



NOTICE OF ANNUAL GENERAL MEETING

&

EXPLANATORY STATEMENT

To be held

At 10.00am, Monday, 25th November 2019

at

HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001 (Cth)* that persons eligible to vote at the meeting are those who are registered Shareholders at 10:00am on Saturday, 23 November 2019.

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24 October 2019

Dear Fellow GBM Resources Shareholder,

Please find enclosed the Notice of Annual General Meeting for the Shareholders' Meeting to be held at HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia at 10.00am on Monday, 25th November 2019.

The purpose of the meeting is to conduct the annual business of the Company, being consideration of the annual financial statements, the remuneration report and in addition seek shareholder approval in accordance with the Corporations Act 2001 and the Listing Rules of the ASX to a number of resolutions, which are set out in the attached Notice of Meeting paper.

Your Directors seek your support and look forward to your attendance at the meeting.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'P. Thompson', with a long horizontal flourish extending to the right.

Peter Thompson
Executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of GBM Resources Limited will be convened at 10.00am on Monday, 25th November 2019 at HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia.

AGENDA

1. Discussion of Financial Statements and Reports

To discuss the Financial Report, the Directors' Report and Auditor's Report for the year ended 30th June 2019.

2. Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30th June 2019."

Note: the vote on this resolution is advisory only and does not bind the directors or the Company.

Voting Prohibition Statement

A Restricted Voter means Key Management Personnel and their Closely Related Parties.

The Company will disregard any votes cast on this Resolution by or on behalf of a Restricted Voter. 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*
- (b) it is not cast on behalf of a Restricted Voter.*

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or*
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution, or to abstain from voting.*

3. Election of Director – Mr Sunny Loh

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

"That, Mr Sunny Loh, who was appointed to the Board since the last Annual General Meeting of the Company, who retires in accordance with the Company's Constitution and ASX Listing Rules, and being eligible, offers himself for re-election, be re-elected as a director of the Company."

4. Election of Director – Mr Peter Mullens

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

"That, Mr Peter Mullens, who was appointed to the Board since the last Annual General Meeting of the Company, who retires in accordance with the Company's Constitution and ASX Listing Rules and being eligible, offers himself for re-election, be re-elected as a director of the Company."

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5. Adoption of GBM Resources Limited Incentive Option Scheme

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

“That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an incentive option scheme on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any Director of the Company, other than any Directors who are ineligible to participate in any scheme or plan in relation to the Company, or any associates of those Directors.

However, the Company need not disregard votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

Voting Prohibition Statement

A Restricted Voter means Key Management Personnel and their Closely Related Parties.

The Company will disregard any votes cast on this Resolution by or on behalf of a Restricted Voter. 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*
- (b) it is not cast on behalf of a Restricted Voter.*

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or*
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution, or to abstain from voting.*

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6. Adoption of GBM Resources Limited Performance Rights Plan

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

"That, for the purpose of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt a performance rights plan on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast in favour this Resolution by or on behalf any Director of the Company, other than any Directors who are ineligible to participate in any scheme or plan in relation to the Company, or any associates of those Directors.

However, the Company need not disregard votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

Voting Prohibition Statement

A Restricted Voter means Key Management Personnel and their Closely Related Parties.

The Company will disregard any votes cast on this Resolution by or on behalf of a Restricted Voter. 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*
- (b) it is not cast on behalf of a Restricted Voter.*

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or*
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution, or to abstain from voting.*

7. Approval to Issue up to 10% Placement Capacity

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

"That, for the purpose of Listing Rule 7.1A and all other purposes, the Company approves the allotment and issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of that person (or those persons).

However, the Company will not disregard votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

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8. Ratification of Prior Issue of Equity Securities – Convertible Notes – Listing Rule 7.1

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

“That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue of 700,000 convertible notes (to the extent up to the maximum share number of 140,000,000 Shares) to Lion Resources Development Pte Ltd, on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

The issue was in accordance with the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Lion Resources Development Pte Ltd, or any of its associates.

