



**QEM Limited**  
**ACN 167 966 770**

## **NOTICE OF ANNUAL GENERAL MEETING**

**The Annual General Meeting of the Company will be held at Suite 6A of Level 6, 50 Appel Street, Surfers Paradise, Queensland, on Wednesday, 28 November 2018 at 10:00am (EST).**

*The Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.*

*Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 9481 0389.*

**Shareholders are urged to attend or vote by lodging the proxy form attached to the Notice**

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## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the annual general meeting of Shareholders of QEM Limited (ACN 167 966 770) (**Company**) will be held at Suite 6A of Level 6, 50 Appel Street, Surfers Paradise, Queensland on Wednesday, 28 November 2018 at 10:00am (EST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Monday, 26 November 2018 at 5:00pm (EST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

## **AGENDA**

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### **1. Annual Report**

To consider the Annual Report of the Company and its controlled entities for the financial year ended 30 June 2018, which includes the Financial Report, the Directors' Report and the Auditor's Report.

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### **2. Resolution 1 - Remuneration Report**

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

*"That the Remuneration Report be adopted by Shareholders on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Prohibition**

In accordance with sections 250BD and 250R of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report, or a Closely Related Party of such a member.

A vote may be cast by such person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

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

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### 3. Resolution 2 - Re-election of Director - Mr. John Foley

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

*"That Mr. John Foley, who retires in accordance with Article 7.2(b) of the Constitution, Listing Rule 14.5 and for all other purposes, retires and, being eligible and offering himself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum."*

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### 4. Resolution 3 - Approval of 10% Placement Facility

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

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

#### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any persons who are expected to participate in, or who will obtain a material benefit as a result of, an issue under the 10% Placement Facility (except a benefit solely by reason of being a holder of Shares) or any associate of those persons.

However, the Company need not disregard a vote if:

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

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### 5. Resolution 4 - Appointment of Auditor

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

*"That, for the purpose of section 327B(1)(a) of the Corporations Act and for all other purposes, Bentleys Audit and Corporate (WA) Pty Ltd, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the conclusion of this Meeting."*

**BY ORDER OF THE BOARD**

David Palumbo  
Company Secretary  
QEM Limited  
Dated: 25 October 2018

**EXPLANATORY MEMORANDUM**

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## **1. Introduction**

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 6A of Level 6, 50 Appel Street, Surfers Paradise, Queensland on Wednesday, 28 November 2018 at 10:00am (EST)

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

|           |                                                         |
|-----------|---------------------------------------------------------|
| Section 2 | Action to be taken by Shareholders                      |
| Section 3 | Annual Report                                           |
| Section 4 | Resolution 1 - Remuneration Report                      |
| Section 5 | Resolution 2 - Re-election of Director - Mr. John Foley |
| Section 6 | Resolution 3 - Approval of 10% Placement Facility       |
| Section 7 | Resolution 4 - Appointment of Auditor                   |

A Proxy Form is located at the end of the Explanatory Memorandum.

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## **2. Action to be taken by Shareholders**

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### **2.1 Voting in person**

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

### **2.2 Proxies**

#### **(a) Voting by proxy**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company; and
- (iii) 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.

(b) Proxy vote if appointment specifies way to vote

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

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

(c) Transfer of non-chair proxy to chair in certain circumstances

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

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

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

## **2.3 Voting Prohibition by Proxy Holders (Remuneration of Key Management Personnel)**

In accordance with sections 250BD and 250R of the Corporations Act, votes on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

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

However, a person described above may cast a vote on Resolution 1 if the vote is not cast on behalf of a person who is excluded from voting on the relevant Resolution and:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the person is the Chair and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution, but expressly authorises the Chair to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

## 2.4 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

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## 3. Annual Report

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2018.

There is no requirement for Shareholders to approve the Annual Report.

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

- (a) discuss the Annual Report which is available online at [www.qldem.com.au](http://www.qldem.com.au);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

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

- (d) the preparation and content of the Auditor's Report;
- (e) the conduct of the audit;
- (f) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (g) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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## **4. Resolution 1 - Remuneration Report**

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

If the Company's Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive annual general meetings, Shareholders will have the opportunity to remove the whole Board, except the managing director (if any).

Where a resolution on the Remuneration Report receives a Strike at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director, if any) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2019 annual general meeting, this may result in the re-election of the Board.

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

Resolution 1 is an ordinary resolution.

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## **5. Resolution 2 - Re-election of Director - Mr. John Foley**

### **5.1 General**

Article 7.2(b) of the Constitution requires an election of Directors at each annual general meeting of the Company. Article 7.2(b)(iv) of the Constitution provides that the Directors to retire are those who have held their office as Director for the longest period since their last election or appointment to that office.

