



MOUNT RIDLEY MINES LIMITED
ACN 092 304 964

NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY MEMORANDUM

Date of Meeting
30 November 2017

Time of Meeting
10.00 am (WST)

Place of Meeting
RM Capital
143 Hay Street, Subiaco, Western Australia 6008

A Proxy Form is enclosed.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

IMPORTANT INFORMATION

*This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers without delay.*

*If you wish to discuss any aspect of this document with the Company please contact
Mr Johnathon Busing, Company Secretary on telephone (+61 8) 9381 2266.*

The Annual Report is available online at www.asx.com.au (ASX : MRD)

MOUNT RIDLEY MINES LIMITED
ACN 092 304 964

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Mount Ridley Mines Limited will be held at RM Capital, 143 Hay Street, Subiaco, Western Australia 6008 at 10.00 am (WST) on 30 November 2017 for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

ORDINARY BUSINESS

FINANCIAL & OTHER REPORTS

To receive and consider the financial report of the Company for the year ended 30 June 2017 and the accompanying Directors' Report, Directors' Declaration, and Auditor's Report as set out in the Annual Report.

RESOLUTION 1 – NON-BINDING RESOLUTION TO ADOPT THE REMUNERATION REPORT

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

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report that forms part of the Directors' Report for the financial year ended 30 June 2017 be adopted."

The Remuneration Report is set out in the Directors' Report in the Annual Report. Please note that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion: In accordance with section 250R of the Corporations Act, the Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the vote is cast by the Chair voting an undirected proxy which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 2 – ELECTION OF MR ASHLEY HOOD

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

"That Mr Ashley Hood, having retired in accordance with clause 13.5 of the Company's Constitution and, being eligible be elected as a Director of the Company with immediate effect."

RESOLUTION 3 – RE-ELECTION OF MICHAEL PEDLEY

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

"That, Mr Michael Pedley, who retires in accordance with clause 13.2 of the Company's Constitution and, being eligible for re-election, be re-elected as a Director of the Company with immediate effect."

RESOLUTION 4 - APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

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

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

Voting exclusion: The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue of Equity Securities under this Resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

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

RESOLUTION 5 – GRANT OF MANAGEMENT OPTIONS TO MR ASHLEY HOOD

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

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 10,000,000 Management Options for no consideration, with each Management Option having an exercise price of \$0.015 and an expiry date of 3 years from the date of issue, to Mr Ashley Hood or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting exclusion: The Company will disregard any votes cast on Resolution 5 by Mr Ashley Hood or his nominee and any Associate of that person.

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.

Voting Prohibition: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: the proxy is either:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member; and
- (c) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 6 – GRANT OF MANAGEMENT OPTIONS TO MR MICHAEL PEDLEY

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

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Management Options for no consideration, with each Management Option having an exercise price of \$0.015 and an expiry date of 3 years from the date of issue, to Mr Michael Pedley or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting exclusion: The Company will disregard any votes cast on Resolution 6 by Mr Michael Pedley or his nominee and any Associate of that person.

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.

For the avoidance of doubt, Mr Michael Pedley in his capacity as Chair is prohibited from exercising undirected proxies on Resolution 6.

Voting Prohibition: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: the proxy is either:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member; and
- (c) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 7 – GRANT OF MANAGEMENT OPTIONS TO MR GUY LE PAGE

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

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Management Options for no consideration, with each Management Option having an exercise price of \$0.015 and an expiry date of 3 years from the date of issue, to Mr Guy Le Page or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting exclusion: The Company will disregard any votes cast on Resolution 7 by Mr Guy Le Page or his nominee and any Associate of that person.

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.

Voting Prohibition: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: the proxy is either:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member; and
- (c) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 8 – GRANT OF MANAGEMENT OPTIONS TO MR JOHNATHON BUSING

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 2,500,000 Management Options for no consideration, with each Management Option having an exercise price of \$0.015 and an expiry date of 3 years from the date of issue, to Mr Johnathon Busing or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting exclusion: The Company will disregard any votes cast on Resolution 8 by Mr Johnathon Busing or his nominee and any Associate of that person.

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.

