to Mr David Deitz and/or his nominee(s) for the purposes, on the terms and conditions, and in the manner described in the Explanatory Memorandum."*

### **Voting Exclusion Statement**

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

### **Voting Prohibition Statement:**

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

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

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

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

## Resolution 6 – Approval of Issue of Options to Mr Eddie Lee

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 Chapter 2E of the Corporations Act, and for all other purposes, the Company is authorised to issue and allot up to 1,000,000 Options to Mr Eddie Lee and/or his nominee(s) for the purposes, on the terms and conditions, and in the manner described in the Explanatory Memorandum."*

### **Voting Exclusion Statement**

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

### **Voting Prohibition Statement:**

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

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

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

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the Voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly

with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

## **OTHER BUSINESS**

To deal with any other business which may be lawfully brought forward.

### **By Order of the Board of Directors**

David Deitz

**Director**

Dated 26 October, 2018

## PROXIES

- Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
- A Shareholder who is entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be (but may be) a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:
  - appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
  - provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.
- If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.
- Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.
- A Shareholder entitled to cast 2 or more votes at the Meeting may appoint not more than two proxies to attend and vote at this Meeting. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions will be disregarded.
- A proxy may, but need not be, a Shareholder.
- The instrument appointing the proxy must be in writing, executed by the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, either under seal or under hand of an officer(s) or his attorney duly authorised.
- The instrument of proxy (and the power of attorney or other authority, if any, under which it is signed or certified copy of the same) must be lodged by person, post, courier or facsimile and reach the Registered Office of the Company at least 48 hours prior to the Meeting.
- Proxies appointing the Chair which do not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on Proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention. If the Chair is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1, 4, 5 and 6, you will be authorising the Chair to vote in accordance with the Chair's voting intentions on Resolutions 1, 4, 5 and 6 even if Resolutions 1, 4, 5 and 6 are connected directly or indirectly with the remuneration of the Chair and other Key Management Personnel. The Chair intends to vote all available proxies in favour of Resolutions 1, 4, 5 and 6.
- A proxy form accompanies this Notice and to be effective the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Company no later than 48 hours before the commencement of the Meeting, at:
  - the Company's registered office, Suite 1 Level 2, 49 – 51 York Street, Sydney, New South Wales 2000; or
  - by post to Gullewa Limited, Suite 1 Level 2, 49 – 51 York Street, Sydney, New South Wales 2000

**Any proxy form received after that time will not be valid for the Meeting.**

The **enclosed** proxy form provides further details on appointing proxies and lodging proxy forms.

## Corporations

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

## NOTES

For the purpose of regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that Shares held at 11.00a.m. EDST on 28 November 2018 will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. The entitlement of Shareholders to vote at the Meeting will be determined by reference to that time.

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting.

The Directors recommend Shareholders read this Explanatory Memorandum in conjunction with the Notice of Meeting (of which this Explanatory Memorandum forms a part) in full before making any decision in relation to the Resolutions.

## ORDINARY BUSINESS

## ANNUAL REPORT

As required under section 317 of the Corporations Act, the Annual Report (which includes the financial report, Directors' report and auditor's report) will be laid before the Annual General Meeting.

Shareholders at the Meeting will be given a reasonable opportunity to ask questions and make comments about the Annual Report or the Company generally, but there will be no formal resolution submitted to the Meeting.

Reasonable opportunity will also be given to Shareholders at the Meeting to ask the Company's auditor questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

## RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (Non-binding vote)

### *Requirements of Corporations Act*

Section 298 of the Corporations Act requires that the annual Directors' Report contain a Remuneration Report prepared in accordance with section 300A of the Corporations Act.

By way of summary, the Remuneration Report:

- (a) discusses the Company's policy and the process for determining the remuneration of its executive officers (there are no executives other than the Directors); and
- (b) sets out remuneration details for each Director named in the Remuneration Report for the financial year ended 30 June, 2018.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. Pursuant to section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Board or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

## ***Voting consequences***

Under changes to the Corporations Act that came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, a company will be required to put to its shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for election or re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors is approved will be the directors of the company.