However, the Company need not disregard votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

9. Approval for Issue of Shares on Conversion of Convertible Notes

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue of 233,333,333 Shares to Lim Kok Yong upon conversion of the 700,000 convertible notes on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Lim Kok Yong, or any of its associates.

However, the Company need not disregard votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

10. Ratification of Prior Issue of Equity Securities – Placement Shares – Listing Rule 7.1A

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

“That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue of 90,909,091 ordinary fully paid shares pursuant to the Placement announced on 9 October 2019 on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

The issue was in accordance with the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue, or any associate of that person.

However, the Company need not disregard any votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

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11. Approval for the Issue of Shares to Stibium Mining Pty Ltd

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

“That, for the purposes of ASX Listing Rule 7.1 and for other purposes, approval is given for the Company to issue 150,000,000 Shares to Stibium Mining Pty Ltd on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, the Company need not disregard any votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

12. Approval for the Placement Shares

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, when multiplied by the issue price, will raise up to \$1,500,000 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, the Company need not disregard any votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

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13. Approval for the Issue of Options to Related Party – Peter Mullens

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 40,000,000 Options to Peter Mullens (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by Peter Mullens, or any associate of that person.

However, the Company need not disregard any votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

Voting Prohibition Statement

A Restricted Voter means Key Management Personnel and their Closely Related Parties.

The Company will disregard any votes cast on this Resolution by or on behalf of a Restricted Voter. 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

(b) it is not cast on behalf of a Restricted Voter.

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

(a) the appointment specifies the way the proxy is to vote on the Resolution; or

(b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should not that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution, or to abstain from voting.

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14. Approval for the Issue of Options to Related Party – Peter Rohner

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 40,000,000 Options to Peter Rohner (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by Peter Rohner, or any associate of that person.

However, the Company need not disregard any votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

Voting Prohibition Statement

A Restricted Voter means Key Management Personnel and their Closely Related Parties.

The Company will disregard any votes cast on this Resolution by or on behalf of a Restricted Voter. 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

(b) it is not cast on behalf of a Restricted Voter.

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

(a) the appointment specifies the way the proxy is to vote on the Resolution; or

(b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should not that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution, or to abstain from voting.

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15. **Approval for the Issue of Shares to Related Party – Peter Thompson**

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 52,914,667 Shares to Peter Thompson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by Peter Thompson, or any associate of that person.

However, the Company need not disregard any votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

Voting Prohibition Statement

A Restricted Voter means Key Management Personnel and their Closely Related Parties.

The Company will disregard any votes cast on this Resolution by or on behalf of a Restricted Voter. 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

(b) it is not cast on behalf of a Restricted Voter.

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

(a) the appointment specifies the way the proxy is to vote on the Resolution; or

(b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should not that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution, or to abstain from voting.

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16. Approval for the Issue of Shares to Related Party - Neil Norris

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 44,476,333 Shares to Neil Norris (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution by Neil Norris, or any associate of that person.

However, the Company need not disregard any votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.

Voting Prohibition Statement

A Restricted Voter means Key Management Personnel and their Closely Related Parties.

The Company will disregard any votes cast on this Resolution by or on behalf of a Restricted Voter. 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*
- (b) it is not cast on behalf of a Restricted Voter.*

Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless:

- (a) the appointment specifies the way the proxy is to vote on the Resolution; or*
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should not that the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution, or to abstain from voting.*

17. Approval for the Consolidation of Capital

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

“That, subject to all other Agenda Items in this Notice being passed, pursuant to section 254H of the Corporations Act and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) every 10 Shares be consolidated into 1 Share; and*
- (b) every 10 Options be consolidated into 1 Option,*

and, where this Consolidated results in a fraction of a Share or an Option being held, the Company be authorised to round that fraction up to the nearest whole Share or Option (as the case may be).

NOTICE OF ANNUAL GENERAL MEETING

GENERAL NOTES

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Chairman of the meeting intends to vote undirected proxies, that are able to be voted, in favour of the adoption of the remuneration report.

