

# **ARUMA RESOURCES LIMITED**

ACN 141 335 364

## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT**

**For the Annual General Meeting to be held  
on 15 November 2019 at 9:00am (Western Standard Time) at  
AMEC Function Room  
6 Ord Street  
West Perth, Western Australia**

***This is an important document. Please read it carefully.***

***If you are unable to attend the Meeting, please complete the form of proxy enclosed  
and return it in accordance with the instructions set out on that form.***

## TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

### Venue

The Annual General Meeting of Aruma Resources Limited will be held at:

AMEC Function Room	Commencing
6 Ord Street	at 9:00am (Western Standard Time)
West Perth	on Friday
WA 6005	15 November 2019.

### How to Vote

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

#### Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 9:00am (Western Standard Time).

#### Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice as soon as possible and either deliver the proxy form by post, in person, by facsimile or by email in accordance with instructions on the proxy form. You may also submit your proxy vote online in accordance with instructions on the proxy form.

Your proxy form must be received not later than 48 hours before the commencement of the Meeting.

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#### Voting and Proxies

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the 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. The Chairman of the Meeting will vote undirected proxies in favour of all Resolutions.

In relation to Resolution 1 the proxy form expressly authorises the Chairman to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Any undirected proxies held by a Director, any member of the Key Management Personnel or any of their Closely Related Parties (who are not the Chairman of the Meeting) will not be voted on Resolution 1.

4. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 13 November 2019 at 5:00pm (Western Standard Time).
5. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

# ARUMA RESOURCES LIMITED

ACN 141 335 364

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of the Shareholders of Aruma Resources Limited will be held at the AMEC Function Room, 6 Ord Street, West Perth, Western Australia on Friday, 15 November 2019 at 9:00am (Western Standard Time) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

### AGENDA

#### **BUSINESS**

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##### **Financial Statements and Reports**

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2019, which includes the Financial Report and Director's Report, Remuneration Report and the Auditor's Report.

##### **Resolution 1 – Adoption of Remuneration Report**

To consider and, if thought fit, to pass, with or without amendment, the following in accordance with section 250R(2) of the Corporations Act:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as set out in the Annual Report for the year ended 30 June 2019."*

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

##### **Voting Exclusion:**

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

- (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, the voter 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 this Resolution; or
- (b) the voter is the Chair of the meeting 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 this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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## Resolution 2 - Re-election of Director – Paul Boyatzis

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

*"That Paul Boyatzis, who retires by rotation in accordance with rule 7.3(a) of the Constitution of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."*

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## Resolution 3 – Adoption of New Constitution

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

*"That, the New Constitution (which includes proportional takeover provisions), in the form of the proposed constitution initialled by the Chairman of the Meeting for the purposes of identification, be approved and adopted, in accordance with section 136(2) of the Corporations Act and for all other purposes, as the Company's constitution in substitution for the Existing Constitution of the Company from the date of this Meeting."*

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## Resolution 4 – Approval of Additional Placement Capacity

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

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

### Voting Exclusion

The Company will disregard any votes 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 Shareholder) or an associate 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.

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### By order of the Board



Phillip MacLeod  
Company Secretary  
Dated: 10 October 2019

## **EXPLANATORY STATEMENT**

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This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

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### **1. Financial Statements and Reports**

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. Shareholders may view the Company annual financial report on its website at [www.arumaresources.com](http://www.arumaresources.com).

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Financial Report for the financial period ended 30 June 2019;
- (b) ask questions and make comment on the management of the Company;
- (c) ask questions about, or make comment on, the Remuneration Report;
- (d) ask the auditor questions about:
  - (i) the conduct of the audit;
  - (ii) the preparation and content of the Auditor's Report;
  - (iii) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the content of the Auditor's Report; and
- (b) the conduct of the audit of the Financial Report.

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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### **2. Resolution 1 – Adoption of Remuneration Report**

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2019.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

#### **Voting Consequences**

Under the Corporations Act, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

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## Previous Voting Results

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

## Proxy Restrictions

Pursuant to the Corporations Act, if you appoint a member of the Key Management Personnel (other than the Chair) or any Closely Related Party as your proxy to vote on this Resolution 1, **you must direct the proxy how they are to vote**. Where you do not direct such a person on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 1.

