



ACN 109 933 995

**NOTICE OF GENERAL MEETING
AND
EXPLANATORY STATEMENT
TO SHAREHOLDERS**

**NOTICE IS INCLUDED FOR
THE GENERAL MEETING OF SHAREHOLDERS
TO BE HELD AT
111 LITTLE COLLINS STREET MELBOURNE
at 12:00 pm (AEST) ON MONDAY 22 AUGUST 2016**

IMPORTANT INFORMATION

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 without delay.



ACN 109 933 995

NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of the Shareholders of Bass Metals Ltd ("Bass Metals" or "the Company") will be held as follows:

TIME: 12:00 pm (AEST)

DATE: Monday, 22 August 2016

LOCATION: 111 Little Collins Street, Melbourne

This Notice of 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 without delay.

**If you wish to discuss any aspects of this document with the Company, please contact
Mr David Round, Company Secretary,
of Bass Metals Ltd on 0411 160 445.**

Words and phrases used in the Resolutions are defined in Schedule 1 of the accompanying Explanatory Statement and these words and phrases have the same meaning in this Notice of General Meeting as defined in the Explanatory Statement.

AGENDA

ORDINARY BUSINESS

Resolution 1 - Issue of Consideration Shares to Stratmin

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue up to 75,000,000 Shares to Stratmin Global Resources Plc. or its nominee(s), on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting."

A voting exclusion statement is set out below.

Resolution 2 - Issue of Options to Joint Lead Manager and Underwriter

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue up to 12,500,000 Options to Bizzell Capital Partners Pty Ltd, or its nominee(s), on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 3 - Issue of Options to Joint Lead Manager and Underwriter

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue up to 12,500,000 Options to Patersons Securities Limited, or its nominee(s), on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 4 - Share and Option Placement issue

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue up to 125,000,000 Shares and 62,500,000 attaching free Options on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 5 - Participation by Related Party in Share and Option Placement

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholder approval is given for Mr Rick Anthon or his nominee(s) to participate in the Share and Option Placement up to a maximum of 13,333,333 Shares and 6,666,667 attaching free Options on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 6 - Participation by Related Party in Shares and Option Placement

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholder approval is given for Mr Jeffrey Marvin or his nominee(s) to participate in the Share and Option Placement up to a maximum of 4,166,667 Shares and 2,083,333 attaching free Options on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 7 - Ratification of Prior Issue of Shares and Unlisted Options

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue and allotment of 27,574,227 Shares and 33,330,000 Unlisted Options on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 8 - Ratification of Prior Issue of Shares

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue and allotment of 26,425,773 Shares on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 9 - Ratification of Prior Issue of Shares

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue and allotment of 29,923,077 Shares on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 10 - Issue of securities to Ratha Krishnan Vadivelu Superannuation Pty Ltd

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue of 41,666,667 Shares to Ratha Krishnan Vadivelu Superannuation Pty Ltd, or its nominee(s), on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 11 - Issue of securities to Melbourne Trading Company Pty Ltd

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue 20,833,333 attaching free Options to Melbourne Trading Company Pty Ltd, or its nominee(s), on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 12 - Issue of securities to Lambrecht Investment Trust

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue up to 10,000,000 Shares and 6,000,000 Unlisted Options to Lambrecht Investment Trust or its nominee(s) on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 13 - Issue of securities to Orient Trade Pte. Ltd

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue up to 8,423,700 Shares and 5,054,220 Unlisted Options to Orient Trade Pte. Ltd or its nominee(s) on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 14 - Issue of securities to consultant

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue up to 3,000,000 Shares and 1,500,000 Options to Mr Simon Slesarewich or his nominee(s) on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 15 - Issue of securities to consultant

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue up to 3,000,000 Shares and 1,500,000 Options to Mr Tim McManus or his nominee(s) on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 16 - Issue of securities to consultant

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholder approval is given for the Company to issue up to 3,000,000 Shares and 1,500,000 Options to Mr David Round or his nominee(s) on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 17 - Issue of securities to related party consultant

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That, for the purpose of Listing Rule 10.11, and for all other purposes, Shareholder approval is given for the Company to issue up to 4,000,000 Shares and 2,000,000 Options to Mr Premraj Caralapti Raghairah or his nominee(s) on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.”

A voting exclusion statement is set out below.

Resolution 18 - Approval of Bass Metals Incentive Scheme

To consider, and if thought fit, to pass the following as an **ordinary resolution**:

“That, for the purposes Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the Bass Metals Limited Incentive Scheme on the terms and conditions set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

Resolution 19 - Issue of Options to Rick Anthon

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 options to Mr Rick Anthon or his nominee(s) on the terms and conditions set out in the Explanatory Memorandum.

A voting exclusion statement is set out below.

Resolution 20 - Issue of Options to Jeffrey Marvin

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 options to Mr Jeffrey Marvin or his nominee(s) on the terms and conditions set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

Resolution 21 - Issue of Options to David Premraj

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 options to Mr David Premraj or his nominee(s) on the terms and conditions set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

VOTING PROHIBITION AND EXCLUSION STATEMENT

Under Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons and their associates:

Resolution	Persons excluded from voting
Resolution 1 - Issue of Consideration Shares to Stratmin	Stratmin Global Resources Plc.
Resolution 2 - Issue to Joint Lead Manager and Underwriter	Bizzell Capital Partners Pty Ltd
Resolution 3 - Issue to Joint Lead Manager and Underwriter	Paterson Securities Limited
Resolution 4 - Share and Option Placement	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the resolution is passed.
Resolution 5 - Participation by related party in Share and Option Placement	Rick Anthon
Resolution 6 - Participation by related party in Share and Option Placement	Jeffrey Marvin
Resolution 7 - Ratification of prior issue	Peta Klein Ventoux Pty Ltd Hartnell Nominees Pty Ltd Renee Jan Dunn DGCS Pty Ltd Kate Slesarewich Rookharp Investments Pty Ltd JL Gibson Investments Pty Ltd Canceler Pty Ltd Nick Hartwig Ryan Rooke Mungala Investments Pty Ltd

	Melbourne Capital Pty Ltd Phillip Alexander Purdie and Carol Ann Purdie Tayla Rooke Mattford Pty Ltd Donald Geoffrey Rees Nottingham Place Pty Ltd Black Juice Pty Ltd Walsh Transport (Australia) Pty Ltd David Round and Erin Round Bizzell Capital Partners Pty Ltd
Resolution 8 - Ratification of prior issue	As for Resolution 7
Resolution 9 - Ratification of prior issue	Loxley Holdings Pte Ltd Lambrecht Investment Trust Willaton Properties Pty Ltd Warrago Investments Pty Ltd
Resolution 10 - Issue to Ratha Krishnan Vadivelu Superannuation Pty Ltd	Ratha Krishnan Vadivelu Superannuation Pty Ltd Melbourne Trading Company Pty Ltd
Resolution 11 - Issue to Melbourne Trading Company Pty Ltd	Melbourne Trading Company Pty Ltd Ratha Krishnan Vadivelu Superannuation Pty Ltd
Resolution 12 - Issue to Lambrecht Investment Trust	Lambrecht Investment Trust
Resolution 13 - Issue to Orient Trade Pte.Ltd	Orient Trade Pte.Ltd
Resolution 14 - Issue to consultant	Simon Slesarewich
Resolution 15 - Issue to consultant	Tim McManus
Resolution 16 - Issue to consultant	David Round

Resolution 17 - Issue to related party consultant	Premraj Caralapti Raghairah
Resolution 18 - Incentive Scheme*	A director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the entity.
Resolution 19 - Issue of Director Options*	Rick Anthon
Resolution 20 - Issue of Director Options*	Jeffrey Marvin
Resolution 21 - Issue of Director Options*	David Premraj
*Resolutions 18 to 21	The Company will also disregard any votes cast on Resolutions 18 to 21 by a member of the Key Management Personnel or their Closely Related Parties as proxy for another person where the proxy does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the proxy form to vote as the proxy decides, will not be excluded.