2. With the exception of Agenda Item 17, all securities have been referred to on a pre-consolidated basis.
3. **Voting by Proxy:** Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

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

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:**

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); and

- 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; and
- 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
- 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).

Transfer of non-chair proxy to chair in certain circumstances

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

- 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; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - 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.

4. The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of Annual General Meeting.
5. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 5.00pm on 23rd November 2019.

BY ORDER OF THE BOARD



Kevin R Hart
COMPANY SECRETARY

Dated this 24th day of October 2019

EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide shareholders with information concerning all of the Agenda items in the Notice of Annual General Meeting.

1. Discussion of Financial Statements & Reports

GBM Resources Limited's financial reports and the directors' declaration and reports and the auditor's report are placed before the meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to the conduct of the audit and his report.

GBM Resources Limited will not provide a hard copy of its annual financial report to shareholders unless specifically requested to do so. The annual financial report is available on its website at www.gbmr.com.au.

2. Adoption of Remuneration Report

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under changes to the Corporations Act which came into effect on 1st July 2011, if at least 25% of the votes cast on the resolution to Agenda Item 2 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's next Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's second Annual General Meeting. All of the Directors who were in office when the Company's Directors' report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The proportion of votes cast against the adoption of the 2018 Remuneration Report was less than 25% of the total votes cast. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30th June 2019.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

The Board considers that its current practices of setting executive and non-executive remuneration are within normal industry expectations, and provides an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. As such the directors recommend that shareholders vote in favour of the resolution to Agenda Item 2.

Definitions

Key Management Personnel has the same meaning as in the accounting standards and includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Closely Related Party of a member of the Key Management Personnel means:

1. a spouse or child of the member;
2. a child of the member's spouse;
3. a dependent of the member or the member's spouse;
4. anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
5. a company the member controls; or
6. a person prescribed by the *Corporations Regulations 2001 (Cth)*.

EXPLANATORY STATEMENT

2. Adoption of Remuneration Report (continued)

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30th June 2019.

3. Election of Director – Mr Sunny Loh

The Constitution allows the directors to appoint at any time a person to be a director either to fill a casual vacancy or as an addition to the existing directors, but only where the total number of directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any director so appointed holds office only until the next annual general meeting and is then eligible for election by shareholders but shall not be taken into account in determining the directors who are to retire by rotation (if any) at that meeting.

Mr Loh's expertise lies in corporate strategy, finance markets, investor relations and capital restructures. Mr Loh holds a BBA from National University of Singapore and an MBA of Strategic Marketing from the University of Hull. He is also an Associate of the Institute of Chartered Secretaries and Administrators.

Mr Loh has been appointed to the role of Deputy Chairperson. In this role he will further support the Board through interaction with the Company's overseas shareholder base, and via evaluation of additional funding and corporate options to further develop and grow GBM. Mr Loh is a substantial shareholder in GBM. He has a long and supportive relationship with the Company as both a shareholder and, previously, as a Non-Executive Director.

Mr Loh was appointed as Director on 6 December 2018. Mr Loh undertakes the role of Deputy Chairman for GBM Resources Limited.

If elected the Board does not consider Mr Loh will be an independent director.

The Board supports the election of Mr Loh and recommends that shareholders vote in favour of the resolution in Agenda Item 3.

4. Election of Director – Mr Peter Mullens

Refer to Agenda Item 4 of this explanatory statement for a summary of the Constitution and ASX Listing Rule 14.4.

Peter Mullens has over 35 years experience in the mining industry from early exploration to development and mine production. He has been involved with major companies having worked for Rio Tinto and Mt Isa Mines at world class Broken Hill and Mt Isa Ag, Pb, Zn mines located in Australia. Peter has been closely involved in companies raising in excess of USD \$250 million since 2002. He is currently CEO of GPM Metals listed on the TSX, and Non-Executive Chairman of Royal Road Minerals (TSX-RYR) who are exploring in Colombia.