If you appoint the Chair as your proxy, and you do not direct the Chair on how to vote on this Resolution 1, then by signing and returning the proxy form you are giving express authorisation for the Chair to vote all undirected proxies **FOR Resolution 1** even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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### 3. Resolution 2 – Re-election of Director – Paul Boyatzis

Pursuant to rule 7.3(a) of the Company's Constitution, Mr Paul Boyatzis, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Mr Boyatzis has been a Director since 6 January 2010 and was last re-elected on 30 November 2017.

#### Qualifications

Mr Boyatzis (B Bus, ASA, MSDIA, MAICD) has over 30 years' experience in the commercial, investment and equity markets, and in particular, with emerging growth companies within the resources and financial services sectors.

He has served as Chairman and director of a number of public and private companies globally.

#### Other Material Directorships

Mr Boyatzis is Non-Executive Chairman of VRX Limited and Nexus Minerals Limited.

#### Independence

Mr Boyatzis is Non-Executive Chairman of the Company. The Board considers that Mr Boyatzis is an independent director.

#### Board Recommendation

The Directors (apart from Mr Boyatzis) recommend that Shareholders vote in favour of the election of Mr Boyatzis.

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### 4. Resolution 3 – Adoption of New Constitution

#### 4.1 Background

This Resolution is a special resolution proposing to replace the Existing Constitution in its entirety.

Section 136 of the Corporations Act allows a company to adopt a new constitution by a special resolution passed at a general meeting of the company. A special resolution must be passed by at least 75% of the votes cast by Shareholders who are entitled to vote on the Resolution.

#### 4.2 Reasons for the Resolution

The Existing Constitution was adopted by the Company in January 2010.

Since this time there have been a number of amendments to the Corporations Act, the Listing Rules and other applicable laws and rules which impact on the Company and for which provision has not adequately been made in the Existing Constitution. Additionally, the ASX is amending Listing Rule 15.12 (restricted securities) from 1 December 2019. The New Constitution includes the terms of the proposed new Listing Rule 15.12. Thereby, the Company intends to seek to adopt the New Constitution to both update for best practice reasons (best practice) and to include the terms of the proposed new Listing Rule 15.12 (ASX modified escrow regime). Each of these reasons are expanded upon below.

### *Best Practice*

The Company has conducted a review of the Existing Constitution with a view to making it consistent with current law and best market practice. The changes to be introduced affects numerous provisions in the Existing Constitution and therefore it is proposed that the New Constitution be adopted rather than amending the Existing Constitution.

The New Constitution reflects a public company constitution and is drafted in a modern, clear style. It is further appropriate for a company listed on ASX.

The New Constitution updates the definitions used to reflect the current terminology and where possible relies upon terms defined in the Corporations Act, the Listing Rules and ASX Settlement Operating Rules.

The New Constitution further includes provisions on proportional takeover bids. Separate information on the proportional takeover provisions and approval in this regard is set out below.

It is not practicable to list all of the changes to the Existing Constitution in this Explanatory Statement and Shareholders are invited to contact the Company if they have any queries or concerns. For this purpose, a copy of the New Constitution is available for review by Shareholders at the office of the Company. A copy will be available for inspection at the Meeting. Adoption of the New Constitution will provide consistency between the Company's constitution and the Listing Rules and the Corporations Act.

### *ASX modified escrow regime*

In accordance with ASX's Public Consultation Paper of 28 November 2018 titled "*Simplifying, clarifying and enhancing the integrity and efficiency of the ASX Listing Rules*", the ASX proposed a number of changes to the Listing Rules.

One efficiency measure the ASX proposed was to amend the Listing Rules to give effect to a modified escrow regime to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient.

ASX's modified escrow regime is to come into effect from 1 December 2019. A two-tiered escrow regime is to be introduced.

