

Fin Resources Limited
ACN 009 121 644

Notice of Annual General Meeting

Notice is given that the Meeting will be held at:

Time: 10:30am (WST)
Date: 8 November 2019
Place: Level 1, 35 Richardson Street,
West Perth WA 6005

Important

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on 6 November 2019.

Business of the Meeting

Agenda

1. Financial Statements and Reports

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

2. Resolution 1 – Adoption of Remuneration Report

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

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

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

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

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

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

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

3. Resolution 2 – Re-election of Director – Mr. Justin Tremain

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

"That, for the purposes of clause 14.2 of the Constitution and for all other purposes, Mr. Justin Tremain a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. Resolution 3 – Ratification of prior issue of Options under ASX Listing Rule 7.1

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 8,000,000 Options on the terms and conditions set out in the Explanatory Statement."

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

5. Resolution 4 – Amendments to the 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 amend the Constitution in the matter set out in the accompanying Explanatory Statement and in the form as signed by the chairman of the Meeting for identification purposes, with effect from the close of the Meeting."

6. Resolution 5 – Approval of 10% Additional Placement Capacity

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

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

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by any person who is expected to participate in, or who will obtain a material benefit as a result of, the issue of Equity Securities under this Resolution (except a benefit solely by reason of being a holder of ordinary securities in the Company), and any of their associates. However, the Company will not disregard a vote cast in in favour of this Resolution if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 16 September 2019

By order of the Board

Aaron Bertolatti
Company Secretary

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

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

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

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

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company by telephone on +61 8 6117 0453.

Explanatory Statement

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

1. Annual Report

Shareholders will be offered the opportunity to discuss the Annual Report at the Meeting. The Company will not provide a hard copy of the Annual Report to Shareholders unless specifically requested to do so. The Annual Report is available on its website at www.finresources.com.au.

There is no requirement for Shareholders to approve the Annual Report. However, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments about the Annual Report and the management of the Company. Shareholders will also be given an opportunity to ask the auditor questions as permitted by the Corporations Act.

2. Resolution 1 – Adoption of Remuneration Report

2.1 General

The Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive and non-executive directors.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The vote on Resolution 1 is advisory only and does not bind the Company or its directors. However, the Board will actively consider the outcome of the vote and comments made by Shareholders on the Remuneration Report when reviewing the Company's future remuneration policies and practices.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the Directors' Report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

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

3. Resolution 2 – Re-election of Director – Mr. Justin Tremain

3.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr. Tremain, who has served as a director since 14 May 2018 and was last re-elected on 13 April 2018, retires by rotation and seeks re-election.

3.2 Qualifications and other material directorships

Justin Tremain graduated from the University of Western Australia with a Bachelor of Commerce degree. Mr. Tremain cofounded ASX listed Renaissance Minerals Limited in June 2010 and served as Managing Director until its takeover by ASX Emerald Resources NL in November 2016. Prior to founding Renaissance Minerals Limited, he had over 10 years' investment banking experience in the natural resources sector. He has held positions with Investec, NM Rothschild & Sons and Macquarie Bank and has extensive experience in the funding of natural resource projects in the junior to mid-tier resource sector.

Mr. Tremain is the Managing Director of ASX listed Exore Resources Limited (ASX:ERX), a Non-Executive Director of Odin Metals Limited (ASX:ODM) and Carnaby Resources Limited (ASX:CNB).

3.3 Independence

If elected the Board considers Mr. Tremain will be an independent director.

3.4 Board recommendation

The Board (other than Mr. Tremain abstaining because of his interest in this Resolution) recommends that Shareholders vote FOR this Resolution.

4. Resolution 3 – Ratification of prior issue of Lead Manager Options under ASX Listing Rule 7.1

4.1 General

On 6 December 2018, the Company issued 8,000,000 quoted Options (exercisable at \$0.025 expiring on or before 31 December 2021) (**Lead Manager Options**) as consideration for Max Capital Pty Ltd acting as lead manager to the Company's non-renounceable entitlement issue of Options, as set out in its prospectus released to ASX on 9 November 2018 (**Entitlement Offer**).