He has had a history of success with junior exploration companies over the last 20 years including:

- (a) acquiring Aquiline Resources' Argentinean projects and the resulting sale to Pan American silver for CAD\$630 million in 2009;
- (b) chief geologist and director for Laramide Resources, (TSX-LAM) and saw the stock rise from CAD 7 cents in 2002 to a peak of CAD\$15.00. The number 1 company on the Toronto Venture Exchange in 2005.
- (c) Co-Founder and director of Lydian Resources (TSX-LYD) who discovered and are developing the 4 million-ounce Amulsar Gold Deposit located in Armenia. He was involved with the company from prelisting to completion of feasibility study.

Mr Mullens' expertise in local and global capital markets, his track record in developing significant value to early stage exploration companies and technical abilities will greatly add to the composition of the Company's board.

Mr Mullens was appointed as a Non-Executive Director on 9 October 2019.

EXPLANATORY STATEMENT

4. Election of Director – Mr Peter Mullens (continued)

Mr Mullens has no interests, positions, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his/her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company and its security holders generally.

If elected the Board does not consider Mr Mullens will be an independent director.

The Board supports the election of Mr Mullens and recommends that shareholders vote in favour of the resolution in Agenda Item 4.

5. Adoption of the GBM Resources Limited Incentive Option Scheme

Agenda Item 5 seeks Shareholder approval for the adoption of an incentive option scheme (**Scheme**) in accordance with Exception 9(b) of ASX Listing Rule 7.2.

The Scheme was adopted and last approved by shareholders on 28 October 2016. Shareholders should note that the objective of the Scheme is to attract, motivate and retain key employees.

The following Options have previously been issued to employees of the Company under this Scheme since last approved by Shareholders on 28 October 2016:

Date Issued	Number of Options Issued	Exercise Price	Expiry Date
5 February 2019	18,800,000	0.9 cents	31 January 2023

Since that date, no Options have been exercised or cancelled pursuant to the Scheme.

It is considered by the Directors that the adoption of the Scheme and the future issue of Options under the Scheme will provide selected employees with the opportunity to participate in the future growth of the Company.

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9(b)) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Any future issues of shares under the Scheme to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional shareholder approval under ASX Listing Rule 10.14 at the relevant time.

If the resolution in Agenda Item 5 is passed, the Company will be able to issue Shares under the Scheme without impacting on the Company's ability to issue up to 15% of its total ordinary securities over a period of 3 years without Shareholder approval in any 12 month period.

A summary of the terms and conditions of the Incentive Option Scheme is set out in Schedule 1.

6. Adoption of the GBM Resources Performance Rights Plan

Agenda Item 6 seeks Shareholder approval for the adoption of a performance rights plan (**Plan**) in accordance with Exception 9(b) of ASX Listing Rule 7.2.

Shareholders should note that the objective of the Plan is to attract, motivate and retain key employees.

The Performance Rights Plan was adopted and last approved by shareholders on 28 October 2016. Since that date, no Performance Rights have been issued, exercised or cancelled pursuant to the Plan.

It is considered by the Directors that the adoption of the Plan and the future issue of Performance Rights under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

EXPLANATORY STATEMENT

6. Adoption of the GBM Resources Performance Rights Plan (continued)

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any rolling 12 month period.

An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9(b)) which provides that issues under an employee incentive plan are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

Any future issues of shares under the Scheme to a related party or a person whose relation with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional shareholder approval under ASX Listing Rule 10.14 at the relevant time.

If the resolution in Agenda Item 6 is passed, the Company will be able to issue entitlements to Shares (**Performance Rights**) under the Plan without impacting on the Company's ability to issue up to 15% of its total ordinary securities over a period of 3 years without Shareholder approval in any 12 month period.

A summary of the terms and conditions of the Performance Rights Plan is set out in Schedule 2.

7. Approval to Issue up to 10% Placement Capacity

Listing Rule 7.1A enables eligible entities 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&PASX 300 Index. The Company's market capitalisation at 9 October 2019 is \$4,726,024 and is therefore considered 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:

$(A \times B) - E$

Where,

A = Has the same meaning as in Listing Rule 7.1

B = 10%

E = The number of equity securities issued or agreed to be issued under Listing Rule 7.1A2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of holders of ordinary securities under Listing Rule 7.1 or 7.4.

