

Notice of General Meeting

Astro Resources NL ACN 007 090 904

Date of Meeting: 30 October 2020

Time of Meeting: 10.30am (AEDT)

Place of Meeting: The General Meeting will be made accessible to Shareholders via a live webcast, which will include the facility for Shareholders to ask questions in relation to the business of the meeting. You can participate by logging in online at: <https://agmlive.link/ARO20>

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 414 752 804

CONTENTS

Business of the Meeting (setting out the proposed Resolutions)	4
Explanatory Statement (explaining the proposed Resolutions)	8
Glossary	24
Schedule 1 – Terms and conditions of Broker Options	26
Proxy Form	28

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10.30am (AEDT) on 30 October 2020.

In light of the restrictions that have been introduced as a result of the COVID-19 pandemic, the Meeting will be held and webcast live to Shareholders. The Chair will be located at the offices of Addisons, Level 12, 60 Carrington Street, Sydney NSW 2000. However, Shareholders will not be permitted to physically attend the Meeting so as to comply with public health measures on social distancing.

All resolutions will be decided based on proxy votes which must be received by 10.30am (AEDT) on Wednesday 28 October 2020.

Instructions on how to join the webcast are as follows:

The Meeting will be made accessible to Shareholders via a live webcast, which will include the facility for Shareholders to ask questions in relation to the business of the Meeting. You can participate by logging in online at <https://agmlive.link/ARO20>.

Your vote is important

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

Defined terms

Capitalised terms used in this Notice of Meeting have the meaning given in the Glossary.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00 pm (AEDT) on Wednesday 28th October 2020.

Voting in person

As mentioned above, there will be no voting in person at the Meeting.

Voting by proxy

In accordance with Rule 14.10 of the Constitution, the Chair has determined that voting on all resolutions at the Meeting will be conducted by poll. Voting will be by way of proxy instruction received in advance of the Meeting.

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

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

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

Shareholders and their proxies should be aware that:

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

Further details on these matters are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Chair's intentions in relation to undirected proxies

The Chair intends to vote undirected proxies in favour of all Resolutions.

Required Majority

Each of the Resolutions proposed in this Notice of Meeting are ordinary resolutions and will be passed if, in each case, more than 50% of the votes cast by Shareholders entitled to vote on each resolution are cast in favour of the relevant Resolution.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF PRIOR ISSUE OF SHARES UNDER TRANCHE 1 PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the previous issue of 190,814,597 Shares at \$0.0035 per Share to sophisticated and professional investors under the Tranche 1 Placement, as described in the Explanatory Statement accompanying this Notice of Meeting, be ratified and approved.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the Tranche 1 Placement, or who was a counterparty to the relevant agreement, or any associates of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

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

2. RESOLUTION 2 – APPROVAL OF ISSUE OF SHARES UNDER TRANCHE 2 PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 593,781,159 Shares at \$0.0035 per Share to sophisticated and professional investors under the Tranche 2 Placement, on the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is entitled to participate in the Tranche 2 Placement, or any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in Company), or any associates of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

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

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

3. RESOLUTION 3 – APPROVAL OF ISSUE OF SHARES TO AGAM NOMINEES PTY LTD ON CONVERSION OF CONVERTIBLE NOTES

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

“That, subject to and conditional on Resolution 4 being passed by Shareholders, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the conversion of the 500,000 Convertible Notes held by Agam Nominees No 1 Pty Ltd (Agam), and the issue of a maximum of 142,857,143 Shares to Agam on conversion of those Convertible Notes, on the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Agam Nominees No 1 Pty Ltd, or any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in Company), or any associates of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

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

4. RESOLUTION 4 – APPROVAL OF ISSUE OF SHARES TO HPG URBAN DEVELOPMENTS PTY LTD ON CONVERSION OF CONVERTIBLE NOTES

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

“That, subject to and conditional on Resolution 3 being passed by Shareholders, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the conversion of the 1,841,721 Convertible Notes held by HPG Urban Developments Pty Ltd (HPG), and the issue of a maximum of 526,206,000 Shares to HPG on conversion of those Convertible Notes, on the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”

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

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

5. RESOLUTION 5 – APPROVAL OF ISSUE OF SHARES IN LIEU OF LOAN REPAYMENT

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given:

- a) *subject to Resolutions 2 being passed by Shareholders, to the issue to Gun Capital Management of 180,220,571 Shares at \$0.0035 per Share in full satisfaction of the outstanding balance of the Company’s loan from Gun Capital Management (**GCM Loan**) (being \$630,772 at 16 September 2020 - not including approximately \$18,000 of accrued interest); or*
- b) *subject to both Resolutions 3 and 4 being passed by Shareholders, but in circumstances where Resolution 2 is not passed by Shareholders, to the issue to Gun Capital Management of 162,300,000 Shares at \$0.0035 per Share, in satisfaction of \$568,050 of the outstanding balance of the GCM Loan,*

as explained in further detail and on the terms set out in the Explanatory Statement accompanying this Notice of Meeting.”

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

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

6. RESOLUTION 6 – APPROVAL OF ISSUE OF OPTIONS TO BROKERS

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given to issue up to 100,000,000 options to the brokers (and/or their nominees) as specified in, and on the terms set out in, the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of the brokers specified in the Explanatory Statement, or any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in Company), or any associates of those persons. However, this does not apply to a vote cast in favour of this Resolution by:

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

Dated: 21 September 2020

By order of the Board

Vince Fayad
Company Secretary and Executive Director

EXPLANATORY STATEMENT

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

1. RESOLUTION 1 – APPROVAL OF PRIOR ISSUE OF SHARES UNDER TRANCHE 1 PLACEMENT

1.1 Background

On 26 August 2020, the Company announced that it was undertaking a placement of Shares to sophisticated and professional investors at an issue price of \$0.0035 per Share to raise approximately \$2.75 million (**Placement**). The Placement is being conducted in two tranches:

- an initial placement of 190,814,597 Shares (**Tranche 1 Shares**) to sophisticated and professional investors to raise \$667,851.09, which was completed on 26 August 2020 (**Tranche 1 Placement**); and
- a subsequent placement of an additional 593,781,159 Shares (**Tranche 2 Shares**) to sophisticated and professional investors to raise approximately \$2,078,234.06 which, subject to shareholder approval being obtained pursuant to Resolution 2, is anticipated to complete on or about 22 October 2020 (**Tranche 2 Placement**).