At the Company's previous annual general meeting, less than 25% of votes were cast against the remuneration report at that meeting. Accordingly the Spill Resolution is not relevant for this Annual General Meeting.

## ***Directors' Recommendation***

The Board unanimously recommends that Shareholders adopt the Remuneration Report.

## **RESOLUTION 2 –RE-ELECTION OF MR ANTHONY HOWLAND AS A DIRECTOR**

Resolution 2 seeks approval for the re-election of Mr David Deitz as a Director with effect from the end of the Meeting.

The Constitution provides that at each annual general meeting of the Company one-third of the Directors or, if their number is not a multiple of three, then such number as is appropriate to ensure that no Director holds office for more than 3 years, shall retire from office.

Mr Lee retires from office in accordance with this requirement, being eligible, and submits himself for re-election. His profile is contained in the Annual Report.

## ***Directors' Recommendation***

The Directors (other than Mr Anthony Howland Rose) recommend the election of Mr Anthony Howland Rose.

## **RESOLUTION 3 – APPROVAL OF ISSUE OF SHARES**

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

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which, when aggregated with the equity securities issued by a company during the previous 12 months, will exceed 15% of the total number of fully paid ordinary shares on issue in the company at the beginning of the 12 month period, except with the prior approval of shareholders.

Resolution 3 seeks Shareholder approval under ASX Listing Rule 7.1 for the issue and allotment of up to 50,000,000 Shares to sophisticated and professional investors under a proposed private placement (**Placement Shares**).

The Directors are seeking approval for this issue of Placement Shares as it will preserve the Company's ability to issue up to 15% of its issued capital in the next 12 months. That is, the Placement Shares will not be counted as reducing the number of equity securities which the Company can issue without Shareholder approval under the limit imposed by ASX Listing Rule 7.1.



### ***ASX Listing Rule 7.3 Disclosure Requirements***

The following information is provided in accordance with ASX Listing Rule 7.3:

- (a) A maximum of 50,000,000 Placement Shares will be issued.
- (b) The Placement Shares will be issued by no later than 3 months after the date of this Meeting (or such later date as may be approved by ASX).
- (c) The issue price of the Placement Shares will be no less than 80% of the volume weighted average price of Shares on the ASX for the 5 Trading Days immediately before the Placement Shares are issued.
- (d) The identity of the persons to whom the Placement Shares will be issued and allotted is not yet known, however they will be sophisticated and/or professional investors who are not related parties of the Company or their associates.
- (e) The Placement Shares issued will rank equally in all respects with all other ordinary shares in the capital of the Company.
- (f) The funds raised from the Placement Share issue will be used as consideration for future investments by the Company and to provide further working capital.
- (g) Allotment of the Placement Shares will occur progressively.

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

The Directors recommend that Shareholders vote in favour of Resolution 3 as it allows the Company greater flexibility to issue further securities representing up to 15% of the total number of Shares on issue in any 12 month period pursuant to Listing Rule 7.1 without Shareholder Approval.

## **RESOLUTIONS 4, 5 AND 6 - APPROVAL OF ISSUE OF OPTIONS TO DIRECTORS**

### ***Background***

Resolutions 4, 5 and 6 seek Shareholder approval for the issue of a total of 12,000,000 Options to Messrs Anthony Howland-Rose, David Deitz and Eddie Lee who are Directors, and/or their nominee(s), as follows:

<b>Name</b>	<b>Number of Options</b>
Mr Anthony Howland-Rose and/or his nominee(s)	6,000,000
Mr David Deitz and/or his nominee(s)	8,000,000
Mr Eddie Lee and/or his nominee(s)	1,000,000