The Company is putting Agenda Item 7 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

This resolution does not mean that the Company will necessarily utilise the 10% Additional Placement Capacity. However, the additional capacity will provide flexibility for the company to issue additional securities, in the event that the directors determine that the issue of the additional securities is in the interests of the shareholders and the Company in achieving its objectives.

EXPLANATORY STATEMENT

7. Approval to Issue up to 10% Placement Capacity (continued)**Listing Rule 7.1A**

The effect of Agenda Item 7 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined 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 quoted Shares on issue.

At the date of this Notice the Company has 2,162,231,399 Shares on issue and therefore, subject to Shareholder approval being sought under Agenda Item 7, 216,223,139 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 at the time of issue of the Equity Securities. The table on the page below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

The resolution the subject of Agenda Item 7 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.

Specific information required by Listing Rule 7.3A

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

- (a) 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 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.
- (b) If the resolution the subject of Agenda Item 7 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:
 - (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.

The table below shows the dilution of existing Shareholders of 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:

- (a) examples of where variable "A" is at its current level, and where variable "A" has increased by 50% and by 100%;
- (b) examples of where the issue price of ordinary securities is the current market price as at close of trade on 9 October 2019 (current market price), where the issue price is halved, and where it is doubled; and
- (c) 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.

EXPLANATORY STATEMENT

7. Approval to Issue up to 10% Placement Capacity (continued)

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0015 Issue Price at half the current market price	\$0.0030 Issue Price at current market price	\$0.0045 Issue Price at double the current market price
Current Variable A 2,162,231,339 Shares	Shares issued	216,223,139	216,223,139	216,223,139
	Funds raised	\$324,334	\$648,669	\$973,004
	Dilution	10%	10%	10%
50% increase in current Variable A 3,243,347,099 Shares	Shares issued	324,334,709	324,334,709	324,334,709
	Funds raised	\$486,502	\$973,004	\$1,459,506
	Dilution	10%	10%	10%
100% increase in current variable A 4,324,462,798 Shares	Shares issued	432,446,279	432,446,279	432,446,279
	Funds raised	\$648,669	\$1,297,338	\$1,946,008
	Dilution	10%	10%	10%

Note: this table assumes:

1. No Options or Performance Rights are exercised before the date of the issue of the Equity Securities;
 2. The Company issues the maximum number of Equity Securities under the Additional 10% Placement Capacity and the Equity Securities issues consists only of Shares;
 3. 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 Shareholders holding at the date of the Annual General Meeting;
 4. 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.
- (d) Approval of the Additional 10% Placement Capacity will be valid 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), (Additional Placement Period).
- (e) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds to advance its exploration and feasibility study programs, and general working capital purposes; or
 - (ii) non-cash consideration for the acquisition of new assets, for working capital purposes, or any other consideration other than cash. If Equity Securities are issued for non-cash consideration, 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.4 and 3.10.5A upon issue of any Equity Securities.

EXPLANATORY STATEMENT

7. Approval to Issue up to 10% Placement Capacity (continued)

- (f) The Company's allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s). Securities allotted pursuant to the allocation policy will be determined following consideration of a number of factors including, but not limited to, the following matters:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities;
 - (ii) the dilutionary effect of the proposed of the issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

At the date of this Notice, the Company has not formed an intention as to whether the securities will be offered to existing security holders, or to any class or group of existing security holders, or whether the securities will be offered exclusively to new investors that have not previously been security holders of the Company. The Company will give consideration before making any placement of securities under Listing Rule 7.1A whether the raising of any funds under such placement could be carried out in whole, or in part, by an entitlement offer to existing security holders.

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include related parties (or their associates) of the Company.

- (g) The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its 2018 Annual General Meeting.

The Company has issued 90,909,091 securities pursuant to that Listing Rule 7.1A approval.

During the 12 month period preceding 25th November 2019, being the date of the Meeting, the Company has issued a total of 90,909,091 securities (including those stated above issued pursuant to Listing Rule 7.1A).