However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

EXPLANATORY STATEMENT

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of General Meeting for further explanation of the Resolutions.

PROXIES

Members are encouraged to attend the meeting, but if you are unable to attend the meeting, we encourage you to complete and return the enclosed Proxy Form.

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

- a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVES

A body corporate that is a shareholder, or which has been appointed as proxy, may appoint an individual to act as its representative at the General Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed, unless it has previously been given to the Company.

DATE FOR DETERMINING HOLDERS OF SHARES

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Directors have set a date to determine the identity of those entitled to attend and vote at the General Meeting. For the purposes of determining voting entitlements at the General Meeting, Shares will be taken to be held by the persons who are registered as holding at 7:00pm (AEST) on 20 August 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

Dated this 18 July 2016

By order of the Board

David Round
Company Secretary



ACN 109 933 995

EXPLANATORY STATEMENT TO SHAREHOLDERS

1 ACTION TO BE TAKEN BY SHAREHOLDERS

This Explanatory Statement sets out information about the Resolutions to be considered by the Shareholders at the General Meeting. Defined terms used in this Explanatory Statement are set out in Schedule 1. Accompanying this Explanatory Statement is the Notice of General Meeting convening the General Meeting and a Proxy Form.

Shareholders are encouraged to attend and vote on the Resolutions to be put to the General Meeting. If a Shareholder is not able to attend and vote at the General Meeting, the Shareholder may complete the Proxy Form and return it not later than 48 hours before the time specified for the commencement of the General Meeting.

2 PURPOSE OF THE GENERAL MEETING

The General Meeting has been convened for the purpose of considering the Resolutions, which are set out in the Notice of General Meeting and explained in more detail below.

3 RESOLUTION 1 ISSUE OF CONSIDERATION SHARES TO STRATMIN

3.1 Background

As announced on 7 July 2016, the Company has signed a formal sale agreement with AIM listed Stratmin Global Resources PLC (**Stratmin**) to acquire the remaining 93.75% of Graphmada Mauritius (**Graphmada**) which owns an operating large flake graphite mine in Madagascar (**Acquisition**).

Upon settlement, which is subject to certain conditions including shareholder approval for both companies, Bass Metals will become Australia's only ASX listed large-flake graphite miner. Final settlement is expected in late August.

The Board considers that the company-transforming purchase of the cash generating and operating Graphmada mine on the island of Madagascar (offshore southeast Africa) will see Bass Metals deliver on its objective to make the transition in just six months from graphite sector entrant to Australia's only ASX-listed graphite miner.

The transaction positions Bass Metals as an immediate global play as Graphmada has existing long term customers in Europe, India and the US for high purity, large flake product, and we will continue to develop new end-user customers for premium applications.

Unlike many current graphite projects, Graphmada is a highly developed site and has been significantly de-risked with an historic sunk cost of more than A\$16 million to date.

3.2 Graphmada Large Flake Graphite Mine

Madagascar has been a recognised producer and exporter of graphite since 1907 and sets the world standard due to its high proportion of high quality, large flake graphite. The Graphmada Large Flake Graphite Mine is situated in eastern Madagascar, approximately 100km by sealed highway from the export port of Tamatave.

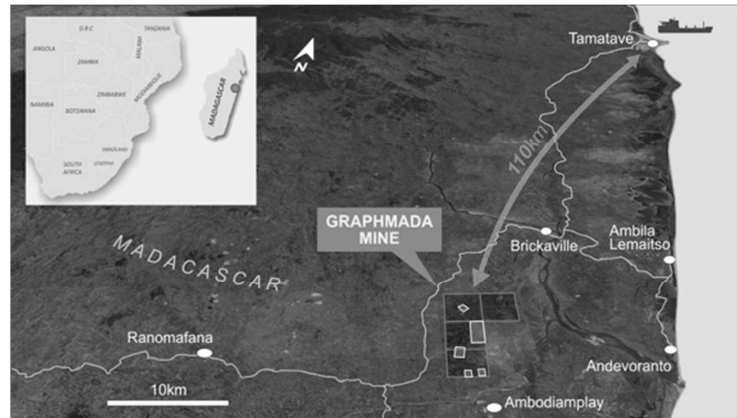


Figure 1: Location of Graphmada Mine

The Graphmada Mine hosts four known deposits. Current mining is from the Loharano deposit, with the Mahefedok deposit undergoing trial mining. The Mahela and Ambatofafana deposits are still to be explored to their full potential.

The graphite at Graphmada is hosted in both weathered regolith and underlying graphitic gneiss, with the grade of graphitic carbon increasing with depth. All mining to date has been very shallow and low cost, with the mining horizon from 1.5m below surface to a depth of 6-8m. However, the graphite bearing regolith is known to go to depths of >30 metres, to the underlying hard rock mineralisation. All mineralisation is open along a strike, of approximately 1.5km and to depth.

The 130 strong workforce utilises modern facilities and infrastructure, with an on-site doctor, pharmacy, housing, offices, communications and a state-of-the-art analytical laboratory in place.

Also installed on site is a 6,000 product tonne per annum processing plant, with a drying and packaging facility. Bass Metals plans to improve and expand its production through a low capital and timely expansion to easily leverage increasing market demand.

There are sales agreements in place, with well-established markets and a solid customer base. Production from Graphmada totalled ~1,500 product tonnes for calendar 2015, with a high proportion being large flake graphite with >94% purity. With consistency of sales and an established brand, Bass Metals is poised to build a market leading position, with increased graphite demand.

3.3 Consideration for the Acquisition

The acquisition transaction is a tiered cash and scrip package partially based on substantial production milestones being met, as announced to ASX on 4 April 2016.

The material terms of the Acquisition are as follows:

(a) Consideration consists of:

Tranche 1:

- (i) a cash payment of \$1.5 million (subject to certain adjustments relating to working capital and liabilities within Graphmada at completion);
- (ii) 75,000,000 Shares at a deemed issue price of \$0.01 per share; and
- (iii) A royalty of 2.5% capped at A\$5 million.

Tranche 2: Upon the Company achieving a total production output of 1,250t of saleable (on arm's length terms) graphite concentrate over any given consecutive 3 month period (the end of the third month being the Tranche 2 Production and Issue Trigger Date) prior to 31 December 2017, Bass Metals will issue to Stratmin that number of Bass Shares calculated as follows:

$$\text{Tranche 2 Shares} = \frac{3,000,000}{20 \text{ Traded Day VWAP}^1}$$

¹ 20 Traded Day VWAP means the VWAP of Bass Shares calculated over the 20 trading days on which trades of Bass Shares were recorded immediately before the Tranche 2 Production and Issue Trigger Date.

The issue of Tranche 2 Shares is subject to approval by Bass shareholders (if required). In the event shareholder approval is required and not obtained within 60 days of the Tranche 2 Production and Issue Trigger Date, Bass will within a further 30 days pay Stratmin an amount determined as follows:

$$\begin{aligned} & \text{Cash payment} \\ & = 20 \text{ Traded Day VWAP} \times \text{the number of Tranche 2 Shares} \end{aligned}$$

Tranche 3 Shares

Upon the Company achieving a total production output of 2,250t of saleable (on arm's length terms) graphite concentrate (inclusive of production output required under clause 6.2) over any given consecutive 3 month period (the end of the third month being the Tranche 3 Production and Issue Trigger Date) prior to 31 December 2018, the Buyer will issue to the Seller that number of Bass Shares calculated as follows:

$$\text{Tranche 3 Shares} = \frac{5,000,000}{20 \text{ Traded Day VWAP}^2}$$

The issue of Tranche 3 Shares is subject to approval by Bass shareholders. In the event shareholder approval is required and not obtained within 60 days of the Production and Issue Trigger Date, Bass will within a further 30 days pay Stratmin an amount determined as follows:

$$\text{Cash payment} = 20 \text{ Traded Day VWAP} \times \text{the number of Tranche 3 Shares}$$

- (b) Completion is conditional upon:
- (i) approval by the Company's Shareholders and Stratmin's shareholders respectively;
 - (ii) no material breach of warranties or terms of the agreement; and
 - (iii) the Company completing due diligence to its satisfaction,
- by no later than 4 September 2016.
- (c) The agreement contains warranties typical for a transaction of this nature.