The Tranche 1 Shares represent 15% of the Company's current share capital. The Tranche 2 Shares (if issued) will represent approximately 47% of the Company's current share capital.

Resolution 1 is seeking subsequent approval from shareholders to the issue of the Tranche 1 Shares pursuant to ASX Listing Rule 7.4.

1.2 Purposed of approval

In general terms, Listing Rule 7.1 provides that a listed company must not issue or agree to issue Equity Securities that total more than 15% of its fully paid ordinary shares in any 12 month period without the approval of its shareholders (**15% Placement Capacity**), subject to certain exceptions.

The Tranche 1 Shares were issued under the Company's 15% Placement Capacity in accordance with Listing Rule 7.1.

The Tranche 1 Placement does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% Placement Capacity, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the relevant issue date.

Listing Rule 7.4 provides that an issue by a listed company of Equity Securities made without shareholder approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1, if the issue did not breach Listing Rule 7.1 and the company's shareholders subsequently approve it.

The Company is seeking Shareholder approval under Listing Rule 7.4 to the issue of the Tranche 1 Shares so as to refresh its 15% Placement Capacity.

If the approval is given by Shareholders, the Company will be able to maintain flexibility to issue Equity Securities up to the 15% Placement Capacity and take advantage of any opportunities that may arise in the next 12 months.

1.3 Technical information required by Listing Rule 7.5

The following information in respect of the Tranche 1 Placement is provided in accordance with Listing Rule 7.5:

- (a) **Number of securities issued:** The total number of securities issued under the Tranche 1 Placement was 190,814,597 Shares.
- (b) **Date on which the securities were issued:** The Tranche 1 Shares were issued on 26 August 2020.
- (c) **Issue price of securities:** \$0.0035 per Share.
- (d) **Terms of the securities:** The Tranche 1 Shares are fully paid ordinary shares in the Company and rank equally with the Company's existing shares on issue. The Company has applied for official quotation of the Tranche 1 Shares.
- (e) **Names of the persons to whom the Company issued the securities:** The Tranche 1 Shares were issued to a group of sophisticated and professional investors (**Tranche 1 Investors**). None of the Tranche 1 Investors are related parties of the Company, existing substantial shareholders, advisers, members of the Key Management Personnel, or an associate of such persons.
- (f) **Purpose of the issue, including use or intended use of funds raised:** The Company intends to use the funds raised through the Tranche 1 Placement and Tranche 2 Placement towards the following:
 - (i) further development of its Nevada Gold Project in the United States and the Mineral Sands and Diamond Projects in the Western Australia;
 - (ii) payment of outstanding director and company secretarial fees; and
 - (iii) working capital requirements.Full details of the intended use of funds are set out in the Company's ASX announcement dated 26 August 2020.
- (g) **Summary of any other material terms of the agreement:** The Tranche 1 Shares were issued to parties who have each warranted that it is a Sophisticated Investor and were subject to the issue of a Cleansing Notice by the Company (which was issued on 26 August 2020).

If Resolution 1 is passed by Shareholders, the 190,814,597 Shares issued under the Tranche 1 Placement will be excluded in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Shares.

If Resolution 1 is not passed by Shareholders, the 190,814,597 Shares issued under the Tranche 1 Placement will be included in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Shares.

1.4 Voting exclusion

A voting exclusion statement for this Resolution 1 is contained in the Notice of Meeting.

1.5 Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of this Resolution 1.

The Chair intends to vote undirected proxies in favour of this Resolution 1.

2. RESOLUTION 2 – APPROVAL OF ISSUE OF SHARES UNDER TRANCHE 2 PLACEMENT

2.1 Background

Details of the Tranche 2 Placement are set out in section 1.1 of this Explanatory Statement.

Resolution 2 is seeking shareholder approval to the proposed issue of the Tranche 2 Shares pursuant to ASX Listing Rule 7.1.

2.2 Purpose of approval

In general terms, under Listing Rule 7.1, the Company must not issue or agree to issue Equity Securities in excess of its 15% Placement Capacity within a 12 month period without the approval of its Shareholders, subject to certain exceptions. Issues of Equity Securities made with prior shareholder approval are not included in the Company's 15% Placement Capacity.

The Tranche 2 Share Issue does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% Placement Capacity. It therefore requires the approval of Shareholders under Listing Rule 7.1.

The Company is seeking Shareholder approval to the issue of the Tranche 2 Share under and for the purposes of Listing Rule 7.1.

If Resolution 2 is passed by Shareholders, the Company will be able to proceed with the Tranche 2 Placement. The Tranche 2 Shares will also be excluded in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Tranche 2 Shares.

If Resolution 2 is not passed by Shareholders, the Company will not be able to proceed with the Tranche 2 Placement, and will not be able to raise the proposed funds under the Tranche 2 Placement.

2.3 Technical information required under Listing Rule 7.3

The following information, in respect of the proposed issue of Tranche 2 Shares is provided for the purposes of Listing Rule 7.3:

- (a) **The number and class of securities to be issued:** 593,781,159 Shares.
- (b) **Date by which the securities are to be issued:** The Tranche 2 Shares are anticipated to be issued on or around 22 October 2020 and in any case, no later than 3 months after the date of the Meeting.