The net amount of 90,909,091 Equity Securities issued represents approximately 7.57% of the total diluted number of Equity Securities on issue in the Company on 25th November 2018, being 1,201,006,066.

Information relating to issues of Equity Securities by the Company in the 12 months prior to 25th November 2019 is as follows:

Date of Appendix 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
7 February 2019	18,800,000	Unlisted options (Note 3)	Issued to employees of the Company pursuant to the terms and conditions of the Company's Incentive Option Plan.	Issued for nil consideration. Market price on day prior to issue was 0.x cents per share. Exercise price of the options is 0.9 cents per share.	No consideration was received on the issue. Current value of the options is nil as the exercise price of 0.9 cents per option exceeds the share price at the date of this notice of \$0.003 per share.

EXPLANATORY STATEMENT

7. Approval to Issue up to 10% Placement Capacity (continued)

Date of Appendix 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
31 May 2019 and 4 July 2019	700,000	Convertible notes (Note 4)	Issued to Lion Resources Development Pte Ltd.	\$1 per convertible note. Market price on day prior to issue was 0.x cents per share.	Total consideration received was \$700,000. Funds raised have been used for working capital purposes.
9 October 2019	90,909,091	Ordinary fully paid shares (Note 2)		0.33 cents per share Market price on day prior to issue was 0.30 cents per share. The issue price was a 10% premium to the prevailing market price	Total consideration received was \$300,000. Funds raised will be used for working capital purposes.

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises).
2. Fully paid ordinary shares in the capital of the Company, ASX Code: GBZ (terms are set out in the Constitution).
3. Unlisted options exercisable at 0.9 cents per share and expiring 31 January 2023.
4. Convertible notes repayable 12 months from the date of issue, convertible into ordinary fully paid shares at 0.3 cents per share (refer ASX announcement 9 May 2019 for further details of the convertible notes)

(h) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. 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, and therefore no Shareholder will be excluded from voting on Agenda Item 7.

8. Ratification of Prior Issue of Equity Securities – Convertible Notes – Listing Rule 7.1

On 9 May 2019, the Company announced to the Australian Securities Exchange the execution of a convertible note term sheet with Lion Resources Development Pte Ltd to raise \$700,000 by the issue of 700,000 convertible notes (**Notes**) at an issue price of \$1 per Note.

The Company issued a total of 700,000 Notes without prior Shareholder approval out of its 15% annual placement capacity under ASX Listing Rule 7.1. If converted at the conversion price of 0.3 cents per share, the Company will issue a maximum of 233,333,333 ordinary shares.

EXPLANATORY STATEMENT

8. Ratification of Prior Issue of Equity Securities – Convertible Notes – Listing Rule 7.1 (continued)

Key details of the Convertible Note Term Sheet (**Term Sheet**) (refer ASX announcement 9 May 2019) are as follows:

- Subscriber to pay the Convertible Note amount of A\$700,000 (Principal Amount) on or before the 30th May 2019.
- Repayment Date is 12 months from date of issue.
- Interest is payable on the Principal Amount until the Convertible Notes are either redeemed or converted into fully paid ordinary shares (Shares) in the capital of the Company at the rate of 10% per annum, calculated monthly and payable 3 monthly in arrears.
- Each Convertible Note will be convertible into Shares at a conversion price of \$0.005 per Share (Convertible Price).
- The Subscriber may before the Repayment Date, convert the Convertible Notes into Shares.
- The Convertible Notes are secured over the issued capital of Mt Coolon Gold Mines Pty Ltd.

Listing Rule 7.1

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

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

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

Agenda Item 8 seeks ratification of the issue of Convertible Notes made under the Company's 15% placement capacity (ASX Listing Rule 7.1) to Lion Resources Development Pte Ltd pursuant to ASX Listing Rule 7.4, and the subsequent approval for the issue of up to 140,000,000 ordinary fully paid shares on the conversion of the Notes.