The first tier of escrow will involve ASX requiring certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of an ASX compliant restriction agreement (Appendix 9A). The expectation is a restriction agreement requirement will be imposed on related parties, promoters, substantial holders, service providers and their associates.

However, for less significant holders, a second tier will apply where ASX will instead allow listed entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of restricted securities and to provide a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions. Securities in a class of quoted securities will be made the subject of a holding lock for the duration of the escrow period.

This two-tier escrow regime is to replace the current requirement where all holders of restricted securities must enter into a formal escrow agreement.

In order to provide a constitutional underpinning for ASX's modified escrow regime, the ASX is amending Listing Rule 15.12 (restricted securities) from 1 December 2019.

The new Listing Rule 15.12 requires the constitution of listed entities to reflect the modified escrow regime. This includes the constitution expressly providing for securities to be the subject of a holding lock where they are in a class of quoted securities and further providing that the holder of restricted securities will not be entitled to participate in any return of capital during the escrow period.

Rule 2.11 of the New Constitution reflects the new Listing Rule 15.12 and is in the following terms:

#### *"2.11 Restricted Securities*

*(a) The Company must comply with the Listing Rules in respect of Restricted Securities.*

*(b) Notwithstanding the generality of Rule 2.11(a):*

- (i) a holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
- (ii) if the securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those securities;*

- (iii) *the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
- (iv) *a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and*
- (v) *if a holder of Restricted Securities breaches a restriction deed or a provision of this Constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues."*

The new proposed rule provides the constitutional underpinning for ASX's modified escrow regime.

The changes to Listing Rule 15.12 (which are reflected in the above new rule) are proposed to take effect from 1 December 2019 and will apply to restricted securities after that date. Any restricted securities issued before 1 December 2019 must continue to comply with the provisions of Listing Rule 15.12 in force immediately prior to this date.

### **4.3 Adoption of proportional takeover provisions**

A proportional takeover bid is where the bidder offers to buy a proportion only of each shareholder's shares in the Company. This means that control of the Company may pass without members having the chance to sell all their shares to the bidder.

The law regarding takeovers allows companies to amend their constitutions to prohibit the registration of a transfer of shares resulting from an offer made under a proportional takeover bid, unless shareholders in a general meeting approve the bid.

The New Constitution (as with the Existing Constitution) contains proportional takeover provisions.

Section 648G of the Corporations Act requires certain information to be included in the notice of meeting where the approval of members is sought to adopt proportional takeover provisions. The Company is seeking member approval to adopt proportional takeover provisions for the statutory period of 3 years after the date of approval. Information in relation to this approval is set out below.

#### *Effect of the proposed provisions*

The effect of the proposed provisions is that where offers have been made under an off market bid in respect of shares included in a class of shares in the Company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the off market bid is prohibited unless and until a resolution to approve an off market bid is passed by Shareholders.

If a proportional takeover bid is made, the Directors must ensure that Shareholders vote on a resolution to approve the bid more than 14 days before the bid period closes.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote, but the bidder and its associates are not allowed to vote. If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn. If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's New Constitution.

The proportional takeover approval provisions do not apply to full takeover bids and only apply for 3 years after the date of approval (for this Resolution, being 3 years from the date of this Meeting). The provisions may be renewed, but only by further Shareholder resolution.

#### *Reasons for proportional takeover provisions*

The Directors consider that proportional takeover approval provisions should be included in the New Constitution. Without the inclusion of such a provision, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Shares to the bidder. Accordingly, Shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

The proposed provisions deal with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

The benefit of the provision is that Shareholders are able to decide collectively whether the proportional offer is acceptable in principle and it may ensure that any partial offer is appropriately priced.

*No knowledge of any acquisition proposals*

As at the date on this Notice the Directors are not aware of any proposal by a person to acquire, or to increase the extent of, a substantial interest in the Company.

*Potential advantages and disadvantages*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages for Shareholders include the following:

- (a) Shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) they may assist Shareholders from being locked in as a minority;
- (c) they increase the bargaining power of Shareholders and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages for Shareholders including the following:

- (a) proportional takeover bids for Shares in the Company may be discouraged;
- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

The Board of Directors considers that the potential advantages for Shareholders of adopting the proportional takeover approval provisions outweigh the potential disadvantages of not adopting the provisions.