- (c) **Issue price of the securities:** The Tranche 2 Shares will be issued at \$0.0035 per Share.
- (d) **Names of the persons to whom the Company will issue the securities:** The Tranche 2 Shares will be issued to a group of sophisticated and professional investors, comprising the Tranche 1 Investors as well as other investors identified by the Company or its brokers. None of the Tranche 1 Investors are related parties of the Company, existing substantial shareholders, advisers, members of the Key Management Personnel, or an associate of such persons.
- (e) **Terms of the securities:** The Tranche 2 Shares will be fully paid ordinary shares in the Company and will rank equally with the Company's existing shares on issue. The Company will apply for official quotation of the Tranche 2 Shares.
- (f) **Purpose of the issue, including intended use of funds raised:** As noted in section 1.3(f) above, the Company intends to use the funds to be raised through the Tranche 1 Placement and Tranche 2 Placement towards funding the following:
 - (i) further development of the Nevada Gold Project in the United States and the Mineral Sands and Diamond Projects in Western Australia;
 - (ii) payment of outstanding director and company secretarial fees; and
 - (iii) working capital requirements.

Again, full details of the intended use of funds are set out in the Company's ASX announcement dated 26 August 2020.
- (g) **Summary of any other material terms of the agreement:** The Tranche 2 Shares will be issued to parties who have each warranted that it is a Sophisticated Investor and will be subject to the issue of a Cleansing Notice by the Company.

2.4 Voting Exclusion

A voting exclusion statement for this Resolution 2 is contained in the Notice of Meeting.

2.5 Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

The Chair intends to vote undirected proxies in favour of Resolution 2.

3. RESOLUTION 3 – APPROVAL OF ISSUE OF SHARES TO AGAM NOMINEES PTY LTD ON CONVERSION OF CONVERTIBLE NOTES

3.1 Background

On 9 September 2020, the Company announced that it has entered into an agreement with Agam Nominees No 1 Pty Ltd ACN 631 660 387 (**Agam**) to issue 500,000 Convertible Notes to Agam at an issue price of \$1.00 per Convertible Note, to raise a total of \$500,000 (**Agam Convertible Notes**).

Agam is backed by Dr Peter Nakhle, a successful medical practitioner and investor in his own right.

Under the terms of issue of the Agam Convertible Notes, the Agam Convertible Notes cannot be converted into Share unless and until Shareholders have approved the conversion, and the issue of Shares upon conversion, at a general meeting. The conversion price is \$0.0035 per Share, i.e. if Shareholder approval is obtained, the Agam Convertible Notes will be convertible into 142,857,143 Shares.

Resolution 3 is seeking Shareholder approval to the conversion of the Agam Convertible Notes, and the issue of up to 142,857,143 Shares on conversion of the Agam Convertible Notes, for the purposes of Listing Rule 7.1.

Resolution 3 is conditional on Resolution 4 being passed by Shareholders.

3.2 Purpose of approval

In general terms, under Listing Rule 7.1, the Company must not issue or agree to issue Equity Securities in excess of its 15% Placement Capacity within a 12 month period without the approval of its Shareholders, subject to certain exceptions. Issues of Equity Securities made with prior shareholder approval are not included in the Company's 15% Placement Capacity.

The Agam Convertible Notes were issued in reliance of Listing Rule 7.2 exception 17, which excludes from the restrictions in Listing Rule 7.1 an agreement to issue equity securities that is conditional on shareholders approving the issue before the issue is made. Accordingly, the Agam Convertible Notes were issued without Shareholder approval and will not count towards variable C in Listing Rule 7.1.

However, in accordance with paragraph 5.6 of ASX Guidance Note 21 and the terms of the Agam Convertible Notes, the Company cannot convert the Agam Convertible Notes, nor issue any Shares on conversion of the Agam Convertible Notes, without first obtaining the approval of Shareholders.

The Company is therefore seeking Shareholder approval to the conversion of the Agam Convertible Notes, and the issue of up to 142,857,143 Shares on conversion of those Convertible Notes, under and for the purposes of Listing Rule 7.1.

If each of Resolutions 3 and 4 is passed by Shareholders, the Company will be able to convert the Agam Convertible Notes and issue up to 142,857,143 Shares on conversion of those Convertible Notes. Any Shares issued on conversion will also be excluded in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Agam Convertible Notes.

If either of Resolutions 3 and 4 is not passed by Shareholders, the Company will not be able to convert the Agam Convertible Notes and the Agam Convertible Notes will be repaid at maturity (being 6 months after the issue date) at their face value plus accrued interest, unless Shareholder approval is obtained at a subsequent general meeting of the Company prior to the maturity date.

The Board notes that if Resolutions 3 and 4 are not passed, the repayment of the Agam Convertible Notes and the HPG Convertible Notes will deplete the Company's cash reserves and can potentially put the Company into financial difficulties, unless further capital is raised to fund the repayment of these Convertible Notes.