Voting Prohibition: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if: the proxy is either:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member; and
- (c) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

DATED THIS 26th DAY OF OCTOBER 2017

BY ORDER OF THE BOARD

**JOHNATHON BUSING
COMPANY SECRETARY**

Notes:

Definitions

Terms which are used in this Notice and which are defined in Section 8 of the Explanatory Memorandum have the meanings ascribed to them therein.

Note

If you have recently changed your address or if there is any error in the name and address used for this notice please notify the Company Secretary. In the case of a corporation, notification is to be signed by a director or company secretary.

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the 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.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, 5, 6, 7 and 8 in accordance with a direction on how the proxy is to vote or, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.
- For the avoidance of doubt, Mr Michael Pedley in his capacity as Chair is prohibited from exercising undirected proxies on Resolution 6.

- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. However, in exceptional circumstances, the Chair of the Meeting may change his voting intention, in which case an ASX announcement will be made. These rules are explained in this Notice.
- To be effective, proxies must be received by 10.00am (WST) time on 28 November 2017. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by returning a completed Proxy Form in person or by post to **PO Box 8170, Subiaco WA 6008**; or
 - by emailing a completed Proxy Form to johnathon.busing@mtridleymines.com.au

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10.00 am (WST) time on 28 November 2017. If facsimile transmission is used, the Power of Attorney must be certified.

Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 10.00am WST time on 28 November 2017.

MOUNT RIDLEY MINES LIMITED
ACN 092 304 964

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening the Annual General Meeting of Shareholders of Mount Ridley Mines Limited to be held at RM Capital, 143 Hay Street, Subiaco, Western Australia 6008 at 10.00 am (WST) on 30 November 2017. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Certain terms used in the Notice and Explanatory Memorandum are defined in Section 8.

1. FINANCIAL AND OTHER REPORTS

As required by section 317 of the Corporations Act, the Annual Report for the year ended 30 June 2017 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report will be laid before the Meeting.

Neither the Corporations Act nor the Company's Constitution requires a vote on the reports. However, Shareholders will have an opportunity to ask questions about the reports at the Annual General Meeting.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board policy for determining the nature and amount of remuneration of the Company's Directors and senior executives;
- a description of the relationship between remuneration policy and the Company's performance;
- a summary of performance conditions, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each executive and non-executive Director, and Key Management Personnel.

The Remuneration Report, which is part of the 2017 Annual Report, has been sent to Shareholders (except those who have made an election not to receive the Annual Report). Copies of the 2017 Annual Report are available by contacting the Company's Share Registry, Advanced Share Registry on (08) 9389 8033 or visiting the following web site (www.asx.com.au) (ASX Code: MRD).

The Meeting presents an opportunity to discuss the Remuneration Report for Shareholders who are interested in doing so. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The Remuneration Report for the financial year ended 30 June 2016 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 26 November 2016. Accordingly, if at least 25% of the votes cast on Resolution 1 are **against** adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

Proxy Voting Restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy, you must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member), you do not need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

3. RESOLUTION 2 - ELECTION OF MR ASHLEY HOOD AS A DIRECTOR

Resolution 2 deals with the election of Mr Ashley Hood who was appointed as a casual vacancy to the Board on 31 August 2016. In accordance with clause 13.5 of the Constitution, Mr Hood holds office only until the next general meeting of Shareholders. Accordingly, Mr Hood retires in accordance with clause 13.5 of the Company's Constitution, and being eligible, has offered himself for election.

Mr Hood has more than 15 years' experience in the mining industry working in mine and exploration operations for junior and large mining companies based in Australia and throughout the Pacific including New Zealand. He has broad senior management experience having held a number of ASX appointed board positions while working on some of Australia's major JORC resources. Mr Hood predominantly specialises in project/people management, native title negotiations, logistics, project diligence/acquisitions and has personally held and managed a number of his own exploration projects.

Mr Hood was appointed as the Managing Director of the Company on 31 August 2016. Mr Hood is not currently a director of any other ASX listed entity.

All the Directors except for Mr Hood recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to vote all available proxies in favour of Resolution 2.