#### **4.4 Board recommendation**

The Directors consider that the proposed proportional takeover provisions are in the interests of Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

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## **5. Resolution 4 – Approval for Additional Placement Capacity**

### **5.1 General**

ASX Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12month period, subject to a number of exceptions.

ASX Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12month period after the annual general meeting ("Additional Placement Capacity").

The Company seeks Shareholder approval under this Resolution to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in ASX Listing Rule 7.1A.2 (set out below).

### **5.2 Requirements of ASX Listing Rule 7.1A**

#### **(a) Eligible entities**

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

#### **(b) Shareholder approval**

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting. A resolution for the Additional Placement Capacity under ASX Listing Rule 7.1A cannot be put at any other shareholder meeting.

#### **(c) Equity Securities**

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Company has only one class of Equity Securities quoted on ASX being fully paid ordinary Shares. The Company also has unquoted Options on issue.

(d) **Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity**

If this Resolution is passed, the Company may issue or agree to issue, during the 12-month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$(AxD)-E$$

A	<p>The number of shares on issue 12 months before the date of issue or agreement:</p> <ul style="list-style-type: none"> <li>• plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;</li> <li>• plus the number of partly paid shares that became fully paid in the 12 months;</li> <li>• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under ASX Listing Rules 7.1 or 7.4;</li> <li>• less the number of fully paid shares cancelled in the 12 months.</li> </ul>
D	10%
E	The number of Equity Securities issued or agreed to be issued under ASX Listing 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 ASX Listing Rules 7.1 or 7.4.

(e) **Interaction between ASX Listing Rules 7.1 and 7.1A**

The Additional Placement Capacity under ASX Listing Rule 7.1A is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company has 657,413,903 Shares on issue as at the date of this Notice. If this Resolution is passed, the Company will be permitted to issue, a maximum of (as at the date of this Notice):

- 98,612,085 Equity Securities under ASX Listing Rule 7.1; and
- 65,741,390 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under ASX Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out above).

The effect of this Resolution will be to allow the Company to issue securities under ASX Listing Rule 7.1A without using the Company's placement capacity under ASX Listing Rule 7.1.

5.3 **Information for Shareholders as required by ASX Listing Rule 7.3A**

(a) **Minimum price**

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.

(b) **Risk of economic and voting dilution**

If this Resolution is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities (in the same class) on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under ASX Listing Rule 7.1 that are approved by Shareholders in the future;
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		0.25 cents 50% decrease in Issue Price	0.5 cents Issue Price	1 cent 100% increase in Issue Price
Current Variable A 657,413,903 Shares	10% Voting Dilution	65,741,390 Shares	65,741,390 Shares	65,741,390 Shares
	Funds raised	\$164,353	\$328,707	\$657,414
50% increase in current Variable A 986,120,854 Shares	10% Voting Dilution	98,612,085 Shares	98,612,085 Shares	98,612,085 Shares
	Funds raised	\$246,530	\$493,060	\$986,121
100% increase in current Variable A 1,314,827,806 Shares	10% Voting Dilution	131,482,780 Shares	131,482,780 Shares	131,482,780 Shares
	Funds raised	\$328,707	\$657,414	\$1,314,828

This table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- No Options are exercised into Shares before the date of the issue of the Equity Securities.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.

- The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The issue price is 0.5 cents, being the closing price of the Shares on ASX on 9 October 2019.
- The total number of Shares on issue at the date of this Notice is 657,413,903.

The Company's ability to issue securities under ASX Listing Rule 7.1A is in addition to its ability to issue securities under ASX Listing Rule 7.1.