3.3 Technical information required under Listing Rule 7.3

The following information in respect of the proposed issue of Shares on conversion of the Agam Convertible Notes is provided for the purposes of Listing Rule 7.3:

- (a) **The number and class of securities to be issued:** On conversion of the Agam Convertible Notes, the maximum number of securities that will be issued is 142,857,143 Shares.
- (b) **Date by which the securities are to be issued:** If Shareholder approval is obtained, the Company must provide a conversion notice to Agam as soon as practicable after the Meeting and the 142,857,143 Shares must be issued within 5 business days of the date of the conversion notice. In any event, in accordance with ASX Listing Rule 7.3.4 the issue of the Shares to Agam will not be made later than 3 months after the date of the Meeting.
- (c) **Issue price of the securities:** On conversion of the Agam Convertible Notes, Shares will be issued at a price of \$0.0035 per Share.
- (d) **Names of the persons to whom the Company will issue the securities:** The Shares will be issued to the holder of the Agam Convertible Notes. Agam Nominees No 1 Pty Ltd has the right to transfer the Agam Convertible Notes to a related body corporate or with the prior approval of the Company.
- (e) **Terms of the Convertible Notes:** The key terms of the Agam Convertible Notes are summarised below:
 - (i) Interest of 15% per annum is payable by the Company to the holder of the Convertible Notes.
 - (ii) The Convertible Notes are unsecured, do not carry any voting rights, and will not be listed.
 - (iii) Each Convertible Note is convertible into Shares upon the occurrence of a Conversion Event, at a conversion price of \$0.0035 per Share. A "Conversion Event" occurs where shareholder approval is obtained to the conversion of all of the Convertible Notes at a general meeting. Accordingly, if shareholder approval is obtained to Resolution 3, the Company will give to the noteholder a conversion notice following this Meeting to convert the Convertible Notes into Shares.
 - (iv) Any new Shares issued on conversion of the Convertible Notes will be fully paid ordinary shares in the Company and will rank equally with the Company's existing shares on issue. The Company will apply for official quotation of the new Shares.
 - (v) In the case of any Convertible Notes which are not converted into Shares, the face value of \$1.00 per Convertible Note, together with accrued interest, is payable by the Company on the maturity date, being the date that is 6 months after the issue date.
- (f) **Terms of the Shares on conversion of the Agam Convertible Notes:** The Shares to be issued to Agam on conversion of its Convertible Notes will be fully paid ordinary shares in the Company and will rank equally with the Company's existing shares on issue. The Company will apply for official quotation of the Shares issue to Agam.

- (g) **Purpose of the issue, including intended use of funds raised:** The Shares will be issued on conversion of the Agam Convertible Notes. Accordingly, no funds will be raised from the issue of Shares. The funds raised from the issue of the Agam Convertible Notes are intended to be used to repay the outstanding balance under the GCM Loan.
- (h) **Summary of any other material terms of the agreement:** The Convertible Note Subscription Agreement between the Company and Agam contains customary warranties.

3.4 Voting Exclusion

A voting exclusion statement for this Resolution 3 is contained in the Notice of Meeting.

3.5 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 3.

The Chair intends to vote undirected proxies in favour of Resolution 3.

4. RESOLUTION 4 – APPROVAL OF ISSUE OF SHARES TO HPG URBAN DEVELOPMENTS PTY LTD ON CONVERSION OF CONVERTIBLE NOTES

4.1 Background

On 9 September 2020, the Company announced that it has entered into an agreement with HPG Urban Developments Pty Ltd ACN 166 301 499 (**HPG**) to issue 1,841,721 Convertible Notes to HPG at an issue price of \$1.00 per Convertible Note, to raise a total of \$1,841,721 (**HPG Convertible Notes**).

HPG is part of the Holdmark Property Group which is a privately-owned property development and investment group based in Sydney with over thirty years of experience in the building and construction industry. Holdmark lead by its CEO, Mr Sarkis Nassif, specialises in apartments while handling development, investment and management. Holdmark is a substantial group and its strong financial backing, together with strong management team as well as excellent reputation in the banking and finance industry provides the Company with an investor committed to the continued success of the Company's asset portfolio.

Under the terms of issue of the HPG Convertible Notes, the HPG Convertible Notes cannot be converted into Share unless and until Shareholders have approved the conversion, and the issue of Shares upon conversion, at a general meeting. The conversion price is \$0.0035 per Share, i.e. if Shareholder approval is obtained, the HPG Convertible Notes will be convertible into 526,206,000 Shares.

Resolution 4 is seeking Shareholder approval to the conversion of the HPG Convertible Notes, and the issue of up to 526,206,000 Shares on conversion of the HPG Convertible Notes, for the purposes of Listing Rule 7.1. Depending on the outcome of the Resolutions considered at this Meeting, a lesser number of Shares may be issued to HPG to ensure that its voting power in the Company does not exceed 19.99%, and the remaining balance of the HPG Convertible Notes will be redeemed immediately.

Resolution 4 is conditional on Resolution 3 being passed by Shareholders.

4.2 Purpose of approval

In general terms, under Listing Rule 7.1, the Company must not issue or agree to issue Equity Securities in excess of its 15% Placement Capacity within a 12 month period without the approval of its Shareholders, subject to certain exceptions. Issues of Equity Securities made with prior shareholder approval are not included in the Company's 15% Placement Capacity.

The HPG Convertible Notes were issued in reliance of Listing Rule 7.2 exception 17, which excludes from the restrictions in Listing Rule 7.1 an agreement to issue equity securities that is conditional on shareholders approving the issue before the issue is made. Accordingly, the HPG Convertible Notes were issued without Shareholder approval and will not count towards variable C in Listing Rule 7.1.

However, in accordance with paragraph 5.6 of ASX Guidance Note 21 and the terms of the HPG Convertible Notes, the Company cannot convert the HPG Convertible Notes, nor issue any Shares on conversion of the HPG Convertible Notes, without first obtaining the approval of Shareholders.

The Company is therefore seeking Shareholder approval to the conversion of the HPG Convertible Notes, and the issue of up to 526,206,000 Shares on conversion of those Convertible Notes, under and for the purposes of Listing Rule 7.1.

If each of Resolutions 3 and 4 is passed by Shareholders, the Company will be able to convert the HPG Convertible Notes and issue up to 526,206,000 Shares on conversion of those Convertible Notes. Depending on the outcome of the Resolutions considered at this Meeting, a lesser number of Shares may be issued to HPG to ensure that its voting power in the Company does not exceed 19.99%, and the remaining balance of the HPG Convertible Notes will be redeemed immediately.