4. RESOLUTION 3 – RE-ELECTION OF MR MICHAEL PEDLEY

Pursuant to clause 13.2 of the Company's Constitution, Mr Michael Pedley, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Pedley is a Chartered Accountant of Australia and New Zealand with over 20 years of public practice experience. Mr Pedley is the Managing Director of Odyssey Tax & Accounting which provides a broad range of accounting and tax services to business clients and individuals. Mr Pedley has significant accounting, corporate and business management experience and is a consultant to several listed and non-listed companies.

Mr Pedley was appointed as a director of the Company on 5 November 2015 and appointed as the Non-Executive Chairman of the Company on 31 August 2016. Mr Pedley is not currently a director of any other ASX listed entity.

The Board considers Mr Pedley to be an independent director.

All the Directors except for Mr Pedley recommend that Shareholders vote in favour of Resolution 3.

The Chairman intends to vote all available proxies in favour of Resolution 3.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

5.1 General

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation of \$300 million or less; and
- (b) the entity that is not included in the S&P ASX 300 Index.

The Company has a market capitalisation of approximately \$16.74M as at 12 October 2017 and is an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

Resolution 4 seeks Shareholders' approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards the Company's exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.

5.2 Listing Rule 7.1A

The effect of Resolution 4 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined at 5.3(c) below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has Shares and Listed Options on issue.

Based on the number of Shares on issue at the date of this Notice, the Company will have 1,521,433,243 Shares on issue and therefore, subject to Shareholder approval being obtained under Resolution 4, 152,143,324 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities. That formula is:

(A x D) – E

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid Shares that became fully paid in the 12 months;
- (c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- (d) less the number of fully paid Shares cancelled in the 12 months.

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

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue, that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0055 Issue Price at half the current market price	\$0.011 Issue Price at current market price (12/10/17)	\$0.022 Issue Price at double the current market price
Current Variable 'A' 1,521,433,243 Shares	Shares issued	152,143,324	152,143,324	152,143,324
	Funds raised	\$836,789	\$1,673,577	\$3,347,154
	Dilution	10%	10%	10%
50% increase in current Variable 'A' 2,282,149,864 Shares	Shares issued	228,214,986	228,214,986	228,214,986
	Funds raised	\$1,255,183	\$2,510,365	\$5,020,730
	Dilution	10%	10%	10%
100% increase in current variable 'A' 3,042,866,486 Shares	Shares issued	304,286,649	304,286,649	304,286,649
	Funds raised	\$1,673,577	\$3,347,154	\$6,694,307
	Dilution	10%	10%	10%

Note: This table assumes:

- No Options are exercised before the date of the issue of the Equity Securities.
- The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised into Shares for the purposes of calculating the voting dilution effect on existing Shareholders.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

5.3 Specific information required by Listing Rule 7.3A

The following information in relation to the Shares proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days on which trades in the class were recorded immediately before:
 - the date on which the price at which the Equity Securities are to be issued is agreed; or
 - if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
 - the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - the Equity Securities may be issued:
 - at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities; or

- (B) as consideration (or part thereof) for the acquisition of a new asset, both of which may have an effect on the amount of funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity.

The table above in Section 5.2 shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable 'A' is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable 'A' is at its current level, and where variable 'A' has increased by 50% and by 100%;
 - (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 12 October 2017 (being the date before the date of this Notice of Meeting), being \$0.011, (current market price), where the issue price is halved, and where it is doubled; and
 - (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.
- (c) Approval of the Additional 10% Placement Capacity will be valid during the period ("**Additional Placement Period**") from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
 - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) If Equity Securities are issued for cash consideration, the Company intends to use the funds for: acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets, administration costs and general working capital; and
 - (ii) If Equity Securities are issued for non-cash consideration for the acquisition of the new assets and investments, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.3 and 3.10.5A upon issue of any Equity Securities.

- (e) The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities and the Company's allocation policy, which involves consideration of matters including, but not limited to:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (f) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its 2016 Annual General Meeting.

The Company has issued 121,672,514 Equity Securities under Listing Rule 7.1A during the preceding 12 months. During the preceding 12 month period a total of 510,600,881 Equity Securities Shares were issued (being 304,250,000 Shares and 206,350,881 Options), which based on the number of Equity Securities on issue 12 months before the date of the

Meeting comprise 31.73% of the Company's Equity Securities. Information relating to the issue of Equity Securities in the preceding 12 months is set out in the table below.