(c) **Placement Period**

Shareholder approval of the Additional Placement Capacity under ASX Listing Rule 7.1A is valid from 15 November 2019 (the date of this Meeting) and expires on the earlier of:

- 15 November 2020, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking) (the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

(d) **Purposes for which the new Equity Securities may be issued**

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated with such acquisitions), continued expenditure on the Company's current assets and operations and for general working capital; or
- non-cash consideration for acquisition of new resources, assets, investments (including expenses associated with such acquisitions) or for the payment of goods or services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(e) **Allocation policy**

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No recipients under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments, then it is likely that the recipients will be the vendors of the new assets.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A on the issue of any new securities.

(f) **Details of Equity Securities issued in the 12 months preceding the date of Meeting**

On 28 November 2018, the Company received Shareholder approval for the Additional Placement Capacity. Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

- The total number of Equity Securities issued in the 12 months before this Meeting as at the date of this Notice (that is, since 15 November 2018) is 134,593,586 Shares. The total number of Equity Securities on issue at 15 November 2018 was 669,413,903 (being 657,413,903 Shares and 12,000,000 Options). The total number of Equity Securities issued in the 12 months since 15 November 2018 is 20.1% of the total number of Equity Securities on issue at 15 November 2018.
- The details for each separate issue of Equity Securities issued during the 12 months preceding the date of the Meeting are:

Date of issue:	25 February 2019
Number of Equity Securities:	60,866,666
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Placement made to sophisticated investors including clients of Lodge Capital Pty Ltd and DJ Carmichael Pty Limited.
Price:	0.6 cents per Share.
Discount to market price:	The shares were issued at a discount of 0.2 cents to the closing market price of 0.8 cents.
Total cash consideration received:	\$365,200
Amount of cash consideration spent:	\$365,200
Intended use for remaining amount of cash:	Ongoing exploration programs on the Company's existing gold projects, costs of the issue and general working capital.

Date of issue:	11 March 2019
Number of Equity Securities:	11,783,333
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Placement made to sophisticated investors including clients of Lodge Capital Pty Ltd and DJ Carmichael Pty Limited (completion of 25 February 2019 Placement).
Price:	0.6 cents per Share.
Discount to market price:	The shares were issued at no discount to the closing market price of 0.6 cents.
Total cash consideration received:	\$70,700
Amount of cash consideration spent:	\$70,700
Intended use for remaining amount of cash:	Ongoing exploration programs on the Company's existing gold projects, costs of the issue and general working capital.

Date of issue:	4 April 2019
Number of Equity Securities:	25,249,994
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Existing eligible shareholders of the Company pursuant to a share purchase plan.
Price:	0.6 cents per Share.
Discount to market price:	The shares were issued at no discount to the closing market price of 0.6 cents.
Total cash consideration received:	\$151,500
Amount of cash consideration spent:	\$151,500
Intended use for remaining amount of cash:	Targeted drilling at the Kopai gold project, ongoing exploration programs on the Company's existing gold projects, costs of the issue and general working capital.

Date of issue:	6 June 2019
Number of Equity Securities:	16,693,593
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Issue to entities associated with the Directors of the Company, with the approval of Shareholders in a meeting held 23 May 2019, on the same terms as the placement completed 11 March 2019.
Price:	0.6 cents per Share.
Discount to market price:	The shares were issued at a premium of 0.2 cents to the closing market price of 0.4 cents.
Total cash consideration received:	\$100,162

Amount of cash consideration spent:	\$100,162
Intended use for remaining amount of cash:	Ongoing exploration programs on the Company's existing gold projects, costs of the issue and general working capital.
Date of issue:	7 June 2019
Number of Equity Securities:	20,000,000
Class of Equity Security and summary of terms:	Fully paid ordinary shares
Name of recipients or basis on which recipients were determined:	Blue Spec Drilling Pty Ltd who is not a related party of the Company
Price:	The Shares were issued as consideration for the cost of a drilling program (\$120,000) on the Company's Kopai gold project at a deemed price of 0.6 cents each.
Discount to market price:	The Shares the deemed price was at a 0.2 cents premium to the closing market price of 0.4 cents on the date of issue.
Non-cash consideration	The Shares were issued as consideration for drilling costs of \$120,000.
Value of the non-cash consideration:	\$100,000 at 9 October 2019 based on a Share price of 0.5 cents.

