



18 October 2023

Dear Shareholder

Annual General Meeting – Notice and Proxy Form

Notice is hereby given that the Annual General Meeting (Meeting) of Shareholders of AusQuest Limited ("**AusQuest**" or "**the Company**") (ASX: AQD) will be held at the Ward Room, South of Perth Yacht Club, Applecross, Western Australia on Tuesday, 21 November 2023 at 10:00am (AWST).

The Board has made the decision that it will hold a physical meeting, with the appropriate social gathering and physical distancing measures in place. In accordance with current legislation, the Company will not be dispatching physical copies of the Notice of Meeting (**NOM**). Instead, a copy of the NOM is available at <http://www.ausquest.com.au/> as well as on the ASX announcement platform.

As you have not elected to receive notices by email, a copy of your proxy form is enclosed for your convenience. Shareholders are encouraged to complete and return their Proxy Form by:

Post or in Person to AusQuest Limited, 8 Kearns Crescent, Ardross WA 6153 or

Email to proxy@ausquest.com.au

Your proxy voting instruction must be received by 10:00am (AWST) on Sunday, 19 November 2023, being not less than 48 hours before the commencement of the Meeting.

Any proxy voting instructions received after that time will not be valid for the Meeting.

The NOM is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company on +61 (08) 9364 3866 or the Company Secretary on +61 (08) 9463 2463.

We look forward to seeing you at the Company's AGM.

For and on behalf of the Board

Henko Vos
Company Secretary



AUSQUEST LIMITED

ACN 091 542 451

NOTICE OF ANNUAL GENERAL MEETING EXPLANATORY STATEMENT AND PROXY FORM

TIME: 10.00am (WST)

DATE: Tuesday, 21 November 2023

PLACE: Ward Room
South of Perth Yacht Club
Applecross, Western Australia

Shareholders are urged to attend or vote by lodging the proxy form accompanying this Notice.

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9463 2463.

IMPORTANT INFORMATION

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IMPORTANT DATES

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	10.00am (WST) on Sunday, 19 November 2023
Snapshot date for eligibility to vote	5.00pm (WST) on Sunday, 19 November 2023
Annual General Meeting	10.00am (WST) on Tuesday, 21 November 2023

DEFINED TERMS

Capitalised terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

IMPORTANT INFORMATION

The Board of Directors have elected to hold a physical meeting and have undertaken to implement certain protocols and practices to ensure the safe conduct of the Annual General Meeting in line with general health advisory recommendations.

Please note the following:

- The Annual General Meeting will be a physical meeting held at the Ward Room, South of Perth Yacht Club, Applecross, WA 6153, at which Shareholders may attend in person or by proxy.
- **Shareholders are encouraged to vote by proxy.** Voting on all Resolutions will be conducted by poll and not by show of hands.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at **10.00 am (WST) on Tuesday, 21 November 2023 at the Ward Room, South of Perth Yacht Club, Applecross, Western Australia.**

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at **5.00 pm (WST) on Sunday, 19 November 2023.**

AGENDA

1. Annual Report

To receive and consider the financial report of the Company together with the reports of the directors and the auditor for the financial year ended 30 June 2023.

2. Resolution 1 – Adoption of the Remuneration Report

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the remuneration report for the financial year ended 30 June 2023 be adopted".

Short Explanation: The Remuneration Report is in the Directors' Report section of the Company's Annual Report. Listed companies are required to put the Remuneration Report to the vote for adoption at the Company's Annual General Meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Resolution 2 – Re-election of Mr Christopher Ellis as a Director

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

"That Mr Christopher Ellis, a director of the Company who retires in accordance with Clause 3.6 of the Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company".

4. Resolution 3 – Approval of Equity Incentive Plan

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 7.2 (Exception 13) and for all other purposes, the AusQuest Employment Securities Incentive Plan ("EIP"), the terms of which are summarised in the Explanatory Statement, is approved."

5. Resolution 4(a) – Issue of Options to Mr Greg Hancock

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

"That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Options to Mr Greg Hancock (or his nominee) on the terms and conditions set out in the Explanatory Statement."

6. Resolution 4(b) – Issue of Options to Mr Graeme Drew

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

“That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 10,000,000 Options to Mr Graeme Drew (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

7. Resolution 4(c) – Issue of Options to Mr Christopher Ellis

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

“That, for the purposes of Section 208 of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the ASX Listing Rules and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Options to Mr Christopher Ellis (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

8. Resolution 5 – Approval of 10% Placement Facility

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

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions in the Explanatory Memorandum.”

9. Resolution 6 – Approval to Replace Constitution

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

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt the New Constitution in its place in the form as signed by the Chair for identification purposes.”

10. Resolution 7 – Approval of Proportional Takeover Provisions

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

“That, subject to Resolution 6 being approved, for the purposes of section 648G of the Corporations Act and for all other purposes, clause 6 of the New Constitution, which sets out proportional takeover provisions, as set out in Section 8.2 of this Notice, be approved and adopted in the New Constitution, with effect from the date the New Constitution is adopted by the Company pursuant to Resolution 6.”

BY ORDER OF THE BOARD

HENKO VOS

Company Secretary

Dated: 4 October 2023

VOTING PROHIBITIONS & EXCLUSIONS

CORPORATIONS ACT VOTING PROHIBITIONS

Resolution	Excluded persons	Exception
Resolution 1	For the purposes of sections 250BD and 250R(4) of the Corporations Act, a vote on the Resolution must not be cast, and the Company will disregard votes cast: - by or on behalf of a member of Key Management Personnel the details of whose remuneration is included in the Remuneration Report or their Closely Related Parties, regardless of the capacity in which the vote is cast; or - by a proxy for a member of Key Management Personnel at the date of the Meeting or their Closely Related Parties. Any ineligible votes will not be counted in working out a percentage of votes cast or whether the Resolution is approved.	A vote is not prohibited and will not be disregarded if the vote is cast by a proxy on behalf of a person entitled to vote on the Resolution: - in accordance with the directions on how the proxy is to vote, as specified in the proxy appointment; or - by the Chairperson in accordance with the express authorisation in the proxy appointment to exercise the proxy even though it is connected with the remuneration of a member of Key Management Personnel.
Resolution 3	For the purposes of section 250BD of the Corporations Act, a vote on the Resolution must not be cast, and the Company will disregard votes cast: - by or on behalf of a member of Key Management Personnel the details of whose remuneration is included in the Remuneration Report or their Closely Related Parties, regardless of the capacity in which the vote is cast; or - by a proxy for a member of Key Management Personnel at the date of the Meeting or their Closely Related Parties. Any ineligible votes will not be counted in working out a percentage of votes cast or whether the Resolution is approved.	A vote is not prohibited and will not be disregarded if the vote is cast by a proxy on behalf of a person entitled to vote on the Resolution: - in accordance with the directions on how the proxy is to vote, as specified in the proxy appointment; or - by the Chairperson in accordance with the express authorisation in the proxy appointment to exercise the proxy even though it is connected with the remuneration of a member of Key Management Personnel.
Resolutions 4(a), 4(b) and 4(c)	In accordance with section 224 of the Corporations Act, a vote on the Resolution must not be cast (in any capacity) by or on behalf of a 'related party' (as defined in the Corporations Act) to whom the Resolution would permit a financial benefit to be given, or an 'associate' (as defined in the Corporations Act) of such a related party (Excluded Party). In accordance with section 250BD of the Corporations Act, a vote on the Resolution must not be cast, and the Company will disregard votes cast: by or on behalf of a member of Key Management Personnel the details of whose remuneration is included in the Remuneration Report or their Closely	A vote is not prohibited and will not be disregarded if the vote is cast by a proxy on behalf of a person entitled to vote on the Resolution: - in accordance with the directions on how the proxy is to vote, as specified in the proxy appointment; or - by the Chairperson in accordance with the express authorisation in the proxy appointment to exercise the proxy even though it would permit a financial benefit to be given to an Excluded Party or their Associate and is connected with the remuneration of a member of Key Management Personnel.

	Related Parties, regardless of the capacity in which the vote is cast; or by a proxy for a member of Key Management Personnel at the date of the Meeting or their Closely Related Parties. Any ineligible votes will not be counted in working out a percentage of votes cast or whether the Resolution is approved.	
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ASX LISTING RULES VOTING EXCLUSION STATEMENTS

Resolution	Excluded persons	Exception
Resolution 3	The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the Equity Incentive Plan, including a person referred to in Listing Rules 10.14.1, 10.14.2 or 10.14.3, or an 'associate' (as defined in the Listing Rules) of such person.	The Company need not disregard a vote cast in favour of Resolution 3 if it is cast by: a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
Resolutions 4(a), 4(b) and 4(c)	The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of Shares) or an 'associate' (as defined in the Listing Rules) of such person. In relation to Resolution 4(a), this includes Mr Greg Hancock (and his nominee). In relation to Resolution 4(b), this includes Mr Graeme Drew (and his nominee). In relation to Resolution 4(c), this includes Mr Christopher Ellis (and his nominee).	- the Chairperson as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman on the Resolution as the Chairperson decides; or - a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an 'associate' (as defined in the Listing Rules) of a person excluded from voting, on the Resolution; and - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
Resolution 5	At the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2. Accordingly, a voting exclusion statement for the purposes of Listing Rules 7.3A.7 and 14.11 does not apply to the Resolution.	Not applicable.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at **10.00am (WST) on Tuesday, 21 November 2023** at:

Ward Room
South of Perth Yacht Club
Applecross, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place or method set out above.