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Lead Manager Options.

4.2 ASX Listing Rules 7.1 and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

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

By ratifying the issue, the subject of Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) 8,000,000 Lead Manager Options were issued;
- (a) the Lead Manager Options were issued for 0.001 per Lead Manager Option;
- (b) the Lead Manager Options were issued on the terms and conditions set out in Schedule 1;
- (c) 8,000,000 Lead Manager Options were issued to Max Capital Pty Ltd (or its nominee/s), who is not a related party of the Company; and
- (d) the funds raised from the issue will be used toward the costs of the Entitlement Offer and exploration and other geological expenditure on the company's projects.

5. Resolution 4 – Amendments to the Constitution

5.1 General

Resolution 4 is a special resolution proposing amendments to the Constitution in the manner set out below. A special resolution is one of which notice must be given in accordance with section 249L(1)(c) of the Corporations Act (which requires the setting out of the intention to propose a special resolution, and a statement of the resolution) and which has to be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

5.2 Reason for the proposed amendments

ASX is proposing a number of rule changes to make aspects of the listing process and ongoing compliance with the listing rules more efficient for issuers and for ASX.

ASX is proposing to introduce a two-tier escrow regime where ASX can (and will) require certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A, as is currently the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of restricted securities and to simply give a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions.

Once the new listing rules come into effect, which is expected on 1 December 2019, a company cannot issue restricted securities unless the constitution is amended to include the wording below. Given the Company is already admitted to the official list of ASX, the circumstances in which the Company may issue restricted securities is limited, and would most likely relate to transactions requiring approval under ASX Listing Rule 10.1 or if the Company was required to re-comply with Chapters 1 and 2 of the ASX Listing Rules because of the application of ASX Listing Rule 11.1.3 (i.e. a significant change to the Company's nature or scale of activities).

5.3 Proposed amendments to the Constitution

It is proposed that clause 2.12 of the Constitution be amended to read as follows:

2.12 Restricted Securities

The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:

- (a) *a holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*

- (b) *if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities.*
- (c) *the Company will refuse to acknowledge any disposal (including, without limitation, to registering any transfer), assignment or transfer of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or the ASX;*
- (d) *a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and*
- (e) *if a holder of Restricted Securities breaches a restriction deed or a provision of this Constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.*

To assist Shareholders, a mark-up version of the Constitution showing the proposed amendments will be available on the Company's website at: www.finresources.com.au. Shareholders are invited to contact the Company if they have any queries or concerns.

5.4 Board recommendation

The Board unanimously recommend that Shareholders approve the amendments to the Constitution and vote in favour of this Resolution.

6. Resolution 5 – Approval of 10% Additional Placement Capacity

6.1 General

ASX Listing Rule 7.1A provides that an "eligible entity" may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities equal to 10% of its issued capital at the time of issue calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (**Additional Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1 and without requiring further shareholder approval prior to the issue.

The Board considers it is in the Company's best interests to have the opportunity to take advantage of the flexibility to issue additional securities provided under ASX Listing Rule 7.1A. As at the date of this Notice, no decision has been made by the Board to undertake any issue of securities under the Additional Placement Capacity if Shareholders approve Resolution 5. The Board unanimously recommend that Shareholders vote in favour of Resolution 5.

The information below provides more background on ASX Listing Rule 7.1A and the disclosure required by ASX Listing Rule 7.3A.

6.2 Description of ASX Listing Rule 7.1A

(a) Eligible entity

Under the ASX Listing Rules, an "eligible entity" is an entity which, as at the date of the relevant resolution, is not included in the S&P/ASX300 Index and has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) equal to or less than \$300 million. As at the date of this Notice, the Company is an "eligible entity" as it is not included in the S&P 300 Index and has a current market capitalization of approximately \$4,375,372 (based on the number of Shares on issue and the closing price of Shares on ASX on 16 September 2019).