Any Shares issued on conversion will also be excluded in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of issue of the HPG Convertible Notes.

If either of Resolutions 3 and 4 is not passed by Shareholders, the Company will not be able to convert the HPG Convertible Notes and the HPG Convertible Notes will be repaid at maturity (being 6 months after the issue date) at their face value plus accrued interest, unless Shareholder approval is obtained at a subsequent general meeting of the Company prior to the maturity date.

The Board notes that if Resolutions 3 and 4 are not passed, the repayment of the Agam Convertible Notes and the HPG Convertible Notes will deplete the Company's cash reserves and can potentially put the Company into financial difficulties, unless further capital is raised to fund the repayment of these Convertible Notes.

4.3 Technical information required under Listing Rule 7.3

The following information in respect of the proposed issue of Shares on conversion of the HPG Convertible Notes is provided for the purposes of Listing Rule 7.3:

- (a) **The number and class of securities to be issued:** On conversion of the HPG Convertible Notes, the maximum number of securities that will be issued is 526,206,000 Shares. Depending on the outcome of the Resolutions considered at this Meeting, a lesser number of Shares will be issued to HPG to ensure that its voting power in the Company does not exceed 19.99%.
- (b) **Date by which the securities are to be issued:** If Shareholder approval is obtained, the Company must provide a conversion notice to HPG as soon as practicable after the Meeting and the 526,206,000 Shares must

be issued within 5 business days of the date of the conversion notice. In any event, in accordance with ASX Listing Rule 7.3.4 the issue of the Shares to Agam will not be made later than 3 months after the date of the Meeting.

- (c) **Issue price of the securities:** On conversion of the HPG Convertible Notes, Shares will be issued at a price of \$0.0035 per Share.
- (d) **Names of the persons to whom the Company will issue the securities:** The Shares will be issued to the holder of the HPG Convertible Notes. HPG Urban Developments Pty Ltd has the right to transfer the HPG Convertible Notes to a related body corporate or with the prior approval of the Company.
- (e) **Terms of the Convertible Notes:** The key terms of the HPG Convertible Notes are summarised below:
 - (i) Interest of 15% per annum is payable by the Company to the holder of the Convertible Notes.
 - (ii) The Convertible Notes are unsecured, do not carry any voting rights, and will not be listed.
 - (iii) Each Convertible Note is convertible into Shares upon the occurrence of a Conversion Event, at a conversion price of \$0.0035 per Share. A "Conversion Event" occurs where shareholder approval is obtained to the conversion of all of the Convertible Notes at a general meeting. Accordingly, if shareholder approval is obtained to Resolution 4, the Company will give to the noteholder a conversion notice following this Meeting to convert the Convertible Notes into Shares.
 - (iv) Any new Shares issued on conversion of the Convertible Notes will be fully paid ordinary shares in the Company and will rank equally with the Company's existing shares on issue. The Company will apply for official quotation of the new Shares.
 - (v) In the case of any Convertible Notes which are not converted into Shares, the face value of \$1.00 per Convertible Note, together with accrued interest, is payable by the Company on the maturity date, being the date that is 6 months after the issue date.
- (f) **Terms of the Shares on conversion of the HPG Convertible Notes:** The Shares to be issued to HPG on conversion of its Convertible Notes will be fully paid ordinary shares in the Company and will rank equally with the Company's existing shares on issue. The Company will apply for official quotation of the Shares issue to HPG.
- (g) **Purpose of the issue, including intended use of funds raised:** The Shares will be issued on conversion of the HPG Convertible Notes. Accordingly, no funds will be raised from the issue of the Shares. The funds raised through the issue of the HPG Convertible Notes are intended to be used to repay the outstanding balance under the GCM Loan.
- (h) **Summary of any other material terms of the agreement:** The Convertible Note Subscription Agreement between the Company and HPG contains customary warranties.

4.4 Voting Exclusion

A voting exclusion statement for this Resolution 4 is contained in the Notice of Meeting.

4.5 Board recommendation

The Directors recommend that Shareholders vote in favour of Resolution 4.

The Chair intends to vote undirected proxies in favour of Resolution 4.

5. RESOLUTION 5 – APPROVAL OF ISSUE OF SHARES IN LIEU OF LOAN REPAYMENTS

5.1 Background

As at 1st September 2020, the Company owed Gun Capital Management the amount of \$2,972,493 pursuant to a loan facility with Gun Capital Management (**GCM Loan**). The Company repaid the amount of \$2,341,721 on the 14th and 15th September 2020 from the proceeds received from the Convertible Notes, reducing the amount owing to Gun Capital Management to \$630,772. This amount excludes a minor amount for interest of approximately \$18,000, which will be paid out in cash by the Company

Under the terms of the GCM Loan, the Company must repay the GCM Loan on the “Repayment Date”, being the earliest to occur of:

- (a) 31 October 2021;
- (b) the date of completion of any capital raising by the Company where the total funds raised and received, net of costs, are sufficient to repay the GCM Loan without prejudicing the Company's ability to continue as a going concern (based on applicable accounting standards) for the ensuing 12 months;
- (c) subject to receiving any necessary shareholder approvals, the date of completion of any issue of shares by the Company to Gun Capital Management in lieu of cash repayment of the GCM Loan; and
- (d) the date on which Gun Capital Management, being entitled to do so, makes a declaration under clause 18.2 of the GCM Loan that a Default Event has occurred and all money advanced are immediately repayable,

or such other date as the Company and Gun Capital Management may agree to in writing.