Article 7.2(b)(iv) of the Constitution provides that a Director who retires in accordance with that Article is eligible for re-election.

Non-Executive Chairman Mr. John Foley has held office the longest since his appointment on 19 May 2014. Accordingly, Mr. Foley retires by rotation at this Meeting and, being eligible, seeks re-election pursuant to Resolution 2.

If elected, the Board considers Mr. Foley to be an independent director.

Resolution 2 is an ordinary resolution.

The Board (other than Mr. Foley) recommends that Shareholders vote in favour of Resolution 2.

## **5.2 Mr. John Foley**

Graduating in law from the University of Sydney in 1969, Mr. Foley was admitted to practice as a barrister in New South Wales in 1971. He was subsequently admitted to practice in the jurisdictions of Victoria, ACT, the High Court of Australia and Ireland. He graduated with the post graduate degree of Barrister-at-Law from Trinity College Dublin and was called to the Irish Bar and admitted as a Member of the Honourable Society of King's Inns in Dublin. Mr. Foley spent two years as a lecturer in law at Macquarie University Sydney and has practiced as a Barrister for 40 years.

He is currently a director of two public companies listed on the ASX, namely Citigold Corporation Limited (ASX:CTO) and Hudson Investment Group Limited (ASX:HGL).

Mr. Foley was a founding director of the Australian Gold Council, the industry body. He is a long-standing member of the Australian Institute of Company Directors and he is listed in Who's Who in Business in Australia.

Mr. Foley has wide-ranging experience in the resources, financial and investment related industries, with extensive business experience in Australia and overseas. His leadership roles have covered a broad scope of senior positions, and his commercial and legal background will provide further depth, knowledge and experience to any enterprise.

Mr. Foley has a large network of connections with people in government, industry and the investment community. As a professional advocate he has represented industry bodies before various Commissions, Tribunals and Courts and has extensive experience in negotiations and representations with both State and Federal Governments.

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## **6. Resolution 3 - Approval of 10% Placement Facility**

### **6.1 General**

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

Resolution 3 seeks Shareholder approval by way of a special resolution to provide the Company the ability to issue Equity Securities under the 10% Placement Facility during the 10% Placement Period (refer to Section 6.2(f) below). The number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) below).

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 3.

## 6.2 Listing Rule 7.1A

(a) **Is the Company an eligible entity?**

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of less than \$300 million.

(b) **What Equity Securities can be issued?**

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

As at the date of the Notice, the Company has on issue one quoted class of Equity Securities, being Shares.

(c) **How many Equity Securities can be issued?**

Listing Rule 7.1A.2 provides that under the approved 10% Placement Facility, the Company may issue or agree to issue a number of Equity Securities calculated in accordance with the following formula:

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

Where:

**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 Shareholder approval under Listing Rule 7.1 and 7.4. This does not include any issue of Shares under the Company's 15% annual placement capacity without Shareholder approval; and
- (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 the Company's 15% annual 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 Shareholder approval under Listing Rule 7.1 or 7.4.

(d) **What is the interaction with Listing Rule 7.1?**

The Company's ability to issue Equity Securities under Listing Rule 7.1A will be in addition to its 15% annual placement capacity under Listing Rule 7.1.

(e) **At what price can the Equity Securities be issued?**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued,

**(Minimum Issue Price).**

(f) **When can Equity Securities be issued?**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A will be valid from the date of Meeting and will expire on the earlier to occur of:

- (i) the date that is 12 months after the date of the Meeting; or
- (ii) the date of Shareholder approval 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),

**(10% Placement Period).**

(g) **What is the effect of Resolution 3?**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without further Shareholder approval or using the Company's 15% annual placement capacity under Listing Rule 7.1.

### **6.3 Specific information required by Listing Rule 7.3A**

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

(a) **Minimum issue price**

If the Company issues Equity Securities for cash consideration under the 10% Placement Facility, then the issue price will be not less than the Minimum Issue Price.

If the Company issues Equity Securities for non-cash consideration under the 10% Placement Facility, then, in accordance with the Listing Rules, the Company will provide a valuation of the non-cash consideration to the market that demonstrates that the issue price of the Equity Securities complies with Listing Rule 7.1A.3.

(b) **Risk of economic and voting dilution**

If this Resolution is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' economic and voting power in the Company will be diluted as shown in the below table.