(g) **Voting exclusion**

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

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**6. Enquiries**

Shareholders may contact Phil MacLeod on (+ 61 8) 9321 0177 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

In the Notice and this Explanatory Statement, the following expressions have the following meanings:

"**Additional Placement Capacity**" means the capacity to issue Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A.

"**Annual General Meeting and Meeting**" means the meeting convened by this Notice.

"**ASX**" means the ASX Limited (ABN 98 008 624 691).

"**ASX Listing Rules**" or "**Listing Rules**" means the Listing Rules of the ASX.

"**Auditor's Report**" means the Auditor's report on the Financial Report.

"**Board**" means the Board of Directors of the Company.

"**Chairman**" or "**Chair**" means the chairman of the Company.

"**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**" or "**Aruma**" means Aruma Resources Limited (ACN 141 335 364).

"**Constitution**" or "**Existing Constitution**" means the constitution of the Company.

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

"**Directors**" mean the directors of the Company from time to time.

"**Directors' Report**" means the annual Directors' Report prepared under Chapter 2M of the Corporations Act for the Company.

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

"**Explanatory Statement**" means this Explanatory Statement.

"**Financial Report**" means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company.

"**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.

"**Meeting**" means the meeting convened by this Notice.

"**New Constitution**" means the constitution proposed to be adopted by Resolution 3.

"**Notice**" means the notice of meeting that accompanies this Explanatory Statement.

"**Option**" means an option to acquire a Share.

"**Placement Period**" means the period during which Shareholder approval under Listing Rule 7.1A is valid.

"**Resolution**" means a resolution referred to in the Notice.

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

"**Shareholder**" means a registered holder of shares in the Company.

"**WST**" or "**Western Standard Time**" means Western Standard Time, Perth, Western Australia.

"**\$**" means Australian dollars unless otherwise stated.

# ARUMA RESOURCES LIMITED

ACN 141 335 364  
PROXY FORM

I/We being a shareholder of Aruma Resources Limited and entitled to attend and vote at the Annual General Meeting, hereby appoint:

the Chair of the Meeting (*Mark box with an X*)

OR

*Insert the name of the person (or body corporate) you are appointing if this person is someone other than the Chair of the Meeting. Do not insert your own name.*

or failing attendance at the Meeting of the person named, or if no person is named, the Chair of the Meeting as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the directions on this proxy form or, if no directions have been given and to the extent permitted by law, as the proxy sees fit at the Meeting of Aruma Resources Limited to be held at the AMEC Function Room, 6 Ord Street, West Perth, Western Australia on 15 November 2019 at 9:00am (WST) and at any adjournment thereof.

### Important for Resolution 1

If you appoint a member of the Company's Key Management Personnel (other than the Chairman of the Meeting) or a Closely Related Party of a member of the Company's Key Management Personnel as your proxy, and you do not direct your proxy how to vote in respect of Resolution 1 your proxy will NOT cast your vote on this Resolution and your votes will not be counted.

If you appoint the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default) and you do not direct your proxy how to vote in respect of Resolution 1 your vote will be cast FOR this Resolution, and you hereby expressly authorise the Chairman of the Meeting to exercise your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of the members of the Company's Key Management Personnel. **The Chair intends to vote any undirected proxies in favour of all Resolutions.**

### Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Paul Boyatzis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Adoption of new Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

Please return this proxy form to the Company Secretary, Aruma Resources Limited, in accordance with the accompanying instructions.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

### Signature of Member(s):

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

## Instructions for Completing Appointment of Proxy Form

1. In accordance with section 249L of the Corporations Act, a shareholder of the Company who is entitled to attend and cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with sections 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of sections 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. In accordance with section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments:

Registered Office: 108 Forrest Street, Cottesloe, Western Australia, 6011

Fax Number: +61 (8) 9463 1426

Email: [pmacleod@gapcs.com.au](mailto:pmacleod@gapcs.com.au)

Postal Address: 108 Forrest Street, Cottesloe, Western Australia, 6011

by no later than 48 hours prior to the time of commencement of the Meeting.