In accordance with paragraph (c) above, the Board has agreed to issue to Gun Capital Management:

- subject to Resolution 2 being passed by Shareholders, 180,220,571 Shares at an issue price of \$0.0035 per Share upon completion of the Placement, in full satisfaction of the outstanding balance of the GCM Loan (being \$630,772 as at 16th September 2020- not including approximately \$18,000 of accrued interest); or
 - subject to Resolutions 3 and 4 being passed, but not Resolution 2, 162,300,000 Shares at an issue price of \$0.0035 per Share upon the conversion of the Convertible Notes, to satisfy \$568,050 of the outstanding balance of the GCM Loan.
-

If none of Resolutions 2, 3 or 4 is passed by Shareholders, no Shares will be issued to Gun Capital management.

Resolution 5 has been structured in this way to ensure that under all alternatives Gun Capital Management's total voting power in the Company will not exceed its existing voting power of 23.85%. To exceed its existing voting power may result in Gun Capital Management (and its associates) being in breach of the takeovers provisions in the Corporations Act.

The Board notes that if Resolution 5 is passed, it will result in the outstanding balance of the GCM Loan being reduced:

- if Resolution 2 is passed by Shareholders, from \$630,772 to nil; or
- if Resolutions 2 is not passed, but both of Resolutions 3 and 4 are passed, from \$630,772 to \$62,722, which will be satisfied by way of a cash repayment in accordance with the terms of the GCM Loan.

If none of Resolutions 2, 3 or 4 is passed by Shareholders, there will be no reduction in the outstanding balance of the GCM Loan.

Full details of the GCM Loan have been set out in the Company's market announcements dated 30 September 2019 and 12 March 2020.

Directors encourage Shareholders to approve all of the Resolutions so that the GCM Loan can be fully capitalised and the Company's cash can be used for project and administrative purposes not repaying the GCM Loan or repaying the Convertible Notes on maturity. If the GCM Loan and the Convertible Notes have to be repaid in cash it could potentially put the Company into financial difficulties, unless further capital is raised to fund the repayment of the GCM Loan and the Convertible Notes.

5.2 Purpose of approval – Listing Rule 10.11

Listing Rule 10.11 provides that, unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (10.11.1) a related party;
- (10.11.2) a person who is, or was at any time in the 6 months before the issue or the agreement, a substantial (30%+) shareholder in the company;
- (10.11.3) a person who is, or was at any time in the 6 months before the issue or the agreement, a substantial (10%+) shareholder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (10.11.4) an associate of a person referred to in Listing Rule 10.11.1 to 10.11.3; or
- (10.11.5) A person whose relationship with the company or a person referred to in Listing Rule 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

Gun Capital Management is an associate of Mr Jacob Khouri, the Non-Executive Chairman of the Company. The proposed issues to Gun Capital Management therefore fall within Listing Rule 10.11.4. As the proposed issue to Gun Capital Management does not fall within any of the exceptions in Listing Rule 10.12, Shareholder approval is required under Listing Rule 10.11.

Resolution 5 is seeking Shareholder approval under Listing Rule 10.11 to allow the issue of Shares to Gun Capital Management.

If Resolution 5 is passed by Shareholders:

- if Resolution 2 is passed by Shareholders, the Company will issue 180,220,571 Shares to Gun Capital Management; or
- if Resolutions 2 is not passed, but both of Resolutions 3 and 4 are passed, the Company will issue 162,300,000 Shares to Gun Capital Management.

Further, if Shareholder approval is given for the purposes of Listing Rule 10.11, approval will not be required under Listing Rule 7.1 and the Shares issued to Gun Capital Management will not be counted towards the Company's 15% Placement Capacity.

If Resolution 5 is not passed by Shareholders, the Company will not be able to issue any Shares to Gun Capital Management. Pursuant to paragraph (b) of the definition of "Repayment Date", the Company will be required to repay the GCM Loan by making cash repayments in accordance with the terms of the GCM Loan.

5.3 Technical information required under Listing Rule 10.13

Listing Rule 10.13 requires that a notice of meeting pursuant to which shareholders are requested to consider approving an issue of shares pursuant to Listing Rule 10.11 must include certain specified information in relation to the securities to be issued. The information in respect of Resolution 5 is set out below:

- (a) **Names of persons to whom the Company will issue the securities:**
Gun Capital Management.
- (b) **Which category in Listing Rules 10.11.1 – 10.11.5 the person falls within:** Gun Capital Management is an associate of Mr Jacob Khouri who, being a Director of the Company, is a related party of the Company under section 228 of the Corporations Act. Gun Capital Management therefore falls within the category of persons listed in Listing Rule 10.11.4.
- (c) **Number and class of securities to be issued:**
 - (i) If Resolution 2 is passed by Shareholders, 180,220,571 fully paid ordinary shares in the Company.
 - (ii) If Resolutions 2 is not passed, but both of Resolutions 3 and 4 are passed, 162,300,000 fully paid ordinary shares in the Company.
- (d) **Date by which the securities are to be issued:**
 - (i) If Resolution 2 is passed by Shareholders, the relevant Shares will be issued upon completion of the Placement and in any case, no later than 1 month after the date of the Meeting.
 - (ii) If Resolutions 2 is not passed, but both of Resolutions 3 and 4 are passed, the relevant Shares will be issued upon the conversion of the Convertible Notes, and in any case, no later than 1 month after the date of the Meeting.
- (e) **Issue price of the securities:** A\$0.0035 per Share.
- (f) **Terms of the securities:** The Shares to be issued to Gun Capital Management will be fully paid ordinary shares in the Company and will

rank equally with the Company's existing shares on issue. The Company will apply for official quotation of those Shares.