(b) **Special resolution**

The Additional Placement Capacity requires shareholder approval by way of a special resolution at an annual general meeting. This requires at least 75% of the votes to be cast in favour of the resolution by members entitled to vote on the resolution.

(c) **Securities which may be issued under the Additional Placement Capacity**

Under the Additional Placement Capacity, the Company must issue Equity Securities belonging to an existing quoted class of the Company's Equity Securities. As at the date of this Notice, the Company has on issue two classes of quoted Equity Securities, being fully paid ordinary shares (ASX Code: FIN) and quoted Options (ASX: FINOA).

(d) **Minimum issue price**

The issue price of each Equity Security issued under the Additional Placement Capacity must be no less than 75% of the volume weighted average price for the securities in that class, calculated over the 15 ASX trading days on which trades of securities in that class were recorded immediately before:

- (i) the date on which the issue price is agreed for the securities under the Additional Placement Capacity; or
- (ii) if the securities are not issued under the Additional Placement Capacity within 5 ASX trading days of the date in paragraph (i) above, the date on which the securities are issued.

The Company will disclose this information when Equity Securities are issued under the Additional Placement Capacity.

(e) **Time period for issue**

The Equity Securities may be issued under the Additional Placement Capacity during the period commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of the Annual General Meeting; or
- (ii) if the Company receives Shareholder approval for a proposed transaction under ASX Listing Rule 11.1.2 (significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking), the date of that approval, after which date, an approval under ASX Listing Rule 7.1A will cease to be valid,

(Additional Placement Period).

(f) **Dilution risks**

If Equity Securities are issued under the Additional Placement Capacity, there is a risk of economic and voting dilution of existing Shareholders, including the following risks:

- (i) the market price for Equity Securities in the class of securities issued under the Additional Placement Capacity may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A (that is, the date of the Meeting, if Resolution 5 is approved); and
- (ii) the Equity Securities may be issued under the Additional Placement Capacity at a discount to the market price for those 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 market price of Shares and the number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2, both as at 16 September 2019.

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 as at 16 September 2019. 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 entitlement offer or securities issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future general meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against market price as at 16 September 2019.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0075 50% decrease in Issue Price	\$0.015 Issue Price	\$0.0225 50% increase in Issue Price
396,922,353 (Current Variable A)	Shares issued - 10% voting dilution	39,692,235 Shares	39,692,235 Shares	39,692,235 Shares
	Funds Raised	\$297,692	\$595,384	\$893,075
595,383,530 (50% increase in Variable A)	Shares issued - 10% voting dilution	59,538,353 Shares	59,538,353 Shares	59,538,353 Shares
	Funds Raised	\$446,538	\$893,075	\$1,339,613
793,844,706 (100% increase in Variable A)	Shares issued - 10% voting dilution	79,384,471 Shares	79,384,471 Shares	79,384,471 Shares
	Funds Raised	\$595,384	\$1,190,767	\$1,786,151

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- There are currently 396,922,353 Shares on issue.
- The issue price set out above is the closing price of the Shares on the ASX on 16 September 2019.
- The Company issues the maximum possible number of Equity Securities under the Additional Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The issue of Equity Securities under the Additional Placement Capacity consists only of Shares and the consideration provided for those Shares is cash. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- 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%.

(g) **Purpose of issue under Additional Placement Capacity**

The Company may issue Equity Securities under the Additional Placement Capacity for the following purposes:

- (i) to provide non-cash consideration for new asset purchases or investments; or
- (ii) to raise cash to fund:
 - (A) general working capital expenses;
 - (B) exploration activities associated with its current projects;
 - (C) repayment of debt; or
 - (D) the acquisition of new assets and investments (including any expenses associated with such an acquisition).

The Company will comply with the disclosure ASX Listing Rules 7.1A.4 and 3.10.5A on issue of any Equity Securities issued pursuant to the approval sought by Resolution 5. If Equity Securities are issued for non-cash consideration, the Company will at the time of issue of the Equity Securities provide a valuation of the non-cash consideration that demonstrates that the issue price of the securities is at or above the minimum issue price, in accordance with the Note to ASX Listing Rule 7.1A.3. The Company intends to maintain the ability to issue securities under ASX Listing Rule 7.1A for non-cash consideration.