A meeting of Stratmin shareholders to vote on the disposal by Stratmin of Graphmada has been called for 29 July 2016.

The Company expects to fund the cash component of the Acquisition predominantly with the proceeds from the Lion Gold Settlement, the terms of which require Lion Gold to pay the Company a minimum of \$1,150,000 in cash and a further \$1,350,000 in cash and shares. To date, the Company has realised funds of approximately \$600,000 from the Lion Gold settlement.

² 20 Traded Day VWAP means the VWAP of Bass Shares calculated over the 20 trading days on which trades of Bass Shares were recorded immediately before the Tranche 3 Production and Issue Trigger Date.

The Company plans to make a substantial investment in operating plant and equipment. The funds proposed to be raised from the Rights Issue will largely fund the investment in capital which the Directors believe will help the Company to achieve substantial improvements and increases in production in the forthcoming year.

The Board aims to develop the mine site to its full potential. The Company's short term plans in this regard also include maintaining and establishing new trade partners, securing tenure and developing a program to reduce production costs.

The Company intends to use funds raised from the Company's non-renounceable rights issue announced to ASX on 7 July 2016 (**Rights Issue**) together with existing cash and receivables of \$2.2 million (as at 30 June 2016) broadly as follows:

Use of funds (approximately) ¹	Amount (A'000)
Tranche 1 cash payment to Stratmin	1,500
Exploration and expansion studies	700
Processing plant optimisation (6,000tpa)	700
Mining and ancillary infrastructure	800
Optimisation and expansion contingency	500
Costs of the Offer ²	520
General working capital ³	2,980
Total use of funds	7,700

¹ This table is a statement of the proposed application of the funds raised as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.

² Costs of the Offer are set out in section 10.5 of the Company's prospectus.

³ General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

3.4 Capital structure

The impact of the issue of Tranche 1 Shares on the capital structure is set out below. Also included in the table below are all issues of securities including securities that may be issued under the Company's Rights Issue and under the Resolutions of this Notice.

	Shares	Options
Shares on issue	460,028,181	33,330,000
Tranche 1 Consideration Shares	75,000,000	0
Rights Issue	460,028,181	230,014,091
Joint Lead Manager Options	0	25,000,000
Conversion of loans to equity	60,090,367	31,887,553
Consultants	13,000,000	6,500,000
Director Options	0	12,000,000
Potential Placement	125,000,000	62,500,000
Total	1,193,146,729	401,231,644

3.5 ASX Listing Rules

Resolution 1 seeks shareholder approval for the issue of the Tranche 1 Shares to Stratmin under Listing Rule 7.1.

This Notice does not seek approval for the issue of the Tranche 2 and Tranche 3 shares as such issues are dependent on milestones and subject to shareholder approval at the relevant time.

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The Company seeks Shareholder approval to issue the Tranche 1 Shares in accordance with Resolution 1 without those Shares being included in the 15% limit.

3.6 Regulatory Requirements

For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to the issue of Shares:

(a) Maximum number of securities to be issued

The maximum number of securities to be issued under Tranche 1 is 75,000,000 Shares.

(b) Issue date

It is intended that the issue will occur on the one date and that the Shares will be issued no later than 3 months after the date of this meeting.

(c) Issue price

The Shares will be issued at a deemed issue price of \$0.01 per Share.

(d) Terms of the securities

The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares.

(e) Name of the person to whom Shares are to be issued:

The Shares will be issued Stratmin. Stratmin is not a related party of the Company.

(f) Intended use of the funds

No funds are being raised from the issue. The Shares are to be issued as part of the Tranche 1 consideration for the acquisition of 93.75% of Graphmada.

(g) Voting exclusion statement

A voting exclusion statement in respect of Resolution 1 is included in the Notice.

3.7 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1 as this will allow the Company to issue Shares and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

4 RESOLUTIONS 2 & 3 OPTIONS TO JOINT LEAD MANAGERS AND UNDERWRITERS

4.1 Background

As announced on 7 July 2016, the Company is undertaking a non-renounceable rights issue (**Rights Issue**).

Bizzell Capital Partners and Patersons Securities Limited are the joint lead managers and underwriters (**Joint Lead Managers and Underwriters**) to the Rights Issue. In respect of this work, the fees payable to the Joint Lead Managers, which will be split evenly, will consist of a joint lead manager fee of \$60,000 and a management fee of 1% of the total amount raised under Rights Issue. The Joint Lead Managers will also receive an underwriting fee of 5% of the Underwritten Amount and 25,000,000 Options.

Under Resolutions 2 and 3, the Company is seeking approval to issue up to 25,000,000 Options to the Joint Lead Managers and Underwriters as part payment of remuneration for their services.

4.2 ASX Listing Rules

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The Company seeks Shareholder approval to issue Options in accordance with Resolutions 2 and 3 without those Options being included in the 15% limit.

4.3 Regulatory Requirements

For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to the issue of the Options:

- (a) Maximum number of securities to be issued

The maximum number of securities to be issued is 25,000,000 Options, to be split equally between Bizzell Capital Partners Pty Ltd and Patersons Securities Limited.
- (b) Issue date

It is intended that the issue will occur on one date and no later than 3 months after the date of this meeting.
- (c) Issue price

The Options will be issued for nil cash consideration.
- (d) Terms of the securities

The terms of the Options are included in **Schedule 2** and are the same as options to be issued under the Rights Issue.
- (e) Persons to whom Options will be issued

The Options will be issued to, and split equally between, Bizzell Capital Partners Limited and Patersons Securities Limited or their respective nominees, none of whom are related parties of the Company.
- (f) Intended use of funds

No funds will be raised by the issue of Options. Any funds raised from the exercise of the Options will be used for working capital.
- (g) Voting exclusion statement

A voting exclusion statement in respect of Resolutions 2 and 3 is included in the Notice.

4.4 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 2 and 3 as this will allow the Company to issue securities and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

5 RESOLUTION 4 SHARE AND OPTION PLACEMENT

5.1 Background

In addition to the Rights Issue and subject to Shareholder approval, the Joint Lead Managers and Underwriters have the sole and exclusive right, but not the obligation, to facilitate a placement (**Share and Option Placement**) of up to \$1.5 million on the same terms as the Rights Issue following the completion of the Rights Issue.

Under Resolution 4, the Company is seeking approval to issue up to 125,000,000 Shares and 62,500,000 attaching free options within 3 months of the date of this General Meeting. The securities will be issued on the same terms as the Company's Rights Issue.

5.2 ASX Listing Rules

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The Company seeks Shareholder approval to issue Shares in accordance with Resolution 4 without those Shares being in the 15% limit.

5.3 Regulatory Requirements

For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to the issue of Shares:

(a) **Maximum number of securities to be issued**

The maximum number of securities to be issued will be 125,000,000 Shares and 62,500,000 Options.

(b) **Issue date**

It is intended that the issue will occur progressively and that the securities will be issued no later than 3 months after the date of this meeting.

(c) Issue price

The Shares will be issued at an issue price of \$0.012 per Share. The Options are free attaching.

(d) Terms of the securities

The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares. The terms of the Options are included in **Schedule 2**.