- (g) **Purpose of the issue, including the intended use of funds raised:** The relevant Shares will be issued to Gun Capital Management to satisfy either in full (if Resolution 2 is passed) or in part (if Resolution 2 is not passed) of the outstanding balance of the GCM Loan. No funds will be raised.
- (h) **Summary of any other material terms of the agreement:** The securities are not issued under any agreement. The terms of the GCM Loan, including the repayment terms, are summarised below:
- (i) The GCM Loan is unsecured.
 - (ii) Advances under the GCM Loan can only be used to assist with meeting its commitments and obligations in relation to its exploration activities and general working capital requirements of the Company.
 - (iii) An interest rate of 15% per annum (default rate: 20%) applies to the total amount of the GCM Loan. Interest is capitalised at the end of each quarter.
 - (iv) The GCM Loan must be repaid in full on the Repayment Date (see section 5.1 of this Explanatory Statement).
 - (v) There are no financial covenants under the GCM Loan.

If each of Resolutions 2, 3, 4 and 5 are passed by Shareholders, the capital structure of the Company will be as follows:

Shareholder	No of Shares held before the Meeting	Percentage Shareholding before the Meeting	No. of Shares held if Resolutions 2, 3, 4 and 5 are <u>all</u> passed	Percentage Shareholding if Resolutions 2, 3, 4 and 5 are <u>all</u> passed
Gun Capital Management	348,876,522	23.85%	529,097,093	18.2%
Agam	20,833,333	1.42%	163,690,476	5.6%
HPG	52,083,333	3.56%	578,289,333	19.9%
Other shareholders	1,041,118,724	71.17%	1,634,899,883	56.3%
Total	1,462,911,912	100.00%	2,905,976,785	100.00%

If Resolutions 2 and 5 are passed, but Resolutions 3 and 4 are not passed, the capital structure of the Company will be as follows:

Shareholder	No. of Shares held before the Meeting	Percentage Shareholding before the Meeting	No. of Shares held if Resolutions 2 and 5 are passed, but <u>not</u> Resolutions 3 and 4	Percentage Shareholding if Resolutions 2 and 5 are passed, but <u>not</u> Resolutions 3 and 4
Gun Capital Management	348,876,522	23.85%	529,097,093	23.7%
Agam	20,833,333	1.42%	20,833,333	0.9%
HPG	52,083,333	3.56%	52,083,333	2.3%
Other shareholders	1,041,118,724	71.17%	1,634,899,883	73.1%
Total	1,462,911,912	100.00%	2,236,913,642	100.00%

If Resolution 3, 4 and 5 are passed, but Resolution 2 is not passed, the capital structure of the Company will be as follows:

Shareholder	No. of Shares before the Meeting	Percentage Shareholding before the Meeting	No. of Shares held if Resolutions 3, 4 and 5 are passed, but <u>not Resolution 2</u>	Percentage Shareholding if Resolutions 3, 4 and 5 are passed, but <u>not Resolution 2</u>
Gun Capital Management	348,876,522	23.85%	511,176,522 *	23.84%
Agam	20,833,333	1.42%	163,690,476	7.6%
HPG	52,083,333	3.56%	428,583,333 **	19.99%
Other shareholders	1,041,118,724	71.17%	1,041,118,724	48.5%
Total	1,462,911,912	100.00%	2,144,569,055	100.00%

Notes:

* In this scenario (i.e. where Resolution 2 is not passed), Gun Capital Management will be issued 162,300,000 Shares. The remaining balance on the GCM Loan will be \$62,722.

** As described in the explanatory notes to Resolution 4, the number of Shares that will be issued HPG under Resolution 4 in this scenario will be 376,500,000 (rather than the maximum of 526,206,000), so as to ensure that HPG's shareholding in the Company does not exceed 19.99%. The remaining balance of the HPG Convertible Notes (\$523,971) will be redeemed immediately.

5.4 Voting Exclusion

A voting exclusion statement for this Resolution 5 is contained in the Notice of Meeting.

5.5 Board recommendation

The Directors, with Mr Khouri not being present while the matter is considered abstaining from voting, recommend that Shareholders vote in favour of Resolution 5.

The Chair intends to vote undirected proxies in favour of Resolution 5.

6. RESOLUTION 6 – APPROVAL OF ISSUE OF OPTIONS TO BROKERS

6.1 Background

Resolution 6 seeks Shareholder approval to the issue of 100,000,000 Options (**Broker Options**) to:

- 180 Markets (or its nominee);
- Fresh Equities (or its nominee); and
- Pinnacle Equities (or its nominee).

The above are collectively referred to as the “**Brokers**”.

The Brokers will also receive a 6% brokerage fee from the total funds raised from both the Tranche 1 Placement and the Tranche 2 Placement.

Each Broker Option is exercisable at \$0.01 per Broker Option on or before 21 April 2022. The Broker Options will not be quoted.

6.2 Purpose of approval

In general terms, under Listing Rule 7.1, the Company must not issue or agree to issue Equity Securities in excess of its 15% Placement Capacity within a 12 month period without the approval of its Shareholders, subject to certain exceptions. Issues of Equity Securities made with prior shareholder approval are not included in the Company's 15% Placement Capacity.

The issue of the Broker Options does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% Placement Capacity. It therefore requires the approval of Shareholders under Listing Rule 7.1.

The Company is seeking Shareholder approval to the issue of the Broker Options under and for the purposes of Listing Rule 7.1.

If Resolution 6 is passed by Shareholders, the Company will be able to issue the Broker Options. The issue of the Broker Options will also be excluded in calculating the Company's 15% Placement Capacity in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the date of issue of the Broker Options.

If Resolution 6 is not passed by Shareholders, the Company will not be able to issue the Broker Options. In that case, the Company will need to re-negotiate the fees payable to the Brokers in relation to the Placement for Tranches 1 and 2 and this will likely include the payment of an additional cash amount for the value of the Broker Options. The estimated value of the Broker Options, as at 27 August 2020, using the Black and Scholes method of valuation is \$123,895. The value has been determined using the following parameters:

- Term – 18 months;
- Exercise price of each Broker Option – \$0.01;
- Risk free rate – 0.25% (being the current two year Australian Reserve Bank rate used as the proxy to determine the risk free rate);
- Current share price – \$0.003 (based on the Company's share price at the closing of 27 August 2020);
- Volatility – 150%, representing the last twelve months' volatility for the Company.