VOTING BY PROXY

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address below, or by fax or email by on **10.00am (WST) on Sunday, 19 November 2023**.

By mail or in person: 8 Kearns Crescent, Ardross WA 6153, Australia

By fax 08 9464 4892 (within Australia) or +61 8 9464 4892 (outside Australia)

By e-mail: proxy@ausquest.com.au

A Proxy Form received after that time will not be valid.

APPOINTMENT OF A PROXY

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

The Company encourages Shareholders to appoint the Chairperson as your proxy. To do so, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairperson, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairperson will be your 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, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Company on 08 9364 3866 (within Australia) or +61 (8) 9364 3866 (outside Australia).

Please note, it is recommended Shareholders complete the attached proxy form and send to the Company via the communication methods outlined above.

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

CORPORATE SHAREHOLDERS

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:

- two 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.

Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

Chairperson Voting Undirected Proxies

If the Chairperson is your proxy, the Chairperson will cast your votes in accordance with your directions on the Proxy Form. If you do not mark any of the boxes on the Resolutions, then you expressly authorise the Chairperson to vote your undirected proxies at his/her discretion.

As at the date of this Notice of Meeting, the Chairperson intends to vote undirected proxies **FOR** each of the Resolutions. In exceptional cases the Chairperson's intentions may subsequently change and in this event, the Company will make an announcement to the market.

Voting Entitlement (Snapshot Date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **5.00pm (WST) on Sunday, 19 November 2023**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Questions from Shareholders

Questions for the Board of Directors can be submitted in the same manner as outlined above for the lodgement of Proxy Forms and must be received by no later than **5.00pm (WST) on Sunday, 19 November 2023**.

The Board of Directors will endeavour to prepare answers to these questions, where necessary they will be moderated and curated to cover common ground.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at **10:00am (WST)** on **Tuesday, 21 November 2023** at the Ward Room, South of Perth Yacht Club, Applecross, Western Australia.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on all the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting.

Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

1. ANNUAL REPORT

Section 317 of the Corporations Act requires the reports of the directors and of the auditors and the Annual Report, including the financial statements, to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual General Meeting.

Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements. However, Shareholders will be given the opportunity to raise questions on the reports and the statements at the Annual General Meeting.

The Company's 2023 Annual Report is available at www.ausquest.com.au. Those shareholders that elected to receive a printed copy of the Annual Report will have received a copy with this Notice of Annual General Meeting.

At the Meeting, Shareholders will be offered the opportunity to:

- (a) discuss the Annual Report;
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies of the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

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

2. RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

The Remuneration Report is in the Directors Report section of the Company's Annual Report.

By way of summary, the Remuneration Report:

- (a) explains the Company's remuneration policy and the process for determining the remuneration of its Directors and executive officers;
- (b) addresses the relationship between the Company's remuneration policy and the Company's performance; and

- (c) sets out remuneration details for each Director and each of the Company's executives named in the Remuneration Report for the financial year ended 30 June 2023.

Section 250R(2) of the Corporations Act requires companies to put a resolution to their members that the Remuneration Report be adopted. The vote on this resolution is advisory only, however, and does not bind the Board or the Company. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the meeting when reviewing the Company's remuneration policies.

The Chairperson will give Shareholders a reasonable opportunity to ask questions about or to make comments on the Remuneration Report.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution that a further meeting is held at which all of the Company's Directors (other than the Managing Director) must stand for re-election. Voting on this resolution will be determined by a poll at the meeting rather than a show of hands.

Shareholders voted in favour (99.44%) of the Remuneration Report at the 2022 AGM.

Undirected Proxies

The Chairperson intends to exercise all undirected proxies in favour of Resolution 1. If the Chairperson of the Meeting is appointed as your proxy and you have not specified the way the Chairperson is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairperson with an express authorisation to vote the proxy in accordance with the Chairperson's intention.

Any undirected proxies held by any other key management personnel or any of their closely related parties will not be voted on this resolution.

Key management personnel of the Company has the same meaning as set out in the accounting standards and includes the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's key management personnel for the financial year to 30 June 2023. Their closely related parties are defined in the Corporations Act, and include certain members of their family, dependents and companies they control.

3. RESOLUTION 2 – RE-ELECTION OF MR CHRISTOPHER ELLIS AS A DIRECTOR

ASX Listing Rule 14.4 and Clause 3.6 of the Constitution provide that a re-election of Directors must be held at each annual general meeting.

The Directors to retire are to be those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Mr Ellis retires from office in accordance with these requirements and being eligible, offers himself for re-election by shareholders as a director of the Company, with effect from the end of the meeting. He has been a Non-Executive Director of AusQuest since November 2006.

Mr Ellis is an experienced mining executive with over 30 years' experience in geology, exploration, mine planning and project development in Australia and overseas. He was a founding member and Executive Director of Excel Coal Limited which was the subject of a take-over bid by the US coal giant Peabody Energy Inc, and has held senior positions within Shell Coal's Exploration, BP Coal (London and USA), Agipcoal Australia and the Stratford Joint Venture. Mr Ellis is also an executive director of King Island Scheelite Limited.

Resolution 2 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Board (excluding Mr Ellis) supports the re-election of Mr Ellis to the Board and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – APPROVAL OF EQUITY INCENTIVE PLAN

4.1 General

The Company considers that it is desirable to adopt a new Equity Incentive Plan (**EIP** or **New Plan**) pursuant to which the Company may issue Equity Securities to attract, motivate and retain key Directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company.

The New Plan incorporates amendments to the Corporations Act since the existing Plan was approved by Shareholders on 26 November 2020 (**Existing Plan**). The Directors believe that it is preferable in the circumstances to replace the Existing Plan with the New Plan rather than to amend a multitude of specific provisions to ensure compliance with the new legislative regime.

Resolution 3 seeks Shareholder approval for the adoption of, and the issue of Equity Securities under, the New Plan in accordance with Listing Rule 7.2 exception 13(b).

Under the New Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Equity Securities in the Company as the Board may decide and on the terms set out in the rules of the New Plan, a summary of the key terms and conditions of which is set out in Schedule 1. A copy of the New Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

4.2 Summary of legislative changes

The *Treasury Laws Amendment (Cost of Living Support and Other Measures) Act 2022* (Cth) introduced a new Division 1A into Part 7.12 of the Corporations Act in relation to employee share schemes (**New EIP Rules**). The legislation, which took effect from 1 October 2022, replaced and expanded the previous ASIC Class Order [CO 14/1000] (**Class Order**).

A summary of the key changes applicable to the Company under the New EIP Rules are set out below.

(a) *Expanded eligibility*

Class Order regulatory relief was previously only available for issues to directors, full time and part time employees and casual employees or contractors that are 40% or more full time equivalent.

Under the New EIP Rules, an offer may only be made to specified “primary participants” (being directors, employees and service providers, with no minimum requirements of hours of service provided) or certain related persons to a primary participant (such as certain immediate family members, controlled bodies corporate or a related self-managed superannuation fund).

(b) *Issue cap*

(i) *No monetary consideration*

Under the Class Order, issue caps of 5% of a listed entity’s fully paid shares apply over a rolling period of 3 years (irrespective of whether monetary consideration is required) when relying on Class Order relief.

Under the New EIP Rules, there is no cap on issues made for no monetary consideration. Caps only apply to issues made for monetary consideration, being 5% for listed entities unless a higher cap is specified in the Constitution. (If Resolution 6 is passed and the New Constitution is adopted, the issue cap for the Company will be 10%.)

Further, offers of eligible interests to participants under an Equity Incentive Plan which would not ordinarily require disclosure, such as offers to senior managers or small- scale offerings are not required to comply with the issue cap.

(ii) *Monetary consideration*

As noted above, under the Class Order, issue caps of 5% of a listed entity’s fully paid shares apply over a rolling period of 3 years (irrespective of whether monetary consideration is required) when relying on Class Order relief.

Under the New EIP Rules, the number of ESS interests issued over a three-year period must not exceed 5% of the issued share capital unless the entity’s constitution specifies a different issue cap.

The New Constitution which is proposed to be adopted by the Company under Resolution 6 provides for an issue cap of 10%.

(c) *Disclosure requirements*

The Class Order does not distinguish between offers for monetary consideration and those without, with the same disclosure requirements for both offers.