(e) Basis upon which persons are to be issued securities

The securities will be issued to sophisticated and other investors, none of whom (except for Messrs Rick Anthon and Jeffrey Marvin, the subject of Resolutions 5 and 6 respectively) will be related parties of the Company.

(f) Intended use of funds

Funds raised from the issue will be used to immediately improve existing production and commence expansion studies at Graphmada on completion of the Acquisition and working capital.

(g) Voting exclusion statement

A voting exclusion statement in respect of Resolution 4 is included in the Notice.

5.4 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4 as this will allow the Company to issue Shares and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

6 RESOLUTION 5 PARTICIPATION BY RELATED PARTY IN SHARE AND OPTION PLACEMENT

6.1 Background

Resolution 5 seeks Shareholder approval for the Company's Chairman, Mr Rick Anthon, to participate in the Share and Option Placement at the same price as the other participants up to a maximum of 13,333,333 Shares and 6,666,667 Options.

As Mr Anthon is a related party of the Company, the proposed issue of securities to him or his nominee(s) requires Shareholder approval under Listing Rule 10.11.

6.2 ASX Listing Rules

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in 15% annual limit permitted by Listing Rule 7.1.

6.3 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

- (a) Name of person to whom securities will be issued
The securities will be issued to Mr Rick Anthon, a related party of the Company, or his nominee(s).
- (b) Maximum number of securities to be issued
The maximum number of securities to be issued to Mr Anthon under the Share and Option Placement is 13,333,333 Shares and 6,666,667 Options.
- (c) Issue date
The securities will be issued no later than 1 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) and it is intended that the issue will occur on the same date.
- (d) Issue price
The issue price of the Shares is \$0.012 and the Options are free attaching.
- (e) Terms of the issue
The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares. The terms of the Options are included in Schedule 2.
- (f) Intended use of funds
The funds raised will be used to immediately improve existing production and commence expansion studies at Graphmada on completion of the Acquisition and working capital.
- (g) Voting exclusion statement
A voting exclusion statement for Resolution 5 is included in the Notice.

6.4 Director's recommendation

The Directors, other than Mr Rick Anthon, recommend that Shareholders vote in favour of Resolution 5.

Mr Anthon declines to make a recommendation to Shareholders in relation to Resolution 5 as he has a material personal interest in the outcome of Resolution 5. Mr Anthon and his associates will not be entitled to vote on Resolution 5.

7 RESOLUTION 6 PARTICIPATION BY RELATED PARTY IN SHARE AND OPTION PLACEMENT

7.1 Background

Resolution 6 seeks Shareholder approval for Mr Jeffrey Marvin, a Non-Executive Director of the Company, to participate in the Share and Option Placement at the same price as the other participants up to a maximum of 4,166,667 Shares and 2,083,333 Options.

As Mr Marvin is a related party of the Company, the proposed issue of securities to him or his nominee(s) requires Shareholder approval under Listing Rule 10.11.

7.2 ASX Listing Rules

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in 15% annual limit permitted by Listing Rule 7.1.

7.3 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

(a) Name of person to whom securities will be issued

The securities will be issued to Mr Jeffrey Marvin, a related party of the Company, or his nominee(s).

(b) Maximum number of securities to be issued

The maximum number of securities to be issued to Mr Marvin under the Share and Option Placement is 4,166,667 Shares and 2,083,333 Options.

(c) Issue date

The securities will be issued no later than 1 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) and it is intended that the issue will occur on the same date.

(d) Issue price

The issue price of the Shares is \$0.012 and the Options are free attaching.

(e) Terms of the issue

The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares. The terms of the Options are included in Schedule 2.

(f) Intended use of funds

The funds raised will be used to immediately improve existing production and commence expansion studies at Graphmada on completion of the acquisition and working capital.

(g) Voting exclusion statement

A voting exclusion statement for Resolution 6 is included in the Notice.

7.4 Director's recommendation

The Directors, other than Mr Jeffrey Marvin, recommend that Shareholders vote in favour of Resolution 6.

Mr Marvin declines to make a recommendation to Shareholders in relation to Resolution 6 as he has a material personal interest in the outcome of Resolution 6. Mr Marvin and his associates will not be entitled to vote on Resolution 6.

8 RESOLUTIONS 7 & 8 RATIFICATION OF PRIOR ISSUE OF SHARES AND UNLISTED OPTIONS

8.1 Background

As announced to the ASX on 24 December 2015, the Company issued 54,000,000 Shares and 33,330,000 unlisted options (**Unlisted Options**) to sophisticated and other investors.

The purpose of Resolutions 7 and 8 is for Shareholders to approve and ratify the issue of 54,000,000 Shares and 33,330,000 Unlisted Options. The effect of Shareholders passing Resolutions 7 and 8 and ratifying the issues will be to restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months and increase the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated, which in turn will allow a proportionately higher number of securities to be issued without Shareholder approval.

8.2 ASX Listing Rules

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it. Issues made under listing rule 7.1A can also be ratified under Listing Rule 7.4.

Under Resolutions 7 and 8, the Company now seeks Shareholder ratification of the issue of securities, so as to limit the restrictive effect of Listing Rule 7.1 and 7.1A on any further issues of Equity Securities by the Company in the next 12 months.

8.3 Regulatory Requirements

For the purposes of ASX Listing Rule 7.5, the following information is provided to shareholders in relation to the issue of Shares:

(a) Number of securities issued

The total number of securities issued was 27,574,227 Shares and 33,330,000 Unlisted Options under Listing Rule 7.1 and 26,425,773 Shares under Listing Rule 7.1A.

(b) Issue price

The Shares were issued at an issue price of \$0.01 per Share. The Unlisted Options were issued for nil cash consideration.

(c) Terms of the securities

The Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares. The terms of the Unlisted Options are set out in Schedule 3.

(d) Basis upon which persons were issued securities

The securities were issued to sophisticated and other investors, none of whom are related parties of the Company.

(e) Use of funds

A total of \$540,000 (less costs) was raised from the issue. Funds were used to pay the balance of £223,115 to Stratmin in order to secure a 6.25% interest in Graphmada.

(f) Voting exclusion statement

A voting exclusion statement in respect of Resolutions 7 and 8 is included in the Notice.

8.4 Recommendation

The Directors believe that the ratification of this issue is beneficial for the Company as it will restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months and increase the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated, which in turn will allow a proportionately higher number of securities to be issued without Shareholder approval. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolutions 7 and 8.

9 RESOLUTION 9 RATIFICATION OF PRIOR ISSUE OF SHARES

9.1 Background

As announced to the ASX on 4 November 2015, the Company issued 29,923,077 Shares under Listing Rule 7.1 to sophisticated and other investors.

The purpose of Resolution 9 is for Shareholders to approve and ratify the issue of 29,923,077 Shares. The effect of Shareholders passing Resolution 9 and ratifying the issue will be to restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months and increase the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated, which in turn will allow a proportionately higher number of securities to be issued without Shareholder approval.

9.2 ASX Listing Rules

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it. Issues made under listing rule 7.1A can also be ratified under Listing Rule 7.4.

Shareholder approval was not required under Listing Rule 7.1 for the issue by the Company of the 29,923,077 Shares to sophisticated and other investors. However, under Resolution 9, the Company now seeks Shareholder ratification of the issue of 29,923,077 Shares, so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of Equity Securities by the Company in the next 12 months.

9.3 Regulatory Requirements

For the purposes of ASX Listing Rule 7.5, the following information is provided to shareholders in relation to the issue of Shares:

(a) Number of securities issued

The total number of securities issued was 29,923,077 Shares.

(b) Issue price

The Shares were issued at an issue price of \$0.013 per Share.

(c) Terms of the securities

The Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares.

(d) Basis upon which persons were issued Shares

The Shares were issued to sophisticated investors, none of whom are related parties of the Company.