The terms of the Options are set out in Annexure A to this Explanatory Memorandum. The exercise price of the Options will be the price that is 20% above the VWAP for the last 30 days traded up to and including the day preceding the day of the Annual General Meeting. However, since the actual Share price is not known, for the purposes of the valuation, the Options have been valued as though granted on 26 October 2018. The Options have been valued using market data current at that time. Accordingly the actual exercise price (and also the value of the Options as at the date of issue) could vary having regard to the fluctuations in the market price of the Shares between the date of this Notice and the date upon which the Options are offered to Messrs Howland-Rose, Deitz and Lee following the Meeting in which case the valuation of the Options may vary.

The primary purpose of the grant of Options to Messrs Howland-Rose, Deitz and Lee is to provide a market linked incentive package in their capacity as Directors and to encourage future performance by them. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Directors consider that the most appropriate means of achieving this is to reward Directors and employees for their performance, to provide Directors and employees with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth. The Board considered the extensive corporate, exploration and property industry experience of Messrs Howland-Rose, Deitz and Lee and the current market price of Shares when determining the number and exercise price of the Options to be put before Shareholders for their approval.

The Options will be issued on a single occasion as soon as possible and, in any event, within one month of the date of the Annual General Meeting.

As the Options will be issued for no cash consideration, no cash funds will be raised by the Company from their issue. Any funds received on the exercise of the Options will be used for working capital purposes.

The issue of options as part of the remuneration packages of directors and employees is a well-established practice of public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding their directors and employees.

The number of Options to be granted to Messrs Howland-Rose, Deitz and Lee and their exercise price and expiry date has been determined based upon the Directors' wish to ensure that the remuneration offered is competitive with market standards and where appropriate, based upon performance hurdles.

The Board considers the packages, including the proposed grant of Options, are comparable to other remuneration packages for directors and employees of comparable companies. The exercise of the Options will provide working capital for the Company at no significant cost. Based on the Share price as at 26 October 2018, if all Options proposed to be issued pursuant to Resolutions 4, 5 and 6 are ultimately exercised, an amount of \$405,000 would be raised.

The Board considers the proposed grant of the Options pursuant to Resolutions 4, 5 and 6 to be put before the Shareholders to be reasonable and commercial in light of the circumstances of the Company given its size and stage of development, market practice of other companies in the mineral exploration and development industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves. Accounting standards require that granted options be valued and expensed.

### ***Material Personal Interest***

Section 195 of the Corporations Act provides, in essence, that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a "material personal interest" are being considered.

As each Director may be considered to hold a material personal interest in the consideration of the issue of the Options pursuant to Resolutions 4, 5 and 6, a quorum cannot be formed to consider the matter at Board level. However by reason of section 195(4) of the Corporations Act, the Directors are permitted in such instances to put the matter before Shareholders to consider and resolve.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act and have resolved to place the proposed issue of Options pursuant to Resolutions 4, 5 and 6 to Shareholders to consider and resolve upon.

## **Related Party Transactions**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, the Directors are each a related party of the Company.

Resolutions 4, 5 and 6 provide for the grant of Options to Directors which is a financial benefit for the purposes of Chapter 2E of the Corporations Act.

In accordance with section 219 of the Corporations Act, the following information is provided to Shareholders:

- (a) The related parties to whom the proposed resolution would permit the financial benefit to be given are as follows:

<b>Name</b>	<b>Number of Options</b>
Anthony Howland-Rose and/or his nominee(s)	6,000,000
David Deitz and/or his nominee(s)	8,000,000
Eddie Lee and/or his nominee(s)	1,000,000

- (b) The nature of the financial benefit proposed to be given is the grant of the Options for no consideration on the terms and conditions set out in Resolutions 4, 5 and 6 and Annexure A to this Explanatory Memorandum.