Under the New EIP Rules, offers made for no monetary consideration do not have any specific requirements, other than the need for a statement that the offer is made pursuant to Division 1A of Part 7.12 of the Corporations Act.

In the case of offers made for monetary consideration, an offer document is required (with specific disclosure requirements) and participants cannot acquire their interests until 14 days after receiving the necessary disclosure from the entity.

(d) *Quotation and suspension requirements*

Class Order relief is only available where an entity meets the minimum quotation period of 3 months prior to making an offer of eligible interests. In addition, relief is prohibited if an entity is suspended from quotation for over 5 days in the preceding 12-month period.

Under the New EIP Rules, listed entities can offer eligible interests without first meeting any minimum quotation period, and regardless of any suspensions to the trading of securities.

(e) *Criminal offences*

A number of new offences created under the New EIP Rules, including misleading and deceptive statement offences and offences relating to holding participants' money. In addition, regulatory relief can be revoked if any of the below are breached:

- (i) compliance with the monetary cap;
- (ii) compliance with the issue cap; and
- (iii) providing disclosure documents at the required time.

4.3 Listing rule requirements

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the number of Equity Securities that a listed entity can issue without the approval of its Shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides an exception to Listing Rule 7.1 for the issue of Equity Securities under an employee incentive scheme (e.g. the EIP) that has been approved by an entity's shareholders. For a period of 3 years from approval, Equity Securities issued to persons who are not a 'related party' of the entity for the purposes of the Listing Rules under the employee incentive scheme are not counted in the calculation of the entity's 15% issuing capacity under Listing Rule 7.1.

If Resolution 3 is passed, Equity Securities issued under the Company's EIP to persons who are not a 'related party' of the Company for the purposes of the Listing Rules will be excluded from the Company's 15% issuing capacity under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Equity Securities under the EIP to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 3 is not approved, the Company may still issue Equity Securities under the EIP to non-related parties under its Listing Rule 7.1 issuing capacity. However, this will reduce the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 months following the date of the issue of the relevant securities.

4.4 Technical information required by Listing Rule 7.2 Exception 13(b)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 3:

- (a) A summary of the key terms and conditions of the EIP is set out in Schedule 1;
- (b) The Company obtained Shareholder approval for its Existing Plan on 26 November 2020. Since then, the Company has issued 19,000,000 Equity Securities (in the form of Unlisted Options) with an exercise price of 0.05 and an expiry date of 30 November 2024 under the terms of the Existing Plan. At reporting date no options have been exercised and the employees have not ceased employment.
- (c) The Company is seeking Shareholder approval to adopt the EIP to include the new terms and conditions required by the New EIP Rules;
- (d) The maximum number of Equity Securities proposed to be issued under the EIP the subject of this Resolution and following Shareholder approval, is 82,514,922 Equity Securities within the next three years, representing 10.0% of the undiluted Shares in the Company as at 4 October 2023.

The maximum number stated above is not intended to be a prediction of the actual number of Equity Securities that may be issued under the EIP – it is simply a ceiling for the purposes of Listing Rule 7.2, Exception 13(b). The total number of Equity Securities ultimately issued under the EIP within the next three years may be less than the maximum number stated above or may be more than the maximum number stated above (in which case the excess will count towards the Company's 15% placement capacity under Listing Rule 7.1).

The actual number of Equity Securities that will be issued will be determined by the Board on the basis of (among other things) the number of persons the Board wishes to incentivise and the forward work plans of the Company. Any issues will be in accordance with the terms of the EIP and the Listing Rules; and

- (e) A Voting Prohibition and Voting Exclusion Statement applies to Resolution 3.

5. RESOLUTIONS 4(A), 4(B) & 4(C) – ISSUE OF OPTIONS TO MESSRS HANCOCK, DREW & ELLIS

5.1 Background

The Company is seeking Shareholder approval to obtain the ability to issue Unlisted Options to the Company's Directors or their nominees.

Subject to Shareholder approval of Resolutions 4(a) to 4(c), the Company proposes to issue a total of 20,000,000 Unlisted Options in the following proportions to Related Parties as follows:

- (a) Mr Greg Hancock – Non-Executive Chairman – 5,000,000 Unlisted Options;
- (b) Mr Graeme Drew – Managing Director – 10,000,000 Unlisted Options; and
- (c) Mr Christopher Ellis – Non-Executive Director – 5,000,000 Unlisted Options.

5.2 Section 195 of the Corporations Act

Section 195(1) of the Corporations Act provides that a director who has a "material personal interest" in a matter being considered at a directors' meeting must not be present while the matter is being considered or vote on the matter.

Section 195(4) of the Corporations Act provides that where there are insufficient directors to form a quorum at a directors' meeting because of section 195(1), the directors may call a general meeting of shareholders to consider the matter.

The Directors are unable to form a quorum to consider any matters relating to the offer of Options under Resolutions 4(a) to 4(c), as Messrs Hancock, Drew and Ellis, being the only Directors of the Company, have a material personal interest in the outcome of the Resolutions. Therefore, the Board is unable to form a quorum to consider the proposed issue of Unlisted Options to the Directors and the Company is seeking approval under section 195(4) of the Corporations Act to deal with the matter.

5.3 Chapter 2E of the Corporations Act

Section 208 of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The offer of Unlisted Options to the Directors or their nominees, as contemplated by Resolutions 4(a) to 4(c), constitutes the giving a financial benefit for the purposes of the Corporations Act, to each of Messrs Hancock, Drew and Ellis as Related Parties of the Company.

Accordingly, Shareholder approval is sought for the purposes of section 208 of the Corporations Act.

5.4 ASX Listing Rule 10.11

ASX 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:

- (a) 10.11.1 – a related party;
- (b) 10.11.2 – a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) 10.11.3 – a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder 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;
- (d) 10.11.4 – an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) 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 approval of its shareholders.

The proposed issue of Unlisted Options to Directors falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing rule 10.12. It therefore requires approval of the Company's Shareholders under Listing Rule 10.11.

As Directors of the Company, Messrs Hancock, Ellis and Drew are considered Related Parties of the Company. Accordingly, in order to grant the Unlisted Options to them or their nominee, the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.11.

Resolutions 4(a) to 4(c) seek the required shareholder approval for the issue of Unlisted Options under and for the purposes of Listing Rule 10.11.

If Resolutions 4(a) to 4(c) are passed, the Company will be able to proceed with the issue of Unlisted Options as a way to incentive its Company officers to continue supporting the Company.

If Resolutions 4(a) to 4(c) are not passed, the Company will not be able to issue the Unlisted Options to Messrs Hancock, Drew and Ellis, which means the Board will be required to consider providing cash incentive payments based on the vesting hurdles to incentivise Messrs Hancock, Drew and Ellis in lieu of the Unlisted Options.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to grant the Options as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the grant of the Options will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

5.5 Corporations Act information requirements

Section 219 of the Corporations Act requires that the following information be provided to Shareholders in relation to Resolutions 4(a) to 4(c) for the purposes of obtaining approval under Section 208 of the Corporations Act:

(a) *Names of the Related Party*

The Related Parties in respect of Resolutions 4(a) to 4(c) are the Directors, respectively being Messrs Hancock, Drew and Ellis or their nominees, who are all Directors of the Company.

(b) *Nature of the financial benefit*

The nature of financial benefit that will be given to the Related Parties (or their nominees) of the Company if Resolutions 4(a) to 4(c) are approved is the issue of Unlisted Options.

(c) *Value of the financial benefit*

If Resolutions 4(a) to 4(c) are approved by Shareholders, the Unlisted Options will be issued to the Directors (or their nominees) on the following basis. A valuation of the Unlisted Options was conducted by the Company which applied the Black-Scholes option pricing model (**Black-Scholes Model**).

The Black-Scholes Model is based on a number of assumptions and variables, including the following:

- (i) the exercise price for each Option is \$0.03;
- (ii) each Option has an expiry date of 30 November 2026;
- (iii) the closing price of Shares traded on ASX on 26 September 2023 was \$0.013;
- (iv) a risk-free rate of 4.06% has been adopted; and
- (v) a volatility factor of 146% has been adopted.

The table below sets out the estimated value of the Unlisted Options and the estimated financial benefit to be received by the Directors, applying the above valuation, as at the date of the Notice of Meeting.

Related Party	Unlisted Options		Total value of Unlisted Options
	Number	Individual Value	
Greg Hancock	5,000,000	\$0.007	\$35,000
Graeme Drew	10,000,000	\$0.007	\$70,000
Christopher Ellis	5,000,000	\$0.007	\$35,000

The value of the Options for the Company's accounting purposes will be determined at the time the Options are granted. The value will be directly related to the closing price of Shares traded on the ASX on the day of the Meeting, or if no Shares are traded on that day, the price at which the Company's shares most recently traded before that day. Accordingly, the value of the Unlisted Options issued to the Directors may differ from the value stated above.