(e) The use of the funds raised

A total of \$389,000 (less costs) was raised from the issue. The funds were used to complete the Company's initial investment of 6.25% in Graphmada as announced to the market on 24 December 2016.

(f) A voting exclusion statement in respect of Resolution 9 is included in the Notice.

9.4 Recommendation

The Directors believe that the ratification of this issue is beneficial for the Company as it will restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months and increase the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated, which in turn will allow a proportionately higher number of securities to be issued without Shareholder approval. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution 9.

10 RESOLUTIONS 10 & 11 ISSUE OF SECURITIES TO RATHA KRISHNAN VADIVELU SUPERANNUATION PTY LTD AND MELBOURNE TRADING COMPANY PTY LTD

10.1 Background

Under Resolutions 10 & 11, the Company is seeking approval to issue up to 41,666,667 Shares to Ratha Krishnan Vadivelu Superannuation Pty Ltd and 20,833,333 Options to Melbourne Trading Company Pty Ltd, or their nominees, in order to convert a loan of \$500,000 to equity. The loan was to provide working capital for the Company and allow it to advance its investment in the Graphmada Project.

10.2 ASX Listing Rules

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The Company seeks Shareholder approval to issue Shares in accordance with Resolutions 10 & 11 without those Shares being in the 15% limit.

10.3 Regulatory Requirements

For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to the issue of Shares:

(a) Maximum number of securities issued

The maximum number of securities to be issued will be 41,666,667 Shares and 20,833,333 Options.

(b) Issue date

It is intended that the issue will occur on the one date and that the Shares will be issued no later than 3 months after the date of this meeting.

(c) Issue price

The Shares will be issued at a deemed issue price of \$0.012 per Share.

(d) Terms of the securities

The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares. The terms of the Options are included in Schedule 2.

(e) Basis upon which persons are issued Shares

The Shares will be issued to Ratha Krishnan Vadivelu Superannuation Pty Ltd, or its nominee(s) and the Options will be issued to Melbourne Trading Company Pty Ltd, or its nominee(s), none of whom are related parties of the Company.

(f) The use of the funds raised

No funds will be raised from the issue as the purpose of the issue is to convert debt to equity.

(g) Voting exclusion statement

A voting exclusion statement in respect of Resolutions 10 and 11 is included in the Notice.

10.4 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 10 and 11 as this will allow the Company to issue Shares and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

11 RESOLUTION 12 ISSUE OF SECURITIES TO LAMBRECHT INVESTMENT TRUST

11.1 Background

Under Resolution 12, the Company is seeking approval to issue up to 10,000,000 Shares and 6,000,000 Unlisted Options to Lambrecht Investment Trust in order to convert a loan of \$100,000 to equity. The purpose of the loan was to provide working capital for the Company and allow it to advance its investment in the Graphmada Project.

11.2 ASX Listing Rules

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The Company seeks Shareholder approval to issue Shares in accordance with Resolution 12 without those Shares being in the 15% limit.

11.3 Regulatory Requirements

For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to the issue of Shares:

- (a) Maximum number of securities to be issued
The maximum number of securities to be issued will be 10,000,000 Shares and 6,000,000 Unlisted Options.
- (b) Issue date
It is intended that the issue will occur on the one date and that the Shares will be issued no later than 3 months after the date of this meeting.
- (c) Issue price
The Shares will be issued at a deemed issue price of \$0.010 per Share. The Unlisted Options are free attaching.
- (d) Terms of the securities
The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares. The terms of the Unlisted Options are included in Schedule 3.
- (e) Basis upon which persons are to be issued Shares
The Shares will be issued to Lambrecht Investment Trust, which is not a related party of the Company.
- (f) Use of the funds
No funds will be raised from the issue as the purpose of the issue is to convert debt to equity.
- (g) Voting exclusion statement
A voting exclusion statement in respect of Resolution 12 is included in the Notice.

11.4 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 12 as this will allow the Company to issue Shares and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

12 RESOLUTION 13 ISSUE OF SECURITIES TO ORIENT TRADE PTE. LTD

12.1 Background

Under Resolution 13, the Company is seeking approval to issue up to 8,423,700 Shares and 5,054,220 Unlisted Options to Orient Trade Pte. Ltd in order to convert a loan of \$84,237 to equity. The purpose of the loan was to provide working capital for the Company and allow it to advance its investment in the Graphmada Project

12.2 ASX Listing Rules

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The Company seeks Shareholder approval to issue Shares in accordance with Resolution 13 without those Shares being in the 15% limit.

12.3 Regulatory Requirements

For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to the issue of Shares:

(a) Maximum number of securities to be issued

The maximum number of securities to be issued will be 8,423,700 Shares and 5,054,220 Unlisted Options.

(b) Issue date

It is intended that the issue will occur on the one date and that the Shares will be issued no later than 3 months after the date of this meeting.

(c) Issue price

The Shares will be issued at a deemed issue price of \$0.010 per Share. The Unlisted Options are free attaching.

(d) Terms of the securities

The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares. The terms of the Unlisted Options are included in Schedule 3.

(e) Basis upon which persons are to be issued securities

The securities will be issued to Orient Trade Pte. Ltd Trust, which is not a related party of the Company.

(f) Use of the funds

No funds will be raised from the issue as the purpose of the issue is to convert debt to equity.

(g) Voting exclusion statement

A voting exclusion statement in respect of Resolution 13 is included in the Notice.

12.4 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 13 as this will allow the Company to issue Shares and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

13 RESOLUTIONS 14 TO 16 ISSUE OF SECURITIES TO CONSULTANTS

13.1 Background

Under Resolutions 14 to 16, the Company is seeking approval to issue a total of 9,000,000 Shares and 4,500,000 Options to consultants in lieu of fees for services provided to the Company.

The services provided to the Company were as follows:

- (a) Mr Simon Slesarewich has provided services to the Company since January 2016 in relation to the management of the Company's existing assets and technical advice in relation to the development of Graphmada.
- (b) Mr Tim McManus provided technical advice to the company in relation to the acquisition of Graphmada and the preparation of a due diligence report.
- (c) Mr David Round provided ongoing services to the Company in relation to the corporate and finance aspects of the acquisition of Graphmada and various fund raising and company secretarial tasks.

13.2 ASX Listing Rules

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The Company seeks Shareholder approval to issue Shares in accordance with Resolutions 14 to 16 without those Shares being in the 15% limit.

13.3 Regulatory Requirements

For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders in relation to the issue of Shares:

- (a) Maximum number of securities to be issued:

The maximum number of securities to be issued will be as follows:

Resolution	Shares	Options
Resolution 14	3,000,000	1,500,000
Resolution 15	3,000,000	1,500,000
Resolution 16	3,000,000	1,500,000

- (b) Issue date

It is intended that the issue will occur progressively and that the Shares will be issued no later than 3 months after the date of this meeting.

- (c) Issue price

The securities will be issued for nil cash consideration and in lieu of fees for services.

- (d) Terms of the securities

The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing ordinary shares and rank equally in all respects with the existing ordinary shares. A summary of the terms of the Options is included in Schedule 2.

- (e) Person to whom securities will be issued:

The securities will be issued to each of Messrs. Simon Slesarewich, Tim McManus and David Round or their nominees, neither of whom is a related party of the Company.

(f) Use of the funds

No funds will be raised from the issue.

(g) Voting exclusion statement

A voting exclusion statement in respect of Resolutions 14, 15 and 16 is included in the Notice.

13.4 Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 14, 15 and 16 as this will allow the Company to issue Shares and raise funds whilst preserving the Company's 15% annual limit permitted by Listing Rule 7.1.