On the basis of the Option value, as detailed in paragraph (d)(ii) below, the value of the Options proposed to be issued to each of the Directors is as follows:

<b>Name</b>	<b>Role</b>	<b>Value of Options (\$)</b>
Anthony Howland-Rose	Executive Chairman	\$67,696
David Deitz	CEO & Director	\$90,261
Eddie Lee	Director	\$11,283

- (c) As all Directors and/or their respective nominee(s) are participating in the proposed issue of Options, each of the Directors expresses no opinion and makes no recommendation in respect of the grant of the Options proposed by Resolutions 4, 5 and 6 as they consider that they have a material personal interest in the outcome of these Resolutions.

- (d) Other information (apart from that as set out throughout this Notice of Meeting) that is reasonably required by Shareholders to make a decision whether it is in the interests of the Company to pass Resolutions 4, 5 and 6 that is known to the Company or any of its Directors is as follows:

- (i) The proposed Resolutions 4, 5 and 6 would have the effect of giving power to the Directors to grant up to 15,000,000 Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above. The Company presently has 149,723,100 Shares, and 50,550,000 options on issue.
- (ii) The Company has valued the Options using the Black-Scholes Option Pricing Model ("BSModel"), which is the most widely used and recognised model for pricing options, and which ASIC has indicated as acceptable. The value of an option calculated by the BSModel is a function of a number of variables and is rounded to the nearest one hundredth of a cent. Their assessment of the value of the Options has been prepared using the following variables:

- the price of the underlying Share is \$0.022 based on the volume weighted average price of the Shares recorded on the stock exchange of the ASX over the last 30 days traded up to and including 26 October 2018;
- the exercise price is \$0.027 being a 20% premium to the VWAP for the last 30 days traded up to and including to the date preceding the day of the Annual General Meeting;
- the Option term is 5 years;
- a price volatility factor of .64%; and
- the average risk free interest rate of 3.01%, as at 26 October 2018.

In deriving the valuation the BSModel relies upon the following assumptions:

- that the Options are American call options (ie. they can be exercised at any time during the period);
- there are no transaction costs, options and shares are infinitely divisible, and information is available to all without cost;
- short selling is allowed without restriction or penalty;
- the risk free interest rate is known and constant throughout the duration of the option contract;
- the underlying shares do not pay a dividend; and
- share prices behave in a manner consistent with a random walk in continuous time.

Using the abovementioned variables the BSModel indicates the value of each Option to be \$0.008 Any change in the variables applied in the BSModel between the date of the valuation and the date the Options are granted would either increase or decrease their value.

- (iii) The exercise price of the Options will be the price that is 20% above the VWAP for the last 30 days traded up to and including the date preceding the day of the Annual General Meeting. However, since the actual Share price is not known, for the purposes of the valuation, the Options have been valued as though granted on 26 October 2018. The Options have been valued using market data current at that time. Accordingly the actual exercise price (and also the value of the Options as at the date of issue) could vary having regard to the fluctuations in the market price of the Shares between the date of this Notice and the date upon which the Options are offered to Messrs Howland-Rose, Deitz and Lee following the Meeting in which case the valuation of the Options may vary.
- (iv) If any Options granted as proposed are exercised, the effect would be to dilute the shareholding of existing Shareholders. Based on the securities of the Company on issue as at 26 October 2018, and assuming that no other Options are exercised and no other Shares are issued except Shares issued upon exercise of the Options) the effect of the exercise of the Options will be that the shareholding of existing Shareholders would be diluted by 9.99%. The market price of the Shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Shares may be trading on ASX at a price which is higher than the exercise price of the Options. If the Options are exercised at a time at which the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

The following table gives details of the highest, lowest and latest price of Shares trading on ASX over the past 12 months ending on 26 October 2018:

Security	Highest Price on 29/03/2018	Lowest Price on 06/11/2017	Latest Price on 22/10/2018
Ordinary Shares	\$0.041	\$0.018	\$.024

- (v) As at the date of this Notice, the Directors and their associates have relevant interests in securities in the Company as follows:

Name	Shares	Options		
		Number of options	Exercise Price	Expiry Date
Anthony Howland-Rose	13,448,478	3,800,000	\$0.0495	27/11/2018
		5,000,000	\$0.0156	29/11/2020
		5,000,000	\$0.027	23/12/2021
		6,000,000	\$0.026	23/12/2022
David Deitz	30,661,858	3,800,000	\$0.0495	27/11/2018
		6,000,000	\$0.0156	29/11/2020
		6,000,000	\$0.027	23/12/2021
		8,000,000	\$0.026	23/12/2022
Eddie Lee	2,592,378	850,000	\$0.0495	27/11/018
		1,000,000	\$0.0156	29/11/2020
		1,000,000	\$0.027	23/12/2021
		1,000,000	\$0.026	23/12/2022

- (vi) Based on the Option values set out in paragraph (d)(ii) above the Directors will be receiving the following remuneration for their roles as Directors, plus compulsory superannuation contributions in accordance with the Superannuation Guarantee legislation in the next financial year if Resolutions 4, 5 and 6 are passed:

Name	Role	Cash salary and fees (\$)	Value of Options (\$)	Total Remuneration (p.a) (\$)
Anthony Howland-Rose	Executive Chairman	\$50,000	\$67,696	\$117,696
David Deitz	CEO & Director	\$137,500	\$90,261	\$227,761
Eddie Lee	Director	\$25,500	\$11,283	\$36,783

The Directors receive no other remuneration for their roles as Directors

- (vii) The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options pursuant to Resolutions 4, 5 and 6 other than:
- (A) the potential dilution of Shareholding of Shareholders set out in paragraph (d)(iii) above,
  - (B) the possibility that, if the Options are exercised at a time when the market price of Shares is greater than the exercise price of the Options, there will be a detriment insofar as the Company will be required to issue Shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised; and
  - (C) accounting standards require that granted options be valued and expensed.
- (viii) The Board acknowledges the grant of Options to Mr Eddie Lee is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations as Mr Eddie Lee is a non-executive Director. However the Board considers the grant to Mr Eddie Lee reasonable in the circumstances for the reasons set out above.
- (ix) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions 4, 5 and 6, other than as set out throughout this Notice of Meeting.

### ***Listing Rule 10.11***

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party. If Resolutions 4, 5 and 6 are passed, securities may be issued to Messrs Howland-Rose, Deitz and Lee and/or company(ies) controlled by these persons who are related parties of the Company for the purposes of the Corporations Act and Listing Rules.

Accordingly, approval for the issue of Options to Messrs Howland-Rose, Deitz and Lee and/or their respective nominee(s) is also required pursuant to Listing Rule 10.11.

In accordance with ASX Listing Rule 7.2 Exception 14, the approval of the holder of ordinary securities pursuant to the Listing Rule 7.1 is not required in order to issue the Options to Messrs Howland-Rose, Deitz and Lee and/or their respective nominee(s) if such approval is obtained under Listing Rule 10.11. Shareholders should note that the issue of Options to Messrs Howland-Rose, Deitz and Lee and/or their respective nominee(s), will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting in which an approval under Listing Rule 10.11 is being sought. The following information is provided to Shareholders for the purposes of Listing Rule 10.13 and approval for the issue of Options to Messrs Howland-Rose, Deitz and Lee is sought on the following terms:

- (a) the Options will be granted to Messrs Howland-Rose, Deitz and Lee, who are all Directors, and/or their respective nominee(s);
- (b) the maximum number of Options to be granted is 12,000,000 and the maximum number of Options which could be issued to each Director, and/or their respective nominee(s), is as follows:

<b><u>Name</u></b>	<b><u>Options</u></b>
Anthony Howland-Rose, and/or his nominee(s)	6,000,000 (Resolution 4)
David Deitz, and/or his nominee(s)	8,000,000 (Resolution 5)
Eddie Lee, and/or his nominee(s)	1,000,000 (Resolution 6)