Technical information required by ASX Listing Rule 7.4

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of equity securities issued was 700,000 convertible notes (**Notes**), (which are convertible into up to 140,000,000 ordinary fully paid shares) issued pursuant to ASX Listing Rule 7.1;
- (b) the Notes were issued at a placement price of \$1 each;
- (c) the Notes do not rank equally with an existing class of quoted security (shares issued on the subsequent conversion of the Notes will rank equally with existing ordinary fully paid shares on issue);
- (d) the Notes were issued to Lion Resources Development Pte Ltd which is not a related party of the Company;
- (e) the funds raised from the share placement have been used to continue to provide working capital.

EXPLANATORY STATEMENT

9. Approval for Issue of Shares on Conversion of Convertible Notes

On 15 July 2019, Lion Resources Development Pte Ltd assigned the Term Sheet, the subject of Agenda Item 8, to Lim Kok Yong. It has been proposed that the terms of the Term Sheet be varied, subject to receiving shareholder approval.

The key terms and conditions proposed to be varied in the Term Sheet are as follows:

- Repayment Date is 18 months from date of issue (an extension of 6 months).
- Each Note will be convertible into Shares at a conversion price of \$0.003 per Share.

Agenda Item 9 seeks Shareholder approval for the issue of Shares, upon conversion of the Notes, to Lim Kok Yong in accordance with the proposed varied Term Sheet.

A summary of ASX Listing Rule 7.1 is set out in Agenda Item 9 of the Explanatory Statement above.

The effect of Agenda Item 9 will be to allow the Company to issue Shares upon conversion of the Notes during the period of 3 months after the Meeting (or a longer period, if allowed by ASX) without using the Company's 15% annual placement capacity and 10% Placement (subject to Shareholder approval pursuant to Agenda Item 9).

Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Agenda Item 8:

- (a) the maximum number of Shares to be issued to Lim Kok Yong is that number of Shares which, when multiplied by the Conversion Price, equals \$700,000, being 233,333,333 Shares;
- (b) the Notes will be issued no later than 3 months after the date of this 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 issue of the Notes will occur on the same date;
- (c) the Shares will be issued for nil cash consideration in satisfaction of amounts owing to Lim Kok Yong under the Term Sheet;
- (d) the Shares will be issued to the Lim Kok Yong pursuant to the terms of the Term Sheet. Lim Kok Yong is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue as the Share are being issued in consideration for amounts owing to Lim Kok Yong pursuant to the terms of the Term Sheet.

10. Ratification of Prior Issue of Equity Securities – Placement Shares – Listing Rule 7.1A

On 9 October 2019, the Company announced to the Australian Securities Exchange a share placement (**Placement**) to professional and sophisticated investors to raise \$300,000, before costs, by the issue of approximately 90,909,091 ordinary fully paid shares (**Placement Shares**) at an issue price of 0.33 cents per share.

The Company issued a total of 90,909,091 Placement Shares without prior Shareholder approval out of its additional 10% placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders on 22 November 2018.

EXPLANATORY STATEMENT

10. Ratification of Prior Issue of Equity Securities – Placement Shares – Listing Rule 7.1A (continued)Listing Rule 7.1A

ASX Listing Rule 7.1A provides that a company may seek Shareholder approval at its annual general meeting to allow it to issue Securities up to 10% of its issued capital, provided that it is an eligible entity (**Eligible Entity**).

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- is not included in the S&P/ASX 300 Index; and
- has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

At the time approval was obtained, the Company was an Eligible Entity as it was not included in the S&P/ASX 300 Index and had a market capitalisation of less than \$300 million.

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

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval. Although it is noted that the Company's use of the 10% annual placement capacity following this Meeting remains conditional up on Agenda Item 8 being passed by the requisite majority.

Agenda Item 10 seeks ratification of the issue of Placement shares made under the Company's additional 10% placement capacity (ASX Listing Rule 7.1A) to non-related parties of the Company pursuant to ASX Listing Rule 7.4.