14 RESOLUTION 17 ISSUE OF SECURITIES TO RELATED PARTY CONSULTANT

14.1 Background

Resolution 17 seeks Shareholder approval for the issue of 4,000,000 Shares and 2,000,000 Options to Mr Premraj Caralapti Raghairah in lieu of fees for services provided to the Company. The consulting services provided to the Company were in relation to securing the Lion Gold settlement, details of which were announced to the market on 18 November 2015.

By operation of section 228 of the Corporations Act, Mr Premraj Caralapti Raghairah is a related party of the Company as he is a parent of Mr David Premraj, a director of the Company.

14.2 Chapter 2E of the Corporations Act

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.

As Mr Premraj Caralapti Raghairah is a related party of the Company, the proposed issue of securities to him will constitute the provision of a financial benefit to a related party of the Company.

The Directors are of the view that the proposed issue of securities pursuant to Resolution 17 falls within the “arm’s length” exception under Section 210 of the Corporations Act. Accordingly, the Directors (other than the Director the subject of the relevant resolution) have determined not to seek Shareholder approval for the purposes of Section 208 of the Corporations Act for the issue of the securities under Resolution 17

As Mr Premraj Caralapti Raghairah is a related party of the Company, the proposed issue of securities to him or his nominee(s) requires Shareholder approval under Listing Rule 10.11.

14.3 ASX Listing Rules

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in 15% annual limit permitted by Listing Rule 7.1.

14.4 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

- (a) Name of person to whom securities will be issued
The Shares and Options will be issued to Mr Premraj Caralapti Raghairah, a related party of the Company, or his nominee(s).
- (b) Maximum number of securities to be issued
The maximum number of securities to be issued to Mr Premraj Caralapti Raghairah is 4,000,000 Shares and 2,000,000 Options.
- (c) Issue date
The Shares and Options will be issued no later than 1 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) and it is intended that the issue will occur on the same date.
- (d) Issue price
The securities are being issued for nil cash consideration.
- (e) Terms of the issue
The Shares to be issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company’s existing ordinary shares and rank equally in all respects with the existing ordinary shares. The terms of the Options are included in Schedule 2.

- (f) Intended use of funds

No funds will be raised by the issue.

- (g) Voting exclusion statement

A voting exclusion statement for Resolution 17 is included in the Notice.

14.5 Director's recommendation

The Directors recommend that Shareholders vote in favour of Resolution 17.

15 RESOLUTION 18 APPROVAL FOR BASS METALS INCENTIVE SCHEME

15.1 Introduction

The Bass Metals Limited Incentive Scheme (Incentive Scheme) is intended to provide an opportunity to eligible participants, including the Company's Directors, employees and consultants, to participate in the Company's future growth and provide an incentive to contribute to that growth. The Incentive Scheme is further designed to assist in attracting and retaining employees.

A copy of the Incentive Scheme will be made available for inspection at the Meeting. A summary of the Incentive Scheme is set out in Schedule 4.

15.2 Requirement for Shareholder approval

Shareholder approval is not required under the Corporations Act or the ASX Listing Rules for the establishment or operation of the Incentive Scheme. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the 15% limit imposed by ASX Listing Rule 7.1 on the number of securities that may be issued without shareholder approval.

ASX Listing Rule 7.2 exception 9(b) provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within 3 years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

If an offer is made to a Director to participate in the Incentive Scheme then separate Shareholder approval will need to be obtained prior to securities being issued to Directors under the Incentive Scheme.

15.3 Regulatory Requirements

- (a) Summary of terms of the Incentive Scheme

A summary of the terms of the Incentive Scheme is included in Schedule 4.

- (b) Number of securities issued under the scheme since the date of the last approval

No securities have been issued under the Incentive Scheme or any other scheme.

- (c) Voting exclusion statement

A voting exclusion statement in respect of Resolution 18 is included in the Notice.

15.4 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 18. It will allow the Company to issue securities for the benefit of participants of the Incentive Scheme whilst preserving the Company's 15% limit of issuing securities and provide flexibility in the manner in which the Incentive Scheme is managed.

16 RESOLUTIONS 19 TO 21 APPROVAL FOR ISSUE OF OPTIONS TO DIRECTORS

16.1 Introduction

The Company has agreed, subject to obtaining Shareholder approval under resolutions 19 to 21, to issue as part remuneration, a total of 12,000,000 options (**Director Options**) to Messrs Rick Anthon, Jeffrey Marvin and David Premraj (**Directors**) on the terms and conditions set out below. It is proposed that each Director will receive 2,000,000 Tranche 1 Director Options and 2,000,000 Tranche 2 Director Options.

16.2 Chapter 2E of the Corporations Act

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.

Each of Messrs Anthon, Marvin and Premraj, are related parties of the Company as defined under the Corporations Act by virtue of being a Director of the Company. The proposed issue of options to Messrs Anthon, Marvin and Premraj, will constitute the provision of a financial benefit to a related party of the Company.

The Directors (other than the Director the subject of the relevant resolution) are of the view that the proposed issue of options pursuant to resolutions 19 to 21 fall within the “reasonable remuneration” exception under Section 211 of the Corporations Act given the circumstances of the Company and the position held by the relevant director in the Company. Accordingly, the Directors (other than the Director the subject of the relevant resolution) have determined not to seek Shareholder approval for the purposes of Section 208 of the Corporations Act for the issue of the options under Resolutions 19 to 21.

16.3 Requirement for Shareholder approval

Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities to a related party. If Shareholder approval is obtained under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in 15% annual limit permitted by Listing Rule 7.1.

16.4 Information required by Listing Rule 10.13

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

(a) Name of the persons to be issued securities

The persons to whom the Director Options are proposed to be issued are Messrs. Rick Anthon, Jeffrey Marvin and David Premraj or their nominees.

(b) Maximum number of securities to be issued

The maximum number of securities to be issued to the Directors is as follows:

Resolution	Director	Tranche 1 Director Options	Tranche 2 Director Options	Total Number of Director Options
19	Mr Rick Anthon	2,000,000	2,000,000	4,000,000
20	Mr Jeffrey Marvin	2,000,000	2,000,000	4,000,000
21	Mr David Premraj	2,000,000	2,000,000	4,000,000

(c) Issue date

The Director Options will be issued no later than 1 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) and it is intended that the issue will occur on the same date.

(d) Issue price

The Director Options will be issued for nil cash consideration.

(e) Terms of options

The Director Options will be issued in 2 tranches of 2,000,000 options each. Tranche 1 Director Options will be exercisable at 2.5 cents and expire on or before 2 years from the date of issue. Tranche 2 Director Options will be exercisable at 3.5 cents and expire on or before 3 years from the date of issue. The terms of the Tranche 1 and Tranche 2 Director Options are included in **Schedule 5**.

(f) Use of funds

No funds will be raised by the issue.

(g) Voting exclusion statement

A voting exclusion statement in respect of Resolution, 19, 20 and 21 is included in the Notice.

16.5 Director's recommendation

(a) Mr Rick Anthon declines to make a recommendation to Shareholders in relation to Resolution 19 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued options in the Company should Resolution 19 be passed. However, in respect of Resolutions 20 and 21, Mr Anthon recommends that Shareholders vote in favour of those Resolutions for the following reasons:

- (i) the issue of the options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
- (ii) the issue of options is a reasonable and appropriate method to provide cost effective remuneration 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; and
- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed.

- (b) Mr Jeffrey Marvin declines to make a recommendation to Shareholders in relation to Resolution 20 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued options in the Company should Resolution 20 be passed. However, in respect of Resolutions 19 and 21, Mr Marvin recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph 16.5(a)(i) to (iii) above.
- (c) Mr David Premraj declines to make a recommendation to Shareholders in relation to Resolution 21 due to his material personal interest in the outcome of the Resolution on the basis that he is to be issued options in the Company should Resolution 21 be passed. However, in respect of Resolutions 19 and 20, Mr Premraj recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph 16.5(a)(i) to (iii) above.