The below table shows:

- (i) the dilution of existing Shareholders based on the current market price of Shares and the current number of Shares for "A" calculated in accordance with the formula in Listing Rule 7.1A.2 (see Section 6.2(c)) as at the date of the Notice (**Variable A**);
- (ii) two examples where Variable A has increased, by 50% and 100%; and
- (iii) two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

| Share on issue<br>Variable A in<br>Listing<br>Rule 7.1A.2           | Dilution                 |                                          |                       |                                           |
|---------------------------------------------------------------------|--------------------------|------------------------------------------|-----------------------|-------------------------------------------|
|                                                                     | Issue price<br>per Share | \$0.08<br>50% decrease<br>in Issue Price | \$0.16<br>Issue Price | \$0.32<br>100% increase<br>in Issue Price |
| 100,000,000<br>Shares<br><br>Current Variable A                     | 10% Voting<br>Dilution   | 10,000,000                               | 10,000,000            | 10,000,000                                |
|                                                                     | Funds<br>raised          | \$800,000                                | \$1,600,000           | \$3,200,000                               |
| 150,000,000<br>Shares<br><br>50% increase in<br>current Variable A  | 10% Voting<br>Dilution   | 15,000,000                               | 15,000,000            | 15,000,000                                |
|                                                                     | Funds<br>raised          | \$1,200,000                              | \$2,400,000           | \$4,800,000                               |
| 200,000,000<br>Shares<br><br>100% increase in<br>current Variable A | 10% Voting<br>Dilution   | 20,000,000                               | 20,000,000            | 20,000,000                                |
|                                                                     | Funds<br>raised          | \$1,600,000                              | \$3,200,000           | \$6,400,000                               |

**Notes:**

- 1. The table has been prepared on the following assumptions:
  - (a) the issue price is \$0.16 being the closing price of the Shares on ASX on 24 October 2018, being the last day that the Company's Shares traded on the ASX before this Notice was printed;
  - (b) Variable A is 100,000,000, comprising 100,000,000 existing Shares on issue as at the date of this Meeting.
  - (c) the Company issues the maximum number of Equity Securities available under the 10% Placement Facility;

- (d) no convertible securities (including any issued under the 10% Placement Facility) are exercised or converted into Shares before the date of the issue of the Equity Securities; and
  - (e) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
2. The number of Shares on issue (i.e. Variable A) may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue, scrip issued under a takeover offer or upon exercise of convertible securities) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting.
  3. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  4. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  5. 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.

Shareholders should note that there is a risk that:

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

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

**(c) Final date for issue**

The Company will only issue the Equity Securities under the 10% Placement Facility during the 10% Placement Period.

Shareholder approval of the 10% Placement Facility will cease to be valid if Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

**(d) Purposes of issues under 10% Placement Facility**

The Company may seek to issue Equity Securities under the 10% Placement Facility for the following purposes:

- (i) cash consideration, in which case the Company intends to use funds raised for continued investment in the Company's Julia Creek Project, the acquisition of new assets or investments (including expenses associated with such an acquisition), and/or for general working capital; or

- (ii) non-cash consideration for the provision of services to the Company or the acquisition of new projects, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required under Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy**

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

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

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company.

Further, if the Company is successful in acquiring new projects, assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new projects, assets or investments.

**(f) Listing Rule 7.3A.6 information**

The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.

**(g) Voting exclusion statement**

A voting exclusion statement is included in the Notice.

At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

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## **7. Resolution 4 - Appointment of Auditor**

Pursuant to section 327A of the Corporations Act, the Directors of a public company must appoint an auditor within one month of registration. The Directors have appointed Bentleys Audit and Corporate (WA) Pty Ltd as the Company's auditor.

In accordance with section 327B of the Corporations Act, an auditor of a public company who was appointed within one month of the Company's registration holds office until the first annual general meeting of the Company. The auditor must then be re-appointed at the first annual general meeting so that they may continue to act as auditor of the Company.

In accordance with section 328B of the Corporations Act, the Company has received written notice of nomination from a Shareholder for Bentleys Audit and Corporate (WA) Pty Ltd to be appointed as the Company's auditor. A copy of the notice of nomination is attached to this Explanatory Memorandum as Annexure A.

Bentleys Audit and Corporate (WA) Pty Ltd has given its written consent to act as the Company's auditor (subject to Shareholder approval).

If Resolution 4 is passed, the appointment of Bentleys Audit and Corporate (WA) Pty Ltd as the Company's auditor will take effect at the conclusion of this Meeting.

The Board recommends that Shareholders vote in favour of this Resolution.

Resolution 4 is an ordinary resolution.

The Chair intends to exercise all available proxies in favour of Resolution 4.

## Schedule 1 - Definitions

In the Notice, words importing the singular include the plural and vice versa.

**10% Placement Facility** has the meaning given in Section 6.1.

**10% Placement Period** has the meaning given in Section 6.2(f).

**\$ or A\$** means Australian Dollars.

**Annual Report** means the Directors' Report, the Financial Report, and Auditor's Report, in respect to the year ended 30 June 2018.