Date of Schedule 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price ¹ on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds
					If issued for non-cash consideration – a description of the consideration and the current value of the consideration
29/11/16	(a) 104,469,366 (b) 79,381,366 (c) 22,500,000	Unlisted options on the terms and conditions in Annexure B. (Issued as unlisted options and converted to Listed Options pursuant to shareholder approval at a General Meeting on 11 September 2017.)	Issued pursuant to a placement to sophisticated investors	a) Issued pursuant to and Underwriting Agreement b) 1 for 2 attaching unlisted options pursuant to a private placement c) Issued to directors	a) Issued for non cash consideration. The current value of the unlisted options is \$281,361* b) Issued for non cash consideration. The current value of the unlisted options is \$459,848* c) Issued for non cash consideration. The current value of the unlisted options is \$115,211* *valued using the Black-Scholes valuation model
8/12/16	2,000,000	Fully paid ordinary shares	Issued pursuant to a service agreement	Issue price of \$0.01	Non-cash consideration for services provided valued at \$20,000
3/7/17	302,250,000	Fully paid ordinary shares	Issued pursuant to a placement to sophisticated investors.	Issue price of \$0.004	Total cash received \$1,209,000. Proceeds for working capital.
20/9/17	302,250,000	Listed Options on the terms and conditions in Annexure B.	Issued pursuant to cleansing prospectus dated 15 September 2017.	1 for 1 attaching listed options pursuant to a private placement	Issued for non cash consideration. The current value of the unlisted options is \$1,750,904* *valued using the Black-Scholes valuation model

- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined who the Company will issue Equity Securities to under the Additional 10% Placement Capacity, other than noting that the persons to whom Shares will be issued will be determined on a case by case basis having regard to the factors outlined in paragraph (f) above. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, therefore no existing security holders' votes would be excluded under the voting exclusion statement included in this Notice.

The Chairman intends to vote all available proxies in favour of Resolution 4.

6. RESOLUTIONS 5, 6 and 7 – GRANT OF MANAGEMENT OPTIONS TO THE DIRECTORS

6.1 Background

The Company proposes to grant a total of 20,000,000 Management Options (each with an exercise price of \$0.015 and an expiry date three years from the date of issue) to Messrs Ashley Hood, Michael Pedley and Guy Le Page ("**Participating Management**"), or their nominees.

6.2 Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or

- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Participating Management is a related party of the Company.

Resolutions 5, 6 and 7 relate to the proposed grant of Management Options to the Participating Management, which is a financial benefit that requires Shareholder approval for the purposes of section 208 of the Corporations Act.

6.3 Information Requirements – Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act, the following information is provided.

The related parties to whom the proposed Resolutions would permit the financial benefit to be given and the nature of the financial benefit

Subject to Shareholder approval, the Management Options will be issued as set out in the table below.

The proposed financial benefit to be given is the grant of Management Options for no consideration to the Participating Management.

The table below also sets out the amounts that will need to be paid to the Company by the Participating Management if the Management Options are exercised.

Management	Number of Management Options	Amount to be paid (A\$)
Ashley Hood (or nominee)	10,000,000	\$150,000
Michael Pedley (or nominee)	5,000,000	\$75,000
Guy Le Page (or nominee)	5,000,000	\$75,000
Total	20,000,000	\$300,000

The details of the financial benefit including reasons for giving the type and quantity of the benefit

The terms of the Management Options are set out in Annexure A to this Explanatory Memorandum.

The grant of Management Options to Mr Ashley Hood encourage him to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership. Under the Company's current circumstances, the Directors consider (in the absence of Mr Hood) that the incentives intended for Mr Hood represented by the grant of these Management Options to him are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

Shareholders should note that for the reasons noted above, it is proposed to grant Management Options to Messrs Pedley and Le Page notwithstanding the guidelines contained in the Box on page 33 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3rd Edition) (**Principles**) which states that non-executive Directors should not receive performance-based remuneration or options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity. The Board considers the grant of Management Options to Messrs Pedley and Le Page reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, while maintaining the Company's cash reserves.