SCHEDULE 1 DEFINITIONS

In this Explanatory Statement:

Acquisition	means the acquisition by the Company of the remaining 93.75% of Graphmada Mauritius.
AEST	means Australian Eastern Standard Time as observed in Sydney NSW.
ASX	means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.
Board	means the Board of Directors of the Company.
Closely Related Party	of a member of the Key Management Personnel means: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or the member's spouse; (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001 (Cth)</i>.
Company or Bass Metals	means Bass Metals Limited ACN 109 933 995.
Corporations Act	means the <i>Corporations Act 2001 (Cth)</i> .
Director	means a director of the Company.
Director Option	has the meaning given in section 16.1 of this Explanatory Memorandum.
Equity Securities	has the same meaning as in the Listing Rules.
Explanatory Statement	means the explanatory statement accompanying the Notice of General Meeting.

General Meeting	means the meeting of the Shareholders convened for the purposes of considering the Resolutions contained in the Notice of General Meeting.
Graphmada	means Graphmada Mauritius.
Incentive Scheme	means the Bass Metals Limited Incentive Scheme.
Joint Lead Managers and Underwriters	means Bizzell Capital Partners Pty Limited and Patersons Securities Limited.
Key Management Personnel	has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rules	means the listing rules of the ASX.
Notice of General Meeting	means the notice convening the General Meeting accompanying this Explanatory Statement.
Option	means an option to subscribe for a Share, the terms of which are set out in Schedule 2.
Proxy Form	means the form of proxy accompanying this Notice of General Meeting.
Related Party	means a party so defined by section 228 of the Corporations Act.
Resolution	means a resolution proposed to be passed at the General Meeting and contained in the Notice of General Meeting.
Rights issue	has the meaning given in section 4.1 of this Explanatory Memorandum.
Section	means a section of the Notice of General Meeting.
Share	means a fully paid ordinary share in the capital of the Company.
Share and Option Placement	has the meaning given in Section 5.1 of this Explanatory Memorandum.

Shareholder	means a person entered in the Company's register as a holder of a Share.
Stratmin	means Stratmin Global Resources Plc.
Trading Day	means a day determined by ASX to be a trading day in accordance with the Listing Rules.
Unlisted Options	means an unlisted option to subscribe for a share, the terms of which are set out in Schedule 3.

SCHEDULE 2 TERMS AND CONDITIONS OF OPTIONS

Entitlement

- 1 Subject to adjustment in accordance with these terms and conditions, the holder is entitled to subscribe for the allotment and issue of one fully paid ordinary share in the Company upon payment of the Exercise Price before the Expiry Date (**Option**).

Exercise Price

- 2 The Exercise Price of each Option is \$0.025 (**Exercise Price**).

Exercise Period

- 3 An Option is exercisable at any time after the date of grant and on or before 5pm on 31 December 2018 (**Expiry Date**). Options not exercised by the Expiry Date lapse and will be cancelled.
- 4 The Company will at least 10 Business Days before the Expiry Date send notices to the Option holder stating the name of the Option holder, the number of Options held and the number of securities to be issued on exercise of the Option, the exercise price, the due date for payment and the consequences of non-payment.

Manner of exercise of Options

- 5 Each Option may be exercised by giving notice in writing to the Company at its registered office accompanied by the Option certificate and payment of the required Exercise Price. All cheques must be payable to the Company and be crossed not negotiable.

Timing of issue of shares

- 6 After an Option is validly exercised, the Company must:
- 6.1 issue and allot the shares within 10 Business Days of the exercise of the Option; and
 - 6.2 subject to the securities of the Company being listed on ASX and to any restrictions imposed on the Options or shares issued upon exercise of the Options under the Listing Rules of ASX, do all such acts matters and things to obtain the grant of quotation for the shares on ASX no later than 3 Business Days after the date of issue and allotment of the shares.

Ranking of shares

- 7 Shares issued on the exercise of Options will rank equally with all existing shares on and from the date of issue in all respects.

Options to be listed and transferable

- 8 Upon the issue of the Options, the Company is to apply to the ASX for the Options to be listed as a tradeable security on the ASX. At all times (pending the listing and upon listing), the Options may be transferred in the same manner as shares unless classified as restricted securities under the ASX Listing Rules and may be exercised by any other person or body corporate.

Participation in new issues

- 9 An Option holder may participate in new issues of securities to holders of shares only if and to the extent that:
- 9.1 an Option has been exercised; and
 - 9.2 a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.

Adjustment for bonus issues of shares

- 10 If the Company makes a bonus issue of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- 10.1 the number of shares which must be issued on the exercise of an Option 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 the bonus issue; and
 - 10.2 no change will be made to the Exercise Price.

Adjustment for rights issue

- 11 If the Company makes an issue of shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N + 1}$$

where

- O = the old exercise price of the Option.
- E = the number of underlying shares into which one Option is exercisable.
- P = the average market price per of share (weighted by reference to volume) of the underlying shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a share under the pro rata issue.

- D = the dividend due but not yet paid on the existing underlying shares (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

Reorganisation of capital

- 12 If there is a reorganisation of the issued capital of the Company (including a consolidation, sub-division, reduction or return of capital), then the rights of the holder of an Option will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

SCHEDULE 3 TERMS AND CONDITIONS OF UNLISTED OPTIONS

Entitlement

- 1 Subject to adjustment in accordance with these terms and conditions, the holder is entitled to subscribe for the allotment and issue of one fully paid ordinary share in the Company upon payment of the Exercise Price before the Expiry Date (**Option**).

Exercise Price

- 2 The Exercise Price of each Option is \$0.015 (**Exercise Price**).

Exercise Period

- 3 An Option is exercisable at any time after the date of grant and on or before 5pm on 31 December 2018 (**Expiry Date**). Options not exercised by the Expiry Date lapse and will be cancelled.
- 4 The Company will at least 10 Business Days before the Expiry Date send notices to the Option holder stating the name of the Option holder, the number of Options held and the number of securities to be issued on exercise of the Option, the exercise price, the due date for payment and the consequences of non-payment.

Manner of exercise of Options

- 5 Each Option may be exercised by giving notice in writing to the Company at its registered office accompanied by the Option certificate and payment of the required Exercise Price. All cheques must be payable to the Company and be crossed not negotiable.

Timing of issue of shares

- 6 After an Option is validly exercised, the Company must:
 - 6.1 issue and allot the shares within 10 Business Days of the exercise of the Option; and
 - 6.2 subject to the securities of the Company being listed on ASX and to any restrictions imposed on the Options or shares issued upon exercise of the Options under the Listing Rules of ASX, do all such acts matters and things to obtain the grant of quotation for the shares on ASX no later than 3 Business Days after the date of issue and allotment of the shares.

Ranking of shares

- 7 Shares issued on the exercise of Options will rank equally with all existing shares on and from the date of issue in all respects.

Options to be transferable

- 8 At all times, the Options may be transferred in the same manner as shares unless classified as restricted securities under the ASX Listing Rules and may be exercised by any other person or body corporate.

Participation in new issues

- 9 An Option holder may participate in new issues of securities to holders of shares only if and to the extent that:
- 9.1 an Option has been exercised; and
 - 9.2 a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.

Adjustment for bonus issues of shares

- 10 If the Company makes a bonus issue of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- 10.1 the number of shares which must be issued on the exercise of an Option 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 the bonus issue; and
 - 10.2 no change will be made to the Exercise Price.

Adjustment for rights issue

- 11 If the Company makes an issue of shares pro rata to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the exercise price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N + 1}$$

where

- O = the old exercise price of the Option.
- E = the number of underlying shares into which one Option is exercisable.
- P = the average market price per of share (weighted by reference to volume) of the underlying shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying shares (except those to be issued under the pro rata issue).