(d) *Remuneration of Directors*

The table below sets out the total remuneration paid or payable to Messrs Hancock, Drew and Ellis, for the last financial year and the proposed total remuneration for the current financial year, including superannuation entitlements.

Director	Description	Financial year ended 30 June 2023	Financial year ended 30 June 2022
Greg Hancock	Non-Executive Director Fee (Chairman)	Nil	Nil
Graeme Drew	Managing Director Salary	225,000	225,000
Christopher Ellis	Non-Executive Director Fee	Nil	Nil

In order to preserve the Company's cash balances, the two Non-Executive Directors (Messrs Hancock and Ellis) have waived their director fee entitlements from 1 January 2013 onwards. Mr Drew, the Company's Managing Director, also accepted a significantly reduced remuneration package from that date (which was subsequently increased to the level noted above).

Mr Hancock is currently entitled to receive \$48,000 per annum (1 July 2023 to 30 June 2024) under a separate corporate advisory services agreement.

(e) *Security Holdings of Directors*

The table below sets out the securities and rights in the Company in which Messrs Hancock, Drew and Ellis has a direct or indirect interest at the date of the Notice. The table does not include the Unlisted Options proposed to be issued to Messrs Hancock, Drew and Ellis, which are subject to Shareholder approval of Resolutions 4(a), 4(b) and 4(c) respectively.

As at the date of this Notice, the Directors' relevant interests in the securities of the Company are as follows:

Director	Shares		Unlisted Options at 7.5 cents, expiry 30 Nov 2024	Total Securities
	Direct	Indirect		
Greg Hancock ¹	2,086,415	2,500,000	5,000,000	9,586,415
Graeme Drew ²	-	19,323,409	10,000,000	29,323,409
Christopher Ellis ³	-	183,712,800	5,000,000	188,712,800

Notes:

1. Held by Hancock Corporate Investments Pty Ltd, an entity associated with Mr Greg Hancock.
2. Held by OTS Super Pty Ltd <The Drew Family Super A/C>, an entity associated with Mr Graeme Drew.
3. Held by Chrysalis Investments Pty Ltd, an entity associated with Mr Christopher Ellis.

(f) *Voting Interest and Voting Power of Directors*

The table below sets out details of the respective voting interests of Messrs Hancock, Drew and Ellis, including how these interests may change upon the events specified in the table occurring, based on a total of 825,149,223 Shares on issue as at the date of the Notice of Meeting.

Event	Shares Received	Total Shares Held after Event	Voting Power after Event (rounded)
Greg Hancock			
Existing Shares Held	-	4,586,415	0.56%
Exercise of Unlisted Options	5,000,000	9,586,415	1.16%
Graeme Drew			
Existing Shares Held	-	19,323,409	2.34%
Exercise of Unlisted Options	10,000,000	29,323,409	3.55%
Christopher Ellis			
Existing Shares Held	-	183,712,800	22.26%
Exercise of Unlisted Options	5,000,000	188,712,800	22.87%

(g) *Dilution*

If Resolutions 4(a) to 4(c) are approved, a total of 20,000,000 Unlisted Options will be granted to Messrs Hancock, Drew and Ellis (or their nominees).

The grant of Unlisted Options will not dilute the shareholding interests of existing Shareholders unless and until they are exercised into Shares. Ordinarily an option holder's decision to exercise an option is determined by the market price of the Shares during the Unlisted Option period. At the time an Unlisted Option is exercised, the Shares may be valued at a higher price than the exercise price of the Unlisted Option.

In that eventuality and assuming there are no further issues of equity securities by the Company, if the 20,000,000 Unlisted Options to be granted under Resolutions 4(a), 4(b) and 4(c) were all exercised, the effect would be to dilute the shareholding of the existing Shareholders by 2.42% based on the total number of Shares on issue at the date of this Notice, being 825,149,223.

(h) *Trading history*

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares traded on the ASX since 26 September 2023 (i.e. approximately 12 months before the date of preparing this Notice of Annual General Meeting) is summarised in the table below.

	Highest Price	Lowest Price	Latest Price
Price	2.1 cents	1.2 cents	1.3 cents
Date	5 December 2022	30 August 2023, 6 September 2023 and 8 September 2023	26 September 2023

(i) *Funds raised*

The Company will not raise any funds from the issue of Unlisted Options to the Directors (or their nominees). However, if all Unlisted Options are exercised, the Company will raise up to \$600,000.

(j) *Directors' interests in the proposed resolution*

The Directors (Greg Hancock, Graeme Drew and Christopher Ellis) each have a material personal interest in the outcome of Resolutions 4(a) to 4(c).

(k) *Other information*

Other than as set out in this Explanatory Statement, the Directors do not consider there is any further information and are not aware of any other information which Shareholders would reasonably require to allow them to make a decision as to whether it is in the best interests of the Company to approve Resolutions 4(a), 4(b) and 4(c).

5.6 Information required by ASX Listing Rule 10.13

ASX Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

(a) *The names of the persons to whom securities will be issued*

Messrs Greg Hancock, Executive Chairman (Resolution 4(a)), Graeme Drew, Managing Director (Resolution 4(b)) and Christopher Ellis, Non-Executive Director (Resolution 4(c)) or their respective nominees.

(b) *Which category in rules 10.11.1 – 10.11.5 the persons fall and why*

By virtue of being Directors of the Company, Messrs Hancock, Drew and Ellis are considered as Related Parties of the Company under Listing Rule 10.11.1. In addition, Mr Ellis is a substantial shareholder (22.26%) of the Company for the purpose of Listing Rule 10.11.3.

(c) *The number and class of securities to be issued to the persons*

The maximum number of Options to be granted to each of Messrs Hancock and Ellis is 5,000,000 and the maximum number of Options to be granted to Mr Drew is 10,000,000 (combined total for all three Directors of 20,000,000).

(d) *Details of the Directors' current total remuneration package*

Details of the remuneration of the Directors is set out in Section 5.5(d).

(e) *Terms of securities proposed to be issued*

The Unlisted Options have an exercise price of \$0.03 each, have an expiry date of 30 November 2026 and vest from the date of issue. Full terms of the Unlisted Options are set out in Schedule 2.

The Unlisted Options will not be quoted on ASX.

(f) *The date or dates on which the Company will issue the securities to the persons*

Subject to Shareholder approval, the Company proposes to issue the Unlisted Options shortly following the Meeting, or otherwise on one date no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(g) *The price or consideration the entity will receive for the issue*

The Unlisted Options will be issued for nil cash consideration. No funds will be raised from these issues. Once vested, the Unlisted Options are exercisable at \$0.03 per Unlisted Option (funds which the Company will only receive when the Unlisted Options are exercised) and are issued on the terms set out in Schedule 2.

(h) *Reason for issue of Unlisted Options*

The Unlisted Options are being issued to Messrs Hancock, Drew and Ellis to give them an incentive to provide dedicated and ongoing commitment and effort to the Company. It also provides the Company a cost effective method to remunerate the directors as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties.

Should the Unlisted Options be converted, the Company will also raise additional cash funds at that time (up to \$600,000 if all Unlisted Options are converted).

The Company currently intends to use any such funds it might raise from the conversion of the Unlisted Options for exploration and evaluation expenditure on tenements it possesses at that time, for business development and/or for working capital purposes.

The Company have previously issued unlisted options with an exercise price of \$0.075 each and with an expiry date of 30 November 2024 to Messrs Hancock, Ellis and Drew following shareholder approval at the Company's Annual General Meeting held on 26 November 2020.

The Company also acknowledges that the issue of Unlisted Options to Messrs Hancock and Ellis as Non-Executive Directors is contrary to recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations.

However, the Board considers the issue of Unlisted Options to be reasonable in incentivising and rewarding the Directors given neither Messrs Hancock nor Ellis has received any remuneration since 1 January 2013. In addition, the Company is aware of the necessity to attract and retain the highest calibre of professionals to the role of non-executive director whilst acknowledging its limited cash reserves and current size and stage of development.

(i) *Agreement to issue Unlisted Options*

The Company have not entered into any agreements with any party for the proposed issues.

(j) *Voting Exclusion*

A voting exclusion statement applies to this Resolution.

5.7 Directors' recommendation

Each recipient of the Unlisted Options contemplated by Resolutions 4(a) to 4(c) is a Related Party of the Company by virtue of being a Director of the Company.

Accordingly, Messrs Greg Hancock, Graeme Drew and Christopher Ellis have a material personal interest in the outcome of Resolutions 4(a) to 4(c).

In the interests of good corporate governance, Messrs Hancock, Drew and Ellis decline to make any recommendations as to how Shareholders should vote on Resolutions 4(a) to 4(c) as they may each acquire a relevant interest in the Unlisted Options if Resolutions 4(a) to 4(c) are approved.