The number of Management Options to be granted to each of the Participating Management has been determined based upon a consideration of:

- (a) the remuneration of the Directors; and
- (b) incentives to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise, while maintaining the Company's cash reserves. The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Management Options upon the terms proposed.

Participating Management Current Holdings

Set out below are details of each of the Participating Management's relevant interest in Shares and Options of the Company as at the date of this Notice: Management Personnel	Number of Shares	Number of Options
Ashley Hood	7,701,893	10,000,000
Michael Pedley	9,277,751	10,000,000
Guy Le Page	14,687,500	-
Total	31,667,144	20,000,000

Dilution effect of grant of Management Options on existing members' interests

If passed, Resolutions 5, 6 and 7 will give the Directors power to grant a total of 20,000,000 Management Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company currently has 1,521,433,243 Shares and the following Options on issue:

Number of Options	Exercise Price	Expiry Date
104,469,366 (unlisted Options)	\$0.030	30 June 2019
5,000,000 (unlisted Options)	\$0.070	31 March 2018
10,000,000 (unlisted Options)	\$0.021	31 August 2019
656,631,515 (Listed Options)	\$0.0125	31 August 2019
20,000,000 (unlisted Options)	\$0.015	29 November 2019

If all Management Options granted as proposed above are exercised, together with the Management Options proposed to be issued under Resolution 8, and assuming **all** existing Options on issue have been exercised, the effect would be to dilute the shareholding of existing Shareholders by 34.42%. The market price of the Company's Shares during the period of the Management Options will normally determine whether or not the Participating Management exercise the Management Options. At the time any Management Options are exercised and Shares are issued pursuant to the exercise of the Management Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Management Options.

Participating Management's total remuneration package

The Participating Management' fees per annum (including superannuation) and the total financial benefit to be received by them in this current period, as a result of the grant of the Management Options the subject of Resolutions 5, 6 and 7, are as follows:

Management Personnel	Fees FY 2017 (A\$)	Value of Management Options(A\$)	Total Financial Benefit (A\$)
Ashley Hood	\$90,909	\$62,679	\$153,588
Michael Pedley	\$41,433	\$31,339	\$72,772
Guy Le Page	\$30,000	\$31,339	\$61,339
Total	\$162,342	\$125,357	\$287,699

The indicative option valuation of \$125,357 is a theoretical valuation of each Management Option using the Black – Scholes Model.

Valuation of Management Options

The Company's advisers have valued the Management Options to be granted to the Participating Management using the Black – Scholes Model. The value of an Option calculated by the Black – Scholes Model is a function of a number of variables. The valuation of the Management Options has been prepared by the Company in conjunction with the Company's auditors using the following assumptions:

Variable	Input
Share price	\$0.011
Exercise price	\$0.015
Risk Free Interest Rate	\$1.95%
Volatility	99%
Time (years to expiry)	3 years

The Company's advisers have calculated the value of each Management Option based on the following assumptions:

- (a) they have based the underlying value of each Share in the Company on the ASX closing price of \$0.011 on 12 October 2017;
- (b) risk free rate of return – 1.95% (estimated, based on government bond rates for similar time period); and
- (c) they used a volatility of the Share price of 99% as determined from the daily movements in Share price over the last 12 months, adjusted for abnormal trading.

Any change in the variables applied in the Black – Scholes calculation between the date of the valuation and the date the Management Options are granted would have an impact on their value.

Based on the assumptions, it is considered that the estimated average value of the Management Options to be granted to the Participating Management is \$0.0063 per Directors Option.

Company's historical Share price

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 12 October 2017:

Highest Price (A\$)/Date	Lowest Price (A\$)/Date	Latest Price (A\$)/Date
\$0.016 on 15 May 2017	\$0.005 on 14 June 2017	\$0.011 on 12 October 2017

Other Information

Under the Australian Equivalent of the International Financial Reporting Standards (**IFRS**), the Company is required to expense the value of the Management Options in its statement of financial performance for the current financial year.

Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Management Options pursuant to Resolutions 5, 6 and 7.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 5, 6 and 7.