- (c) the Options will be issued no later than one (1) month from the date of approval of the Resolutions (or such later date as approved by ASX);
- (d) the terms and conditions of the Options are set out in Annexure A;
- (e) the Shares issued upon exercise of the Options will rank equally in all respects with the Company's existing issued Shares;
- (f) the Options are being issued for nil consideration as part consideration for the services provided to the Company by Messrs Howland-Rose, Deitz and Lee in their roles as Directors, and for the purpose set out above, and accordingly no funds will be raised.

## GLOSSARY

In the Notice of Meeting and the proxy form which accompanies this Notice of Meeting, the following terms have the following meanings unless the context otherwise requires:

<b>Annual Report</b>	means the Company's annual report including the reports of the Directors and auditor of the Company and the financial statement of the Company for the year ended 30 June, 2018.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited (ACN 008 624 691) and the market operated by it, as the context requires.
<b>Board</b>	means the board of Directors.
<b>Chair</b>	means the chairperson of the Meeting.
<b>Closely Related Party</b>	is defined in respect of a member of Key Management Personnel as: <ul style="list-style-type: none"> <li>▪ a spouse or child of the member;</li> <li>▪ a child of the member's spouse;</li> <li>▪ a dependent of the member or the member's spouse;</li> <li>▪ 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 dealings with the Company;</li> <li>▪ a company the member controls; or</li> <li>▪ a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) that may be made for this purpose.</li> </ul>
<b>Company or Gullewa</b>	means Gullewa Limited (ACN 007 547 480).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>EDST</b>	means Eastern Daylight Savings Time.
<b>Key Management Personnel</b>	has the meaning given in the accounting standards and broadly means those persons with the authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes any Director (whether executive or otherwise).
<b>Listing Rules</b>	means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
<b>Meeting or Annual General Meeting</b>	means the annual general meeting of the Company to be held on 30 November 2018 at 11.00a.m. (EDST), convened by this Notice.
<b>Notice of Meeting or Notice</b>	means the notice of annual general meeting which accompanies and includes this Explanatory Memorandum.
<b>Option</b>	means an option to acquire a Share on the terms and conditions set out in Annexure A to this Explanatory Memorandum.
<b>Remuneration Report</b>	means that section of the Directors' report under the heading "Remuneration Report" set out in the Annual Report.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Trading Day</b>	means a day determined by ASX to be a trading day and notified to market participants being: <ul style="list-style-type: none"> <li>(a) a day other than:               <ul style="list-style-type: none"> <li>(i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and</li> <li>(ii) any other day which ASX declares and publishes is not a trading day; and</li> </ul> </li> <li>(b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.</li> </ul>
<b>VWAP</b>	means of the volume weighted average price of Shares trading on the ASX.

## ANNEXURE A

The terms and conditions of the Options that are the subject of Resolutions 4, 5 and 6 are:

1. Each Option shall be issued for no consideration.
2. Each Option entitles the holder to subscribe for one Share upon the payment of the price, which is 20% VWAP for the last 30 days traded up to and including immediately preceding the day of the Annual General Meeting, per Share subscribed for.
3. The Options will lapse at 5:00 pm, Eastern Standard Time on 30 November 2023 ("**Expiry Date**").
4. The Options are not transferable and will not be listed for official quotation on the ASX.
5. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
6. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
7. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S + D)]}{N + 1}$$

where:

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying securities in the Company into which one Option is exercisable.

P = the average market price per security (weighted by reference to volume) of the underlying securities in the Company during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security in the Company.

8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. The Options shall be exercisable at any time before the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some options shall not affect the rights of the Option holder to the balance of the Options held by him.
10. The Company shall allot the resultant shares and deliver a statement of shareholdings with a holder's identification number within 5 business days of exercise of the Options.
11. The shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.