5.8 What will happen if the resolutions are, or are not, approved?

If Resolutions 4(a), 4(b) and 4(c) are approved, the grant of Unlisted Options (and Shares upon vesting and converting of the Unlisted Options) to Messrs Hancock, Drew and Ellis will not be included in calculating the Company's capacity to issue equity securities equivalent to 15% of the Company's ordinary securities, under Listing Rule 7.1, as these would instead be issued under Listing Rule 10.11.

If Shareholders do not approve one or more of the Resolutions to issue the Unlisted Options, the proposed issue will not proceed. In that circumstance, issues may arise with the competitiveness of Messrs Hancock, Drew or Ellis' (as relevant) total remuneration package and long term incentives. The Board would then need to consider alternative remuneration arrangements which are consistent with the Company's remuneration principles, including providing an equivalent cash long term incentive, subject to the risk of forfeiture, performance conditions and performance periods.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY

6.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of 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 having a market capitalisation of \$10.7 million on 4 October 2023 (calculated as 825,149,223 Shares on issue at \$0.013 per Share). The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) below).

If Resolution 5 is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A, without any further shareholder approval.

If Resolution 5 is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

The Directors of the Company believe that Resolution 5 is in the best interests of the Company because if exploration success is achieved at its Australian or Peruvian projects in particular, over the next 12 months, this resolution provides the ability for the Company to raise additional funds quickly. The Directors unanimously recommend that Shareholders vote in favour of this Resolution.

6.2 Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. Accordingly, at least 75% of votes cast by Shareholders present (in person, or by proxy or representative) and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

(b) Equity securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue two classes of Equity Securities, namely quoted Shares and Unquoted Options.

(c) *Formula for calculating 10% Placement*

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12-month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

where

A = The number of fully paid ordinary shares on issue at the commencement of the 12 months immediately preceding the date of issue or agreement to issue:

- plus the number of fully paid ordinary securities issued in the 12 months under an exception to ASX Listing Rule 7.2 other than exception 9, 16 or 17;
- plus the number of fully paid ordinary securities issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - the issue of, or agreement to issue the convertible securities was approved or taken under these rules to have been approved under ASX Listing Rule 7.1 or 7.4;
- plus the number of fully paid ordinary securities issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the relevant period; or
 - the agreement or issue was approved, or taken under these rules to have been approved under ASX Listing Rule 7.1 or rule 7.4;
- plus the number of any other fully paid ordinary securities issued in the relevant period with approval under Listing Rule 7.1 or rule 7.4;
- plus the number of partly paid ordinary securities that became fully paid in the relevant period; and
- less the number of fully paid ordinary securities cancelled in the last 12 months.

Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D = 10%

E = the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the last 12 months immediately preceding the date of issue of the securities where the issue or agreement has not been subsequently approved by the holders of its ordinary securities under ASX Listing Rule 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. At the date of this Notice, the Company has on issue 825,149,223 Shares, meaning the Company has the capacity to issue:

- (i) 123,772,383 Equity Securities under Listing Rule 7.1; and
- (ii) 82,514,922 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) above).

(e) **10% Placement period**

The 10% Placement Period is defined in section 6.4(a) below.

6.3 Listing Rule 7.1A

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 5 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

6.4 Listing Rule 7.3A Information Requirements

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

(a) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained;
- (ii) the time and date of the Company's next annual general meeting; or
- (iii) the time and date of the approval by shareholders of ordinary securities of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) (**10% Placement Period**).

(b) *Minimum Issue Price*

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(c) *Purpose for which the 10% Placement Facility may be implemented*

The Company may seek to issue the Equity Securities for cash consideration in which case the Company intends to use the funds raised towards an acquisition of new resource assets or investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or for general working capital.

The Company will comply with the disclosure obligations under Listing Rule 7.1A(4) upon issue of any Equity Securities.

(d) *Risk of economic and voting dilution*

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Unlisted Options, only if the Unlisted Options are exercised). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table 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 Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) 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 on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable ‘A’ in Listing Rule 7.1A.2	Dilution			
		\$0.007 50% decrease in Issue Price	\$0.013 Issue Price	\$0.020 50% increase in Issue Price
Current Variable A 825,149,223 Shares	10% Voting Dilution Funds raised	82,514,922 Shares \$536,347	82,514,922 Shares \$1,072,694	82,514,922 Shares \$1,609,041
50% increase in current Variable A 1,237,723,835 Shares	10% Voting Dilution Funds raised	123,772,383 Shares \$804,520	123,772,383 Shares \$1,609,041	123,772,383 Shares \$2,413,561
100% increase in current Variable A 1,650,298,446 Shares	10% Voting Dilution Funds raised	165,029,845 Shares \$1,072,694	165,029,845 Shares \$2,145,388	165,029,845 Shares \$3,218,082

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No options are exercised into Shares before the date of the issue of the Equity Securities.
 - (iii) 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%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder’s holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes options, it is assumed that those options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (vii) The issue price is \$0.013, being the closing price of the Shares on ASX on 4 October 2023.
- (e) *Allocation policy when the 10% Placement Facility may be implemented*

The Company’s allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and

(iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice. However, the recipients of Equity Securities could consist of current Shareholders and/or new Shareholders (or both), none of whom will be related parties or associates of a related party of the Company.

(f) *Prior Approvals under Listing Rule 7.1A*

The Company has previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its 2022 Annual General meeting, however has not issued or agreed to issue Equity Securities under Listing Rule 7.1A2 in the 12 months preceding the date of this Notice.

(g) *Voting Exclusion*

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities utilising this 10% Placement Facility following the 2023 Annual General Meeting. No existing Shareholder's votes will therefore be excluded under the voting.

6.5 Directors' Recommendation

Resolution 5 is a special resolution, which requires a minimum of 75% of the votes cast. The Chairperson intends to exercise all available proxies in favour of Resolution 5.

The Board unanimously recommend that Shareholders vote in favour of Resolution 5 as this will enable the Company to conserve its cash, and the ability to issue equity securities in the event of a capital raise.

7. RESOLUTION 6 – APPROVAL TO ADOPT NEW CONSTITUTION

7.1 General

Under section 136 of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 6 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**New Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2008.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the New Constitution rather than to amend a multitude of specific provisions.

The proposed changes are aimed at addressing certain changes to the Corporations Act, which permit companies to hold physical, virtual or hybrid general meetings. Recent changes to the Corporations Act require companies that seek to hold virtual general meetings to expressly provide for this in their constitutions. The Company seeks to update the Constitution to incorporate this change to the Corporations Act to permit it to hold virtual general meetings, if necessary, in the future.

The proposed changes address other changes to the Corporations Act with respect to the electronic provision of documents to members and voting requirements of listed companies. The Corporations Act now permits companies to send meeting-related documents to members by sending the member sufficient information in electronic form to allow the member to access the document electronically. Separately, other changes to the Corporations Act require certain resolutions to be put to a vote at general meeting to be decided on a poll. The Company seeks to update the Constitution to incorporate these changes to the Corporations Act.

The New Constitution is broadly consistent with the provisions of the existing Constitution.

The Directors believe the amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the New Constitution is available for review by Shareholders at the Company's website www.ausquest.com.au and at the office of the Company. A copy of the New Constitution can also be sent to Shareholders upon request to the Company Secretary, Henko Vos.

7.2 Summary of material proposed changes

(a) *Restricted securities (clause 3.7(c))*

ASX made a number of changes to the escrow regime in the Listing Rules in December 2019 to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient for issuers and for ASX. Under the New Constitution, holders of Restricted Securities will be taken to have agreed in writing that those Equity Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the applicable escrow period. Holders of Restricted Securities will also not be entitled to participate in any return of capital on those Securities during the applicable escrow period, except as permitted by the Listing Rules or ASX

(b) *Issue cap for employee incentive plan (clause 3.10)*

As noted in Section 4.3 of the Explanatory Statement, under the New EIP Rules, offers under an employee incentive plan that do not require a monetary payment (e.g., zero exercise price options or performance rights) can be issued without an issue cap. However, offers requiring a monetary payment (whether upon grant or upon exercise/vesting of the awards and issue of the underlying shares) must be accompanied by an 'ESS offer document' and must comply with an issue cap. The cap is set at 5% under the Corporations Act unless raised by a company's constitution. Company's may include an issue cap in its constitution to allow for more than 5% of securities to be issued under the plan.

The New Constitution has set the issue cap at 10%.

(c) *Notice provisions (clauses 7.2 and 15.1)*

- (d) The New Constitution enables the Company to send documents to Shareholders by sending Shareholders sufficient information in electronic form to allow them to access the document electronically. For example, the Company will be able to send an email containing a link to the document, rather than attaching the document directly to an email. *Use of technology (clauses 7.1, 7.2(b), 7.4 and 7.7)*

The New Constitution provides that any general meeting may be held at multiple venues, including using virtual meeting technology, or held wholly virtually, using technology only, provided the technology gives Shareholders as a whole a reasonable opportunity to attend, participate, be heard and vote and otherwise meets applicable legal requirements.