Directors' recommendations

All the Directors were available to make a recommendation about Resolution 5. Mr Ashley Hood declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Management Options to him individually (or his nominee(s)). Messrs Michael Pedley and Guy Le Page also decline to make a recommendation about Resolution 5. ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each

other's remuneration as there may be a conflict of interest. Whilst Messrs Michael Pedley and Guy Le Page do not have a material personal interest in the outcome of Resolution 5, given it is proposed that they also be issued with Management Options under Resolutions 6 and 7 respectively, they have declined to make a recommendation about Resolution 5 in line with the ASIC guidance.

All the Directors were available to make a recommendation about Resolution 6. Mr Michael Pedley declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Management Options to him individually (or his nominee(s)). Messrs Ashley Hood and Guy Le Page also decline to make a recommendation about Resolution 6. ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each other's remuneration as there may be a conflict of interest. Whilst Messrs Ashley Hood and Guy Le Page do not have a material personal interest in the outcome of Resolution 6, given it is proposed that they also be issued with Management Options under Resolutions 5 and 7 respectively, they have declined to make a recommendation about Resolution 6 in line with the ASIC guidance.

All the Directors were available to make a recommendation about Resolution 7. Mr Guy Le Page declines to make a recommendation about Resolution 7 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Management Options to him individually (or his nominee(s)). Messrs Ashley Hood and Michael Pedley also decline to make a recommendation about Resolution 7. ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each other's remuneration as there may be a conflict of interest. Whilst Messrs Ashley Hood and Michael Pedley do not have a material personal interest in the outcome of Resolution 7, given it is proposed that they also be issued with Management Options under Resolutions 5 and 6 respectively, they have declined to make a recommendation about Resolution 8 in line with the ASIC guidance.

6.4 Information Requirements - Listing Rules 10.11 and 10.13

Listing Rule 10.11 requires Shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Management Options to the Participating Management.

The following information in relation to the Management Options to be granted pursuant to Resolutions 5, 6 and 7 is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Management Options will be granted to the Participating Management or their nominees, as noted above;
- (b) the maximum number of Management Options to be granted is 20,000,000 and to the following Participating Management:

Participating Director	Number of Management Options
Ashley Hood (or his nominee)	10,000,000
Michael Pedley (or his nominee)	5,000,000
Guy Le Page (or his nominee)	5,000,000
Total	20,000,000

- (c) the Management Options will be issued on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver of the Listing Rules;
- (d) the Management Options will be granted for no consideration and the terms and conditions of the Management Options are set out in Annexure A to this Explanatory Memorandum; and
- (e) no funds will be raised by the issue of the Management Options. The funds raised if the Management Options are exercised will be used for general working capital.

If approval is given for the grant of the Management Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

6.5 Voting

Note that a voting exclusion applies to Resolutions 5, 6 and 7 in the terms set out in the Notice.

In accordance with section 250BD of the Corporations Act, a vote on Resolutions 5, 6 and 7 must not be cast (in any capacity) by, or on behalf of:

- (a) A member of the Key Management Personnel of the Company; or
- (b) A Closely Related Party of such member.

However, a person described above may cast a vote on Resolutions 5, 6 and 7 as proxy if the vote is not cast behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) The person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolutions 5, 6 and 7; or
- (b) The person is the Chairman and the appointment of the Chairman as proxy:
 - (i) Does not specify the way the proxy is to vote on Resolutions 5, 6 and 7; and
 - (ii) Expressly authorises the Chairman to exercise the proxy even if Resolutions 5, 6 and 7 are connected directly or indirectly with the remuneration of Key Management Personnel.

For the avoidance of doubt, Mr Michael Pedley in his capacity as Chair is prohibited from exercising undirected proxies on Resolution 6.

7. RESOLUTION 8 – GRANT OF MANAGEMENT OPTIONS TO MR JOHNATHON BUSING

7.1 Background

The Company proposes to grant a total of 2,500,000 Management Options (each with an exercise price of \$0.015 and an expiry date three years from the date of issue) to Mr Busing or his nominee(s).

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

The Board considers the grant of Management Options to Mr Busing reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, while maintaining the Company's cash reserves.

The number of Management Options to be granted to Mr Busing has been determined based upon a consideration of:

- (a) the remuneration of Mr Busing; and
- (c) incentives to attract and ensure continuity of service of management who have appropriate knowledge and expertise, while maintaining the Company's cash reserves. The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Management Options to Mr Busing upon the terms proposed.