**Article** means an article of the Constitution.

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

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

**Board** means the board of Directors.

**Chair** means the person appointed to chair the Meeting of the Company convened by the Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means QEM Limited (ACN 167 966 770).

**Constitution** means the constitution of the Company as at the date of the Meeting.

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

**Director** means a director of the Company.

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

**Equity Security** has the same meaning as in the Listing Rules.

**EST** means Eastern Standard Time being the time in Brisbane, Queensland.

**Explanatory Memorandum** means the explanatory memorandum which forms part of the Notice.

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

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Minimum Issue Price** has the meaning given in Section 6.2(e).

**Notice** means this notice of annual general meeting.

**Proxy Form** means the proxy form attached to the Notice.

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

**Resolution** means a resolution referred to in the Notice.

**Schedule** means a schedule to the Notice.

**Section** means a section of the Explanatory Memorandum.

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

**Shareholder** means the holder of a Share.

**Strike** means a 'no' vote of 25% or more on the resolution approving the Remuneration Report.

**Trading Day** has the meaning given in the Listing Rules.

**VWAP** means volume weighted average market price.

## **Annexure A - Nomination of Auditor**

**23 October 2018**

The Board of Directors  
QEM Limited  
Level 11, 216 St Georges Terrace  
Perth WA 6000

Dear Mr. Palumbo

### **Notice of Nomination of Auditor**

I am a member of QEM Limited (ACN 167 966 770) (**Company**).

I hereby nominate Bentleys Audit and Corporate (WA) Pty Ltd for appointment as the auditor of the Company pursuant to section 328B of the *Corporations Act 2001* (Cth) (**Act**).

In accordance with section 328B of the Act, please send a copy of this notice to Bentleys Audit and Corporate (WA) Pty Ltd and any person entitled to receive notice of general meetings of the Company.



Yours sincerely

David Palumbo

Shareholder and Company Secretary

**QEM LIMITED**  
ACN 167 966 770  
**PROXY FORM**

The Company Secretary  
David Palumbo

**By post:** GPO Box 2517, Perth WA 6831  
**By hand delivery:** Level 11, 216 St Georges Terrace, Perth WA 6000  
**By email:** david@miningcorporate.com.au

Name of  
Shareholder:

Address of  
Shareholder:

Number of Shares  
entitled to vote:

Please mark ☒ to indicate your directions. Further instructions are provided overleaf.

**STEP 1 - APPOINT A PROXY TO VOTE ON YOUR BEHALF**

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the Meeting.

I/We being Shareholder/s of the Company hereby appoint:

The Chair of  
the Meeting  
(mark box)

☐

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

Or failing the person/body corporate named, or if no person/body corporate is named, the Chair 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 Suite 6A of Level 6, 50 Appel Street, Surfers Paradise, Queensland on Wednesday, 28 November 2018 at 10:00am (EST), and at any adjournment or postponement of that Meeting.

**CHAIR'S VOTING INTENTIONS IN RELATION TO UNDIRECTED PROXIES**

The Chair intends to vote all undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intentions on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

**Important:** If the Chair is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chair to exercise the proxy in respect of Resolution 1 even though this Resolution is connected directly or indirectly with the remuneration of the Company's Key Management Personnel.

**STEP 2 - INSTRUCTIONS AS TO VOTING ON RESOLUTIONS**

The proxy is to vote for or against the Resolution referred to in the Notice as follows:

|              |                                          | For | Against | Abstain* |
|--------------|------------------------------------------|-----|---------|----------|
| Resolution 1 | Remuneration Report                      |     |         |          |
| Resolution 2 | Re-election of Director - Mr. John Foley |     |         |          |
| Resolution 3 | Approval of 10% Placement Facility       |     |         |          |
| Resolution 4 | Appointment of Auditor                   |     |         |          |

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

\* If you mark the Abstain box for a particular Resolution, 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.

**Authorised signature/s**

This section **must** be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

<sup>1</sup>Insert name and address of Shareholder<sup>2</sup> Insert name and address of proxy

\*Omit if not applicable

**PROXY NOTES**

A Shareholder entitled to attend and vote at the Annual General Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Annual General Meeting. If the Shareholder is entitled to cast 2 or more votes at the Annual General Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Annual General Meeting, the representative of the body corporate to attend the Annual General Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

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

Joint Holding: where the holding is in more than one name all of the holders must sign.

Power of Attorney: if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies: a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Annual General Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be provided to the Company Secretary at an address provided above (by post, hand delivery, facsimile or email) not less than 48 hours prior to the time of commencement of the Annual General Meeting (EST).