(e) *Nomination of Directors (clause 8.1(k))*

The New Constitution provides that a nomination for a person to be appointed as a Director of the Company must be given at least 35 Business Days before the general meeting, unless it is a general meeting requisitioned by members. The existing constitution requires notice to be given 45 Business Days before the general meeting. The purpose of the change is to facilitate the Company giving notice to ASX of the date of notification of nominations for appointment as a director in accordance with the requirements of the Listing Rules.

(f) *Proportional takeover bid approval provisions (clause 6)*

Pursuant to section 648G of the Corporations Act, the Company has included in the New Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act and the New Constitution. This clause of the New Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

7.3 Specific information required for section 648G

(a) *Effect of the proposed proportional takeover provisions*

The provisions require the Directors to refuse to register any transfer of Shares made in acceptance of a proportional takeover offer until Shareholder approval has been obtained at a meeting of Shareholders held in accordance with the New Constitution.

(b) *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. If the provisions are not adopted, Shareholders could be at risk of passing control to a bidder without payment of an adequate control premium for all of their Shares whilst leaving themselves as part of a minority interest in the Company.

(c) *Knowledge of any acquisition proposals*

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(d) *Potential advantages and disadvantages of proportional takeover bid provisions*

The potential advantages of including proportional takeover provisions in the New Constitution are that such provisions may:

- (i) enhance the bargaining power of Directors in connection with any potential sale of the Company;
- (ii) improve corporate management by eliminating the possible threat of a hostile takeover through longer term planning;
- (iii) make it easier for Directors to discharge their fiduciary and statutory duties to the Company and its Shareholders to advise and guide in the event of a proportional bid occurring; and
- (iv) strengthen the position of Shareholders of the Company in the event of a takeover, assuming the takeover will result in a sharing of wealth between the bidder and Shareholders, as the more cohesive Shareholders are in determining their response the stronger they are. A requirement for approval can force Shareholders to act in a more cohesive manner. Where Shareholders know that a bid will only be successful if a specified majority of Shareholders accept the offer, they have less to fear by not tendering to any offer which they think is too low.

The potential disadvantages of including proportional takeover provisions in the New Constitution include the following matters:

- (i) a vote on approval of a specific bid suffers from a bias in favour of the incumbent Board;
- (ii) the provisions are inconsistent with the principle that a share in a public company should be transferable without the consent of other shareholders; and
- (iii) a Shareholder may lack a sufficient financial interest in the Company to have an incentive to determine whether a proposal is appropriate.

(e) *Recommendation of Board*

The Board does not consider that the potential disadvantages outweigh the potential advantages of adopting the Proportional Takeover Provisions. Accordingly, the Board recommends that Shareholders vote in favour of Resolution 6.

7.4 Additional information

Resolution 6 is a special resolution, which requires a minimum of 75% of the votes cast. The Chairperson intends to exercise all available proxies in favour of Resolution 6.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6 as it will ensure that the Company has a constitution suitable for a public company that reflects current legal requirements.

8. RESOLUTION 7 – APPROVAL OF PROPORTIONAL TAKEOVER PROVISIONS

8.1 Background

Resolution 7 is a special resolution to approve the proportional takeover provisions set out in clause 6 of the New Constitution, as set out in Section 8.2 below (**Proportional Takeover Clause**).

As outlined above, it is proposed that the Company adopt the New Constitution under Resolution 6. Although the Proportional Takeover Clause is set out in the New Constitution, pursuant to the Corporations Act, their operation and effectiveness is separate to the rest of the document.

If Resolution 7 is not approved, the Proportional Takeover Clause will not have any effect.

Resolution 7 is conditional upon Resolution 6 being approved by Shareholders. If Resolution 7 is passed, the Proportional Takeover Clause will come into effect the same time the New Constitution takes effect.

8.2 Proposed wording

Set out below is the proposed Proportional Takeover Clause which is set out in clause 6 of the New Constitution.

6. Proportional Takeovers

6.1 Operation

This clause 6 is only effective, and only forms part of the Constitution, for the period specified in section 648G(1) of the Corporations Act, commencing on the period specified in section 648G(2) of the Corporations Act.

6.2 Defined terms

In this clause 6:

Approving Resolution means a resolution to approve a Proportional Takeover Bid in accordance with this clause 6.

Eligible Voter means a person (other than the bidder under a Proportional Takeover Bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid.

End Date means the 14th day before the last day of the bid period for a Proportional Takeover Bid.

Proportional Takeover Bid has the meaning given to that term in the Corporations Act

6.3 Refusal of transfers

(a) *The Company must refuse to register a transfer of securities giving effect to a takeover contract for a Proportional Takeover Bid unless and until an Approving Resolution is passed in accordance with this clause 6.*

(b) *Any purported registration of a transfer in contravention of clause 6.3(a) is void.*

6.4 Voting on an Approving Resolution

(a) *Where offers are made under a Proportional Takeover Bid, the directors must call and arrange to hold a meeting of Eligible Voters for the purpose of voting on an Approving Resolution before the End Date.*

(b) *The provisions of this Constitution concerning meetings of members (with the necessary changes) apply to a meeting held under clause 6.4(a).*

(c) *Subject to this Constitution, every Eligible Voter present at the meeting held under clause 6.4(a) is entitled to one vote for each security in the bid class that the Eligible Voter holds.*

(d) *An Approving Resolution that has been voted on before the End Date is taken to have been:*

(i) *passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%; or*

(ii) *rejected if clause 6.4(d)(i) has not been satisfied.*

(e) *Subject to clause 6.4(f), an Approving Resolution must be passed before the End Date in order for that resolution to be effective.*

- (f) *If an Approving Resolution has not been voted on as at the end of the day immediately prior to the End Date, an Approving Resolution is taken to have been passed for the purposes of, and in accordance with, this clause 6.*

8.3 Overview of takeovers

Chapter 6 of the Corporations Act regulates the acquisition (direct and indirect) of interests in shares of listed companies and other companies with more than 50 members.

Subject to certain exceptions, section 606 of the Corporations Act prohibits the acquisition of an interest which results in any person's voting power in such companies increasing to more than 20% (or any person's voting power increasing between 20% and 90%). This is colloquially known as the "takeover threshold".

A takeover bid made under Chapter 6 of the Corporations Act is an exception to this prohibition. It is an offer (or 'bid') by a potential acquirer to all the shareholders of a target company to acquire all or part of their shares on the same terms.

A proportional takeover bid is a takeover bid sent to all shareholders, but only in respect of the acquisition of a proportion of each shareholder's shares.

If a shareholder accepts the offer, they will dispose of the specified proportion of their shares and retain the balance.

8.4 Effect of Proportional Takeover Clause

Sections 648D to 648H of the Corporations Act allow a company to include in its constitution certain provisions regarding proportional takeover bids. The Proportional Takeover Clause in the New Constitution has been drafted to reflect these sections.

The Proportional Takeover Clause requires the Directors refuse to register any transfer of securities (**Bid Securities**) made in acceptance of a proportional takeover bid (**Bid**) until the holders of Bid Securities (**Bid Security Holders**) have approved the Bid at a meeting of the Bid Security Holders held in accordance with the New Constitution (**Bid Meeting**).

In this regard:

- (a) The Bid Meeting must be held at least 14 days before the day the Bid closes.
- (b) A resolution approving the Bid will be taken to have been passed if a majority of Bid Securities voted at the meeting, excluding any Bid Securities held by the bidder and its associates, vote in favour of the resolution.
- (c) The Directors will breach the Corporations Act if they fail to ensure that an approving resolution is voted upon. However, if no resolution is voted on before the end of the 14th day before the close of the Bid, the resolution will be deemed to have been passed.
- (d) Where the resolution approving the Bid is passed, transfers of Bid Securities resulting from acceptance of the Bid will be registered, provided they otherwise comply with the Corporations Act and other provisions of the New Constitution.
- (e) If the resolution is not passed, then in accordance with the Corporations Act, the Bid will be deemed to have been withdrawn and transfers that would have resulted from acceptance of the Bid will not be registered.

The proportional takeover provisions do not apply to takeover bids for 100% of the shares on issue.

In accordance with section 648G of the Corporations Act, the Proportional Takeover Clause will only apply for 3 years after the date of adoption of the clause. The clause may be renewed, but only by a further special resolution of Shareholders.

8.5 Purpose of the Proportional Takeover Provisions

Without the Proportional Takeover Clause, a Bid 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.

Further, if the provisions are not adopted, Shareholders could be at risk of passing control of the Company to a bidder without payment of an adequate 'control premium' for all of their shares whilst leaving themselves as part of a minority interest in the Company.

The proportional takeover provisions are intended to protect Shareholders as a whole by requiring a Bid be put to a Bid Meeting. The benefit of this is that Shareholders may decide whether the Bid is acceptable in principle and appropriately priced.