(h) **Allocation policy under Additional Placement Capacity**

The Company's allocation policy and the identity of the recipients of Equity Securities issued under the Additional Placement Capacity will be determined on a case-by-case basis at the time of issue and in the Company's discretion.

No decision has been made in relation to an issue of Equity Securities under the Additional Placement Capacity, including whether the Company will engage with new investors or existing Shareholders, and if so the identities of any such persons.

However, when determining of the allocation policy and the identity of the recipients, the Company will have regard to the following considerations:

- (i) prevailing market conditions;
- (ii) the purpose for the issue of the Equity Securities;
- (iii) the financial situation and solvency of the Company;
- (iv) impacts of the placement on control;
- (v) other methods of raising capital; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Recipients may include existing Shareholders or new investors, but not persons who are related parties or associates of related parties of the Company. If the issue is made in connection with the acquisition of assets, the recipients may be the sellers of those assets.

(i) **Previous approval under ASX Listing Rule 7.1A**

The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held on 19 November 2018 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12-month period preceding the date of the Meeting, being on and from 8 November 2018, the Company otherwise issued a total of 105,230,915 quoted Options which represents approximately 36% of the total diluted number of Equity Securities on issue in the Company on 8 November 2018, which was 291,691,438.

Further details of the issues of Equity Securities by the Company during the 12-month period preceding the date of the Meeting are set out in Schedule 2.

6.3 Description of ASX Listing Rule 7.1A

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. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Glossary

\$ means Australian dollars.

Additional Placement Capacity has the meaning in Section 6.1.

Additional Placement Period has the meaning in section 6.2(e).

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

Annual Report means the Directors' Report, the Financial Report and Auditor's Report in respect to the financial year ended 30 June 2019.

ASIC means the Australian Securities & Investments Commission.

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

Auditor's Report means the auditor's report on the Financial Report.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

Company means Red Emperor Resources NL (ACN 124 734 961).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Directors' Report means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Entitlement Offer has the meaning given to it in Section 4.1.

Equity Security has the same meaning as set out in the ASX Listing Rules, being a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Explanatory Statement means the explanatory statement accompanying the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Lead Manager Options means Options issued on the terms and conditions set out in Schedule 1.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

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

Schedule 1 – Terms and conditions of Options

(a) **Entitlement and issue price**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option. Each Option will be issued for \$0.001 each.

(b) **Exercise Price**

Subject to paragraph (h), the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 December 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

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

(e) **Exercise Date**

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

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

Within 15 Business Days after the Exercise Date, the Company will:

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

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

(g) **Shares issued on exercise**

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

(h) **Reconstruction of capital**

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

(i) **Participation in new issues**

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

(j) **Change in exercise price**

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

(k) **Transferability**

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

Schedule 2 – Issue of Equity Securities since 8 November 2018

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
Issue – 6 December 2018 Appendix 3B – 6 December 2018	97,230,915	Quoted Options ²	Issued pursuant to the Company's entitlement issue prospectus released to ASX on 9 November 2018. The Company offered 1 Option for every 3 Shares held by Shareholders registered at the record date (15 November 2018).	Issue price of \$0.001 per Option.	Amount raised = \$97,230 Amount spent = Nil Use of funds: The funds raised from the issue will be used toward exploration and other geological expenditure on the company's projects.
Issue – 6 December 2018 Appendix 3B – 6 December 2018	8,000,000	Quoted Options ²	Issued to Max Capital Pty Ltd (or its nominees) as consideration for acting as lead manager to the Company's entitlement issue of Options.	Issue price of \$0.001 per Option.	Amount raised = \$8,000 Amount spent = Nil Use of funds: The funds raised from the issue will be used toward the costs of the Entitlement Offer and exploration and other geological expenditure on the company's projects.

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Quoted Options, exercisable at \$0.025 each, on or before 31 December 2021. The full terms and conditions of these Options are set out in Schedule 1.