7.2 Technical Information required by ASX Listing Rules 7.1

- (a) The maximum amount of Options to be issued to Mr Busing is 2,500,000.
- (b) The Management Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date.
- (c) The Management Options will be granted for no consideration.
- (d) The Management Options will be issued on the terms and conditions set out in Annexure A to this Notice; and
- (e) No funds will be raised by the issue of the Management Options. The funds raised if the Management Options are exercised will be used for general working capital.

7.3 Other Information

Under the Australian Equivalent of the International Financial Reporting Standards (**IFRS**), the Company is required to expense the value of the Management Options in its statement of financial performance for the current financial year.

Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Management Options pursuant to Resolution 8.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 8.

7.4 Voting

Note that a voting exclusion applies to Resolution 8 in the terms set out in the Notice.

In accordance with section 250BD of the Corporations Act, a vote on Resolution 8 must not be cast (in any capacity) by, or on behalf of:

- (c) a member of the Key Management Personnel of the Company; or
- (d) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 8 as proxy if the vote is not cast behalf of a person described in subparagraphs (a) or (b) above and either:

- (c) The person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 8; or
- (d) The person is the Chairman and the appointment of the Chairman as proxy:
 - (iii) does not specify the way the proxy is to vote on Resolution 8; and
 - (iv) expressly authorises the Chairman to exercise the proxy even if Resolution 8 is connected directly or indirectly with the remuneration of Key Management Personnel.

8. DEFINITIONS

In this Notice and Explanatory Memorandum:

\$ means Australian dollars;

“Additional 10% Placement Capacity” has the meaning set out in Section 5.1;

“Additional Placement Period” has the meaning set out in Section 5.3;

“Annexure” means an annexure to this Notice and Explanatory Memorandum;

“Annual Report” means the annual report of the Company for the year ended 30 June 2017;

“Associate” has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established;

“ASX” means ASX Limited ACN 008 624 691;

“Board” means the board of Directors;

“Business Day” has the meaning given to it in the Listing Rules;

“Chairman or Chair” means the chairman of the Board;

“Closely Related Party” has the meaning given to that term in section 9 of the Corporations Act;

“Company” means Mount Ridley Mines Limited (ACN 092 304 964);

“Constitution” means the constitution of the Company;

“Corporations Act” means the Corporations Act 2001 (Cth);

“Director” means a director of the Company;

“Equity Securities” has the same meaning as in the Listing Rules;

“Exercise Notice” has the meaning set out in Annexure A to this Notice;

“Exercise Price” has the meaning set out in Annexure A to this Notice;

“Expiry Date” has the meaning set out at Annexure A to this Notice;

“Explanatory Memorandum” means this Explanatory Memorandum;

“Key Management Personnel” means 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 official listing rules of the ASX;

“Management Option” means the Options to be granted to Participating Management pursuant to Resolutions 5, 6, 7 and 8.

“Notice” and **“Notice of Meeting”** means the notice of meeting to which this Explanatory Memorandum is attached;

“Option” means an option to acquire one Share and **“Optionholder”** has a corresponding meaning;

“Participating Management” has the meaning set out in Section 6.1;

“Proxy Form” means the proxy form accompanying the Notice;

“Resolution” means a resolution set out in this Notice;

“Section” means a section of this Explanatory Memorandum;

“Share” means an ordinary fully paid ordinary share in the capital of the Company;

“Shareholder” means a member of the Company from time to time;

“Spill Meeting” has the meaning set out in Section 2;

“Spill Resolution” the meaning set out in Section 2;

“Trading Day” has the meaning ascribed to that term in the Listing Rules;

“WST” means Western Standard Time.