8.6 Potential advantages

Some potential key advantages of enlivening the proportional takeover provisions in the New Constitution include:

- (a) the provisions give all Bid Security Holders with the opportunity to consider, discuss and vote on whether a Bid should be approved and proceed;
- (b) the provisions should encourage Bids to be structured in a way that they are more attractive to at least the majority of Bid Holders, and should discourage more 'opportunistic' Bids; and
- (c) the provisions potentially:
 - (i) enhance the bargaining power of Directors in relation to negotiating a potential sale of the Company, as the Directors must make a recommendation to Bid Security Holders whether or not to approve a Bid;
 - (ii) enhance the bargaining power of the Company's Shareholders in relation to a Bid as it allows them to collectively vote and determine whether a Bid proceeds;
 - (iii) assist in ensuring that any Bid is appropriately priced as the provisions would likely encourage a potential Bidder to make the offer price more attractive to Bid Security Holders;
 - (iv) allow the Bid Security Holders themselves to express a view on a Bid as opposed to only the Directors doing so on behalf of the Company; and
 - (v) assist Bid Security Holders in deciding whether or not to accept the Bid by providing an indication of how the other Bid Holders view the Bid and its likely outcome.

8.7 Potential disadvantages

Some potential key disadvantages of enlivening the Proportional Takeover Clause include:

- (a) a Bidder may be discouraged from making a Bid due to the additional requirements of satisfying the proportional takeover provisions;
- (b) a vote on a Bid Resolution will likely suffer from a bias in favour of the incumbent Directors;
- (c) the provisions restrict the ability of Bid Security Holders to freely sell their Bid Securities (potentially at an attractive price) without the consent of other Bid Security Holders; and
- (d) a Bid Security Holder may not have sufficient financial interest in the Company to have an incentive to determine whether a Bid is appropriate.

8.8 Knowledge of present acquisition proposals

As at the date of this Explanatory Statement, none of the Directors are aware of any proposals by a person to acquire, or to increase the extent of, a substantial interest in the Company (i.e. control of 5% or more of the ordinary shares).

8.9 Legal requirements

Sections 648D to 648H of the Corporations Act regulate the incorporation of provisions in a company's constitution related to proportional takeovers.

Specifically, section 648G of the Corporations Act requires that, if a company is to include such provisions in its constitution, the provisions must be approved by shareholders at a general meeting. The approval is effective for up to 3 years.

The Company provides the information set out in this Section 8 for the purposes of section 648G(5) of the Corporations Act.

8.10 Directors' recommendations

The Directors do not consider that the potential disadvantages outweigh the potential advantages of adopting the Proportional Takeover Clause. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 7 for the reasons outlined above.

GLOSSARY OF DEFINED TERMS

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa, and unless the context otherwise requires:

\$ means Australian dollars.

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

Annual Report means the financial report for the year ended 30 June 2023 as lodged with ASX and ASIC.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context requires, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

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

Chairperson means the person appointed to chair the Meeting convened by the Notice.

Closely Related Party has the meaning given in section 9 of the Corporations Act.

Company means AusQuest Limited (ACN 091 542 451).

Constitution means the constitution of the Company.

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

Director means a director of the Company.

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

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

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.

Listing Rules means the official listing rules of ASX.

Meeting or **Annual General Meeting** means the general meeting convened by this Notice.

New Constitution means the proposed new constitution of the Company that is the subject of Resolution 6, a copy of which is available from the Company Secretary.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the explanatory statement.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Related Body Corporate has the meaning given to that term in the Corporations Act.

Related Party is defined in section 228 of the Corporations Act

Remuneration Report means the remuneration report in the Directors' Report section of the Company's Annual Report.

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

Rule means a rule or clause of the Constitution

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Share Registry means Advanced Share Registry Ltd (ACN 127 175 946).

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

SCHEDULE 1 – SUMMARY OF EQUITY INCENTIVE PLAN RULES

1. Awards

Under the Rules of the Equity Incentive Plan (**Plan Rules**), Awards may be offered relying on the ESS Division, at the discretion of the Board. Awards may also be offered to persons to whom securities may be offered without disclosure.

An “Award” includes any share-based incentive award, including:

- shares;
- options to subscribe for a share issued in accordance with the Equity Incentive Plan and subject to the satisfaction of any vesting conditions, performance conditions and/or exercise conditions and payment of the relevant exercise price;
- performance rights which provide entitlements to be issued with shares, subject to the satisfaction of any vesting conditions and/or performance conditions; or
- any other “ESS interests” as defined in section 1100M(1) of the Corporations Act.

Awards may, among other things, be loan-funded or issued as tax-deferred incentives under Australian tax legislation.

2. Eligibility

Persons who may participate in the Equity Incentive Plan (**Eligible Person**) are:

- an employee of the Company or its Associated Entities, whether actual or prospective;
- a director of the Company or its Associated Entities, whether actual or prospective;
- an individual who provides services to the Company or its Associated Entities (i.e. a contractor), whether actual or prospective;
- a person who otherwise constitutes a ‘primary participant’ under section 1100L(1)(a) of the Corporations Act; and
- any other person who is a ‘related person’ of a ‘primary participant’ under section 1100L(1)(b) of the Corporations Act, such as a spouse, child or parent, a controlled body corporate, or a related self-managed superannuation fund trustee.

3. Administration of Equity Incentive Plan

Subject to the requirements of the Listing Rules and the Corporations Act, the Board will administer the Equity Incentive Plan. It may determine the persons to whom the Awards will be offered under the Equity Incentive Plan, and the number of Awards which may be offered to those persons.

4. Offer

Following determination that an Eligible Person may participate in the Equity Incentive Plan, the Board may from time to time make an offer in writing to an Eligible Person. Each offer must specify, in clear, concise and effective manner:

- the date of the offer, and the final date the offer must be accepted by (**Final Acceptance Date**);
- the name and address of the Eligible Person to whom the offer is made;
- the type of Awards being offered;
- the maximum number of Awards being offered;

- in the case of an Option, the exercise price and the exercise period;
- the vesting conditions (if any), the performance conditions and performance period (if any), the test dates (if any) and/or exercise conditions (if any) relating to the Awards being offered;
- the term and expiry date or end date (if any);
- the summary of any rights attaching to the Awards;
- agreement with the Eligible Person for the Company to supply details to third parties (including the share registry of the Company) where required by law;
- if the Offer is made for no monetary consideration under the ESS Division, a statement that the offer is made pursuant to Division 1A of Part 7.12 of the Corporations Act; and
- any other matters required to be specified in the Offer by either the Corporations Act, the Listing Rules or an applicable ASIC instrument of relief, and attach an Application and a copy of this Equity Incentive Plan.

5. Vesting of Awards

The Board may, at its absolute discretion, determine that Awards issued will be subject to vesting conditions (e.g. performance milestones) and in those circumstances, Awards cannot vest in the Eligible Person until such time as those vesting conditions have been satisfied or waived.

If the vesting conditions are not satisfied, the Awards will lapse or be cancelled.

6. Restriction Conditions

Awards may be subject to restriction conditions (such as a period of employment) which must be satisfied before the underlying Shares can be sold, transferred, or encumbered.

7. Power of Attorney

In consideration of the issue of the Awards, each Participant irrevocably appoints each Director and the Secretary (as appointed from time to time) of the Company severally as his or her attorney, to do all acts and things and to complete and execute any documents, including for the purposes of giving effect to the buy-back or sale of forfeited Shares, and the application of the proceeds of the sale of forfeited Shares.

8. Issue Cap

Pursuant to the 'issue cap' under section 1100V of the Corporations Act, the Directors will not make an offer of Awards under the Equity Incentive Plan where monetary consideration is payable in relation to those Awards and which relies on the ESS Division, unless they have reasonable grounds to believe that:

- the total number of Shares that are, or are covered by, the Awards that may be issued under the offer; and
- the total number of Shares that are, or are covered by, Awards that have been issued, or could have been issued, under offers made in connection with the Equity Incentive Plan at any time in the 3 year period prior to the offer being made,

does not exceed 5% (or such other percentage as specified in the Constitution, from time to time) of the total number of underlying Shares in that class on issue, as at the date of the offer.

Offers of Awards under the Equity Incentive Plan where no monetary consideration is payable in relation to those Awards, and which relies on the ESS Division, are not subject to any issue cap.

9. Restriction on Transfer

Shares, or any beneficial or legal interest in Shares, may not be transferred, encumbered or otherwise disposed of, or have a security interest granted over them, unless all restrictions on the transfer, encumbrance or disposal of the Shares have been met, the Board has waived such restrictions, or prior consent of the Board is obtained which consent may impose such terms and conditions on such transfer, encumbrance or disposal as the Board sees fit.

10. Rights Attaching to Shares

Any Shares issued by the Company to an Eligible Person will rank equally with all existing Shares on and from the date of issue.