N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

Reorganisation of capital

- 12 If there is a reorganisation of the issued capital of the Company (including a consolidation, sub-division, reduction or return of capital), then the rights of the holder of an Option will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

SCHEDULE 4 SUMMARY OF BASS METALS INCENTIVE SCHEME TERMS

The Plan is administered by the Board in accordance with the Bass Metals Incentive Scheme (Plan). A copy of the terms of the Plan will be provided to an Eligible Participant within a reasonable time on request and at no charge. In summary, the Plan operates as follows:

Commencement and Termination

The Plan will commence on the date determined by resolution of the Board and will continue until terminated by the Board.

The Board may terminate the Plan at any time by resolution.

Eligible Participant

Persons eligible to participate in the Plan include a director, employee or consultant of the Company or its subsidiaries and any other related body corporate of the Company (Eligible Participant).

Invitation, Application and the Board's Right to Reject

The Board may, from time to time, in its absolute discretion, make an invitation to Eligible Participants to apply for up to a specified number of shares, options or performance shares (each referred to as an "Incentive Security"), upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (Invitation).

In receipt of the Invitation, an Eligible Participant, or his or her nominee may apply for Incentive Securities described in that Invitation by signing and returning the application form and payment (if any) to the Company before a prescribed date as set out in the Invitation.

The Board may accept or reject any application form in its absolute discretion.

Incentive Securities

Shares - the Company will apply for quotation on the ASX of shares issued under the Plan as soon as practicable after the date of issue in accordance with the ASX listing rules.

Options and Performance Rights - Options and performance rights issued under the Plan will be for no consideration. Subject to the listing rules, the Board may determine the exercise price (if any) for an option or performance right in its absolute discretion.

The Board may determine any escrow conditions or milestone conditions (where applicable) to the Incentive Securities which must be satisfied (unless otherwise waived by the Board) before the Incentive Securities to which the condition applies can be sold, transferred, assigned, charged or otherwise encumbered.

Share ranking

All shares issued under the Plan or upon exercise of options or performance rights will rank equally in all respects with shares of the same class for the time being on issue except as regards to any rights attaching to such shares by reference to a record date prior to the date of their issue.

Loan

The Company may, in its absolute discretion, grant a loan to a participant for the purpose of purchasing shares under an Invitation.

Interest - The loan will be interest free unless the Company and the participant agrees otherwise.

Term - The term of the loan is, amongst other things, the earlier of 5 years or the participant ceasing to be an Eligible Participant of the Company.

Repayment - A participant may repay all or part of its loan to the Company at any time prior to the loan repayment date.

Lien - The Company has a lien over the Incentive Securities in respect of which a loan amount is outstanding.

Limited Recourse - a loan will be non-recourse except against the Incentive Securities held by the Participant to which the loan relates.

Share buy-back - if a loan becomes repayable under the Plan and at that time a condition in relation to the Incentive Securities subject to the loan is not satisfied or is incapable of being satisfied in the opinion of the Board, the Company may elect to buy back, cancel or sell the Incentive Securities.

Discretion to Forgive Loan - the Board may forgive a loan granted under the Plan in its absolute discretion.

Good leaver

The Board may elect to waive any of the conditions applying to the participant's Incentive Securities where the participant or his or her nominee ceases to be an Eligible Participant as a result of death, terminal illness or total and permanent disability, bona fide retirement, severe financial hardship, death or terminal illness of an immediate family member of the participant, substantial change in circumstances which affects the ability of the participant to perform his or her role or terminal illness of the participant or an immediate family member.

Bad leaver

The Board may buy-back, cancel or sell the Incentive Securities (as the case may be) issued to the participant or his or her nominee regardless of whether or not the restrictive conditions of those Incentive Securities have ended where the participant acts fraudulently or dishonestly, is grossly negligent, demonstrates serious and wilful misconduct, or causes a material adverse effect on the reputation of the Company; or becomes ineligible to hold his or her office due to Part 2D.6 of the Corporations Act.

Capital Events

Capital reorganisation - the number of Incentive Securities will be adjusted by the Board in accordance with the Corporations Act.

Bonus and Rights issues - a Participant, upon the issue of shares under the Plan or upon conversion of options or performance rights into shares, will enjoy all rights attaching to shares of the Company.

Takeover, scheme or winding up - the Board is deemed to have waived all conditions applicable to an Incentive Security.

Administration of the Plan

The Plan must be administered by the Board in accordance with its terms and conditions. The Board has the power to determine appropriate procedures for administration of the Plan and, amongst others, delegate its powers under the Plan to any person.

SCHEDULE 5 TERMS OF TRANCHE 1 AND TRANCHE 2 DIRECTOR OPTIONS

Entitlement

- 1 Subject to adjustment in accordance with these terms and conditions, the holder is entitled to subscribe for the allotment and issue of one fully paid ordinary share in the Company upon payment of the Exercise Price before the Expiry Date (**Director Option**).

Exercise Price

- 2 The Exercise Price of the Director Options is as follows:
- (a) each Tranche 1 Director Option is exercisable at \$0.025; and
 - (b) each Tranche 2 Director Option is exercisable at \$0.035 each, (**Exercise Price**).

Exercise Period

- 3 A Director Option is exercisable at any time after the date of grant and on or before 5pm on the (**Expiry Date**). The Expiry Date for Tranche 1 Director Options is 2 years from the date of issue. The Expiry Date for the Tranche 2 Director Options is 3 years from the date of issue. Director Options not exercised by the Expiry Date lapse and will be cancelled.
- 4 The Company will at least 10 Business Days before the Expiry Date send notices to the Director Option holder stating the name of the Director Option holder, the number of Director Options held and the number of securities to be issued on exercise of the Director Option, the exercise price, the due date for payment and the consequences of non-payment.

Manner of exercise of Options

- 5 Each Director Option may be exercised by giving notice in writing to the Company at its registered office accompanied by the Director Option certificate and payment of the required Exercise Price. All cheques must be payable to the Company and be crossed not negotiable.

Timing of issue of shares

- 6 After a Director Option is validly exercised, the Company must:
- (a) issue and allot the shares within 10 Business Days of the exercise of the Director Option; and

- (b) subject to the securities of the Company being listed on ASX and to any restrictions imposed on the Director Options or shares issued upon exercise of the Director Options under the Listing Rules of ASX, do all such acts matters and things to obtain the grant of quotation for the shares on ASX no later than 3 Business Days after the date of issue and allotment of the shares.

Ranking of shares

- 7 Shares issued on the exercise of Director Options will rank equally with all existing shares on and from the date of issue in all respects.

Options to be transferable

- 8 At all times, the Director Options may be transferred in the same manner as shares unless classified as restricted securities under the ASX Listing Rules and may be exercised by any other person or body corporate.

Participation in new issues

- 9 A Director Option holder may participate in new issues of securities to holders of shares only if and to the extent that:
- (a) a Director Option has been exercised; and
 - (b) a Share has been issued in respect of the exercise before the record date for determining entitlements to the new issue.

Adjustment for bonus issues of shares

- 10 If the Company makes a bonus issue of shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
- (a) the number of shares which must be issued on the exercise of a Director Option will be increased by the number of shares which the Director Option holder would have received if the Director Option holder had exercised the Director Option before the record date for the bonus issue; and
 - (b) no change will be made to the Exercise Price.

Adjustment for rights issue

- 11 If the Company makes an issue of shares pro rata to existing shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the exercise price of a Director Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P-(S+D)]}{N + 1}$$

where

- O = the old exercise price of the Director Option.
- E = the number of underlying shares into which one Director Option is exercisable.
- P = the average market price per of share (weighted by reference to volume) of the underlying shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying shares (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

Reorganisation of capital

- 12 If there is a reorganisation of the issued capital of the Company (including a consolidation, sub-division, reduction or return of capital), then the rights of the holder of a Director Option will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