Annexure A - Terms of Management Options

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) The Options will expire at 5:00pm (WST) 3 years from the date of issue (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse.
- (c) The amount payable upon exercise of each Option is \$0.015 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will not apply for quotation of the Options on ASX.
- (j) The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining the entitlements to participate in any such issue.
- (m) Other than as contemplated by paragraph (k), an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

ANNEXURE B – TERMS AND CONDITIONS OF LISTED OPTIONS

Option Terms and Conditions

Exercise price \$0.0125: expiry date 31 August 2019:

- (a) Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
- (b) The options have an exercise price of \$0.0125 (**Exercise Price**) and will expire at 5.00pm WST 31 August 2019 (**Expiry Date**).
- (c) The Options are exercisable at any time on or prior to the Expiry Date.
- (d) The Options may be exercised by giving notice in writing to the Company (**Notice of Exercise**), together with payment of \$0.0125 per Option exercised. The Options will lapse at 5.00pm WST 31 August 2019. Any Notice of Exercise received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.
- (e) The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until 31 August 2019. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
- (f) Option holders shall be permitted to participate in new issues of securities on the prior exercise of options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
- (g) Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
- (h) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- (i) If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
- (j) In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.2.
- (k) Subject to the requirements of the Corporations Act and Listing Rules, the Company will apply for quotation of the Options as soon as practicable following their issue.
- (l) The Options are transferable, subject to restriction or escrow arrangements imposed by the Company, or ASX, or under applicable Australian securities laws.
- (m) Payment of the Exercise Price shall be in Australian currency made payable to the Company by electronic funds transfer or other means of payment acceptable to the Company. The application for shares on exercise of the Options with the appropriate remittance should be lodged with the Company in the manner provided in the Option certificate.



ABN 93 092 304 964

LODGE YOUR COMPLETED PROXY

ANNUAL GENERAL MEETING - VOTING/PROXY FORM

I/We being shareholder(s) of Mount Ridley Mines Limited and entitled to attend and vote hereby:

APPOINT A PROXY

The Chairman of the meeting **OR**

PLEASE NOTE: If you leave the section blank, the Chairman of the Meeting will be your proxy.

If no individual(s) or body corporate(s) is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at **RM Capital, 143 Hay Street, Western Australia on, 30 November 2017 at 10:00am (WST)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1,5,6,7 & 8 (except where I/we have indicated a different voting intention below) even though this Item is connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chairman. The Chairman of the Meeting intends to vote all undirected proxies available to them in favour of each Item of Business.

For the avoidance of doubt, Mr Michael Pedley in his capacity as Chair is prohibited from exercising undirected proxies on Resolution 6.

VOTING DIRECTIONS

Agenda Items

	For	Against	Abstain*		For	Against	Abstain*
1 Remuneration Report	☐	☐	☐	5 Grant of Management Options to Mr Ashley Hood	☐	☐	☐
2 Election of Director – Mr Ashley Hood	☐	☐	☐	6 Grant of Management Options to Mr Michael Pedley	☐	☐	☐
3 Re-election of Director – Mr Michael Pedley	☐	☐	☐	7 Grant of Management Options to Mr Guy Le Page	☐	☐	☐
4 Approval of Additional 10% Placement Capacity	☐	☐	☐	8 Grant of Management Options to Mr Johnathon Busing	☐	☐	☐

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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

Email Address

☐ Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

Your address as it appears on Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.

APPOINTMENT OF A PROXY

If you wish to appoint the Chairman as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman, please write that person's name in the box in Step 1. A proxy need not be a shareholder of the Company. A proxy may be an individual or a body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman will be your proxy.

DEFAULT TO THE CHAIRMAN OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not vote on a poll in accordance with your directions or does not attend the Meeting, then the proxy appointment will automatically default to the Chairman of the Meeting, who is required to vote the proxies as directed.

VOTING DIRECTIONS – PROXY APPOINTMENT

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

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chairman) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Resolutions 1,5,6,7 & 8, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolutions 1,5,6,7 & 8.

PLEASE NOTE: If you appoint the Chairman as your proxy (or if they are appointed by default) but do not direct them how to vote on an item (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that item), you will be expressly authorising the Chairman to vote as they see fit on that item, to the extent they are able in accordance with the Corporations Act

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

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

- Return both forms together.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or a certified photocopy of the Power of Attorney to this form when you return it.

Companies:

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

LODGE YOUR VOTE

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 10 am (WST) on 28 November 2017, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



BY MAIL

Mount Ridley Mines Limited
Po Box 8170
Subiaco, WA 6008



BY EMAIL

johnathon.busing@mtridleymines.com.au



IN PERSON

Mount Ridley Mines Limited
Unit 10, 100 Hay Street, Subiaco 6008; or



ALL ENQUIRIES TO

Telephone: +61 8 9381 2266