11. Dividends and Voting Rights

An Eligible Person who holds Awards which are plan Shares is entitled to receive:

- a notice of meeting of shareholders and may exercise any voting rights attaching to those plan Shares; and
- income deriving from those plan Shares, including dividends and distributions declared or paid on those plan Shares.

Holders of Awards that are convertible into plan Shares do not have any of the following rights unless and until plan Shares are allocated or acquired on vesting and exercise:

- the right to receive notice of, attend and vote at general meetings of the Company;
- the right to dividends by the Company;
- the right to a return of capital by the Company; or
- the right to participate in the surplus assets of the Company on winding-up.

SCHEDULE 2 – TERMS OF UNLISTED OPTIONS

The Unlisted Options (**Option**) are to be issued on the following terms:

1. **Entitlement:** Each Option entitles the holder (**Option Holder**) to subscribe for one fully paid ordinary Share in the Company, with Options vesting on the date of issue.
2. **No payment on grant:** The Option Holder is not required to pay any amount on the grant of an Option.
3. **Exercise price:** The exercise price of each Option is A\$0.03 (**Exercise Price**).
4. **Expiry date:** Each Option may be exercised at any time before 5.00pm (WST) on 30 November 2026 (**Expiry Date**). Any Option not exercised by the Expiry Date will automatically expire.
5. **Holding statement:** The Company must give the Option Holder a holding statement stating:
 - (a) the number of Options issued to the Option Holder;
 - (b) the Exercise Price of the Options; and
 - (c) the date of issue of the Options.
6. **Transfer:**
 - (a) Options are transferable, subject to applicable law.
 - (b) Subject to the Listing Rules and the Corporations Act, the Option Holder may transfer some or all of the Options at any time before the Expiry Date by:
 - (i) a proper ASTC regulated transfer (as defined in the Corporations Act) or any other method permitted by the Corporations Act; or
 - (ii) a prescribed instrument of transfer.
 - (c) An instrument of transfer of an Option must be:
 - (i) in writing;
 - (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
 - (iii) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
 - (iv) delivered to the Company, at the place where the Company's register of option holders is kept, together with the certificate (if any) of the Option to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Option, the right of the transferor to transfer that Option and the proper execution of the instrument of transfer.
7. **Quotation of Options:** The Company will not apply to ASX for quotation of Options.
8. **Quotation of Shares:** The Company will apply to ASX for quotation of the Shares issued on exercise of Options.
9. **New issues:** The Option Holder is not entitled to participate in any new issue to Shareholders of Securities in the Company unless it has exercised its Options before the record date for determining entitlements to the new issue of Securities and participate as a result of holding Shares. The Company must give the Option Holder notice of the proposed terms of the issue or offer in accordance with the Listing Rules. In the event of a pro rata issue, except a bonus issue, the Exercise Price and the number of underlying Shares over which the Options are exercisable will not change.
10. **Bonus issues:** If the Company makes a bonus issue of Shares or other Securities to Shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and a Share has not been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Option Holder had exercised the Option before the record date for determining entitlements to the issue.

11. Reorganisation:

- (a) If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Option Holder (including the number of Options to which the Option Holder is entitled to and the Exercise Price) will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (b) Any calculations or adjustments which are required to be made will be made by the Company's Board and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Option Holder.
- (c) The Company must, within a reasonable period, give to the Option Holder notice of any change to the Exercise Price of any Options held by the Option Holder or the number of Shares which the Option Holder is entitled to subscribe for on exercise of an Option.

12. Exercise of Options:

- (a) To exercise Options, the Option Holder must give the Company or its Securities Registry, at the same time:
 - (i) a written exercise notice (in the form approved by the board of the Company from time to time) specifying the number of Options being exercised and Shares to be issued;
 - (ii) payment of the Exercise Price for the Shares, the subject of the exercise notice, by way of bank cheque or by other means of payment, approved by the Company; and
 - (iii) any certificate for the Options.
- (b) The Option Holder may only exercise Options in multiples of 10,000 Options unless the Option Holder exercises all Options held by the Option Holder.
- (c) Options will be deemed to have been exercised on the date the exercise notice and Exercise Price are received by the Company.
- (d) If the Option Holder exercises less than the total number of Options registered in the Option Holder's name:
 - (i) the Option Holder must surrender their Option certificate (if any); and
 - (ii) the Company must cancel the Option certificate (if any) and issue the Option Holder a new Option certificate or Holding Statement stating the remaining number of Options held by the Option Holder.

13. Issue of Shares on exercise of Options: Within five (5) business days after the later of the following:

- (a) receipt of a Notice of Exercise given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised; and
- (b) when excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date of receipt of a Notice of Exercise as detailed in paragraph 12(a)(i) above,

the Company will:

- (c) allot and issue the Shares pursuant to the exercise of the Options;
- (d) if required, as soon as reasonably practicable after the issue of Shares on the exercise of Options, 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
- (e) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

14. Governing law: These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

PROXY FORM

2023 ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR:

☐

the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chairperson, or the Chairperson's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at **10:00am (WST) on Tuesday, 21 November 2022 at Ward Room, South of Perth Yacht Club, Applecross, Western Australia**, and at any adjournment thereof.

Important for Resolutions 1, 4(a), 4(b) and 4(c): The Chairperson of the Meeting intends to vote all available proxies in favour of Resolutions 1, 4(a), 4(b) and 4(c). If the Chairperson of the Meeting is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to Resolutions 1, 4(a), 4(b) and 4(c) you will be authorising the Chairperson to vote in accordance with the Chairperson's voting intentions on Resolutions 1, 4(a), 4(b) and 4(c) even if the Chairperson has an interest in Resolutions 1, 4(a), 4(b) and 4(c) which is connected directly with the remuneration of Key Management Personnel.

If you appoint a proxy, the Company encourages you to direct your proxy how to vote on each item of business.

The Chair of the Meeting intends to vote all undirected proxies, which the Chairperson is entitled to vote, in favour of each item of business.

	For	Against	Abstain
Resolution 1: Non-Binding Resolution to adopt Remuneration Report	☐	☐	☐
Resolution 2: Re-election of Mr Christopher Ellis as a Director	☐	☐	☐
Resolution 3: Approval of Equity Incentive Plan	☐	☐	☐
Resolution 4(a): Approval to issue 5,000,000 Unlisted Options to Mr Greg Hancock	☐	☐	☐
Resolution 4(b): Approval to issue 10,000,000 Unlisted Options to Mr Graeme Drew	☐	☐	☐
Resolution 4(c): Approval to issue 5,000,000 Unlisted Options to Mr Christopher Ellis	☐	☐	☐
Resolution 5: Approval of 10% Placement Facility	☐	☐	☐
Resolution 6: Approval to replace Constitution	☐	☐	☐
Resolution 7: Approval of Proportional Takeover Provisions	☐	☐	☐

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

By: Individuals and joint holders

Signature
Signature

Companies (affix common seal if appropriate)

Director
Director / Company Secretary

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a shareholder of the Company.
2. If you wish to appoint the Chairperson of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairperson of the Meeting, please write the full name of that individual or body corporate in the space provided. If you leave both the box and this section blank, or your named proxy does not attend the meeting, the Chairperson of the Meeting will be your proxy. A proxy need not be a security holder of the Company. A proxy may be an individual or a body corporate. If your appointment of a proxy specifies the way the proxy is to vote on a particular resolution and your appointed proxy is not the Chairperson of the meeting and at the meeting a poll is duly demanded on the question that the resolution be passed, then if either your proxy is not recorded as attending the meeting (if a record of attendance is made) or your proxy does not vote on the resolution, the Chairperson is taken, before voting on the resolution closes, to have been appointed as your proxy for the purposes of voting on the resolution at that meeting.
3. You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities 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 securities you wish to vote in the appropriate place. If you do not mark any of the boxes on a given item, 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. If you direct your proxy how to vote on a particular resolution, the proxy need not vote on a show of hands but if the proxy does so, the proxy must vote as directed. 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. If the proxy is the Chairperson, the proxy must vote on a poll, and must vote as directed and if the proxy is not the Chairperson, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as directed. If any member of the Key Management Personnel of the Company, other than the Chairperson of the Meeting, or a Closely Related Party of a member of the Key Management Personnel is your nominated proxy and you have not directed the proxy how to vote on Resolution 1 (Remuneration Report), that person will not cast any votes on Resolution 1.
4. Where a member's holding is in one name the holder must sign. Where the holding is in more than one name, all members should sign.
5. Where a Proxy Form of a corporate representative is lodged and is executed under a power of attorney, the power of attorney must be lodged in like manner as this Proxy Form.
6. Corporate members 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 Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 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 Section 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.

7. Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
8. To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to or in person to 8 Kearns Crescent, Ardross WA 6153; or
 - (b) facsimile on +61 8 9463 2499; or
 - (c) email to the Company Secretary at proxy@ausquest.com.au

so that it is received not later than 10.00am (WST) on Sunday, 19 November 2023.

Proxy forms received later than this time will be invalid.