6.3 Technical information required under Listing Rule 7.3

The following information in respect of the proposed issue of Broker Options is provided for the purposes of Listing Rule 7.3:

- The number and class of securities to be issued:** The securities that will be issued are Broker Options, and the maximum number of Broker Options to be issued is 100,000,000.
- Date by which the securities are to be issued:** The Broker Options are anticipated to be issued on or around 22 October 2020 and in any case, no later than 3 months after the date of the Meeting.
- Issue price of the securities:** The Broker Options will be issued for nil cash consideration, as they are being issued to the Broker in partial consideration for arranging the Placement.
- Names of the persons to whom the Company will issue the securities:** The Broker Options will be issued to 180 Markets (or its nominees), Fresh Equities (or its nominees) and Pinnacle Equities (or its nominees). Below is a table setting out the amounts raised by each Broker and the proposed allocation of the Broker Options:

	Total raised	%	Allocation of Options
180 Markets	1,350,585.15	49.18%	49,182,202
Fresh Equities	87,500.00	3.19%	3,186,354
Pinnacle Equities	1,308,000.00	47.63%	47,631,444
	2,746,085.15	100.00%	100,000,000

- (e) **Terms of the securities:** The Broker Options will be issued on the terms set out in Schedule 1. Any Shares issued on exercise of the Broker Options will be fully paid ordinary shares in the Company and will rank equally with the Company's existing shares on issue.
- (f) **Purpose of the issue, including intended use of funds raised:** The Broker Options are being issued to the Brokers in partial consideration for arranging the Placement. No funds will be raised from the issue.
- (g) **Summary of any other material terms of the agreement:** Other than the terms described in Schedule 1 and as disclosed in this Explanatory Statement, there are no other material terms on which the Broker Options are being issued.

6.4 Voting Exclusion

A voting exclusion statement for this Resolution 6 is contained in the Notice of Meeting.

6.5 Board recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

The Chair intends to vote undirected proxies in favour of Resolution 6.

GLOSSARY

\$ means Australian dollars.

15% Placement Capacity has the meaning given in section 1.2 of the Explanatory Statement.

180 Markets means 180 Markets Pty Ltd ABN 18 638 381 129.

Additional 10% Capacity means the Company's additional capacity to issue Equity Securities of up to a further 10% of its capital pursuant to Shareholder approval obtained at the 2019 Annual General Meeting, in accordance with Listing Rule 7.1A.

AEDT means Australian Eastern Daylight Time as observed in Sydney, New South Wales.

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

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

Board means the current board of directors of the Company.

Broker has the meaning given to that term in section 6.1 of the Explanatory Statement.

Broker Options has the meaning given to that term in section 6.1 of the Explanatory Statement.

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

Chair means the chair of the Meeting.

Company means Astro Resources NL (ACN 007 090 904).

Constitution means the Company's constitution.

Convertible Note means an unsecured convertible redeemable loan note issued by the Company.

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

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Fresh Equities means Fresh Equities Pty Ltd ABN 72 619 657 028.

GCM Loan has the meaning given to that term in section 5.1 of the Explanatory Statement.

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

Gun Capital Management means Gun Capital Management Pty Ltd (ACN 091 221 546).

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Listing Rule means a listing rule in the ASX Listing Rules.

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

Option means an option to acquire a Share.

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

Pinnacle Equities means Pinnacle Equities Pty Ltd ABN 56 112 517 905

Proxy Form means the proxy form accompanying the Notice.

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

Share means a fully paid ordinary share in the capital of the Company, and **Shareholding** has the corresponding meaning.

Shareholder means a registered holder of a Share.

Tranche 1 Placement has the meaning given to that term in section 1.1 of the Explanatory Statement.

Tranche 1 Shares has the meaning given to that term in section 1.1 of the Explanatory Statement.

Tranche 2 Placement has the meaning given to that term in section 1.1 of the Explanatory Statement.

Tranche 2 Shares has the meaning given to that term in section 1.1 of the Explanatory Statement.

SCHEDULE 1 – TERMS AND CONDITIONS OF THE BROKER OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.01 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEST) on 21 April 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

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

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

Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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

LODGE YOUR VOTE

ONLINE
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Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: +61 1300 554 474



X99999999999

PROXY FORM

I/We being a member(s) of Astro Resources NL and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairperson of the Meeting (mark box)

OR if you are **NOT** appointing the Chairperson of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **10:30am on Friday, 30 October 2020** (the **Meeting**) and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in online at <https://agmlive.link/ARO20> (refer to details in the Notice of Meeting).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

- 1 APPROVAL OF PRIOR ISSUE OF SHARES UNDER TRANCHE 1 PLACEMENT
- 2 APPROVAL OF ISSUE OF SHARES UNDER TRANCHE 2 PLACEMENT
- 3 APPROVAL OF ISSUE OF SHARES TO AGAM NOMINEES PTY LTD ON CONVERSION OF CONVERTIBLE NOTES
- 4 APPROVAL OF ISSUE OF SHARES TO HPG URBAN DEVELOPMENTS PTY LTD ON CONVERSION OF CONVERTIBLE NOTES

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- 5 APPROVAL OF ISSUE OF SHARES IN LIEU OF LOAN REPAYMENT TO GUN CAPITAL MANAGEMENT
- 6 APPROVAL OF ISSUE OF OPTIONS TO BROKERS

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<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 your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

ARO PRX2001N

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name and email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at vote@linkmarketservices.com.au prior to admission in accordance with the Notice of General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am on Wednesday, 28 October 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



BY MAIL

Astro Resources NL
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)