Technical information required by ASX Listing Rule 7.4

Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to Listing Rule 7.4:

- (a) the total number of equity securities issued was 90,909,091 ordinary fully paid shares (Shares) issued pursuant to ASX Listing Rule 7.1A;
- (b) the Shares were issued at a placement price of 0.33 cents each;
- (c) the Shares issued ranked equally with existing ordinary fully paid shares on issue;
- (d) the Shares were issued to professional and sophisticated investors, none of whom were related parties of the Company;
- (e) the funds raised from the share placement will be used to provide working capital.

11. Approval for the Issue of Shares to Stibium Mining Pty Ltd

As announced on 16 October 2019, the Company entered a binding heads of agreement to acquire 100% of the issued capital of Millstream Resources Pty Ltd (ACN 151 701 932) (**Millstream**) and agreed to issue 150,000,000 Shares to Stibium Mining Pty Ltd (ACN 156 585 223) (**Stibium**) as consideration (**Millstream Agreement**).

The Company believes that the acquisition of Millstream will support its working capital requirements and ongoing development of the Mt Coolon Gold Project as Millstream is a party to a non-binding terms sheet with Round Oak Minerals Pty Ltd (ACN 130 641 691) (**ROM Agreement**). The ROM Agreement sets out the terms that Millstream will acquire an interest in the White Dam Project.

Refer to the ASX announcement released on 16 October 2019 for full details.

EXPLANATORY STATEMENT

11. Approval for the Issue of Shares to Stibium Mining Pty Ltd (continued)

Agenda Item 11 seeks Shareholder approval for the issue of 150,000,000 Shares in consideration for the acquisition of Millstream (**Millstream Consideration**) and is subject to shareholder approval of Agenda Item 12. If Agenda Item 12 is not approved by the Shareholders, this Agenda Item 11 will be withdrawn.

A summary of ASX Listing Rule 7.1 is set out in Agenda Item 9 of the Explanatory Statement above.

The effect of Agenda Item 12 will be to allow the Company to issue the Shares pursuant to the Millstream Consideration during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Millstream Consideration:

- (a) the number of Shares to be issued is 150,000,000;
- (b) the Shares 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 issue of the Shares will occur on the same date;
- (c) the Shares will be issued for nil cash consideration for the acquisition of Millstream as described above;
- (d) the Shares will be issued to Stibium Mining Pty Ltd, which is not a related party of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the Millstream Consideration as the Shares are being issued in consideration for the acquisition of Millstream.

12. Approval for the Placement – Shares

Agenda Item 12 seeks Shareholder approval for the issue up to 500,000,000 Shares at an issue price of 0.3 cents per Share to raise up to \$1,500,000 (**Capital Raise**). As noted in Agenda Item 12, the Capital Raise is subject to the approval of Agenda Item 11. If Agenda Item 11 is not approved by the Shareholders, this Agenda Item 12 will be withdrawn.

A summary of ASX Listing Rule 7.1 is set out in Agenda Item 9 of the Explanatory Statement above.

The effect of Agenda Item 12 will be to allow the Company to issue the Shares pursuant to the Capital Raise during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raise:

- (a) the maximum number of Shares to be issued is 500,000,000;
- (b) the Shares 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 issue of the Shares will occur on the same date;
- (c) the issue price will be 0.3 cents per Share;
- (d) the Shares will be issued to sophisticated and professional investors. No decision has been made on the basis of the issue. None of these subscribers are related parties of the Company.;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement towards an exploration program at Mt Coolon Gold Project, the initial 50% earn in of the White Dam Production Joint Venture and general working capital.

EXPLANATORY STATEMENT

13. Approval for the Related party issue options

The Company has agreed, subject to obtaining shareholder approval, to issue 80,000,000 options (**Related Party Options**) to Peter Mullens (or his nominees) and Peter Rohner (or his nominees) on the terms and conditions set out below. The issue of the Related Party Options is subject to the completion of the Millstream Agreement. In the event that the Millstream Agreement is not completed the Related Party Options will not be issued.

Agenda Item 13 and 14 seeks shareholders approval for the grant of the Related Party Options.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

The grant of Related Party Options constitutes giving a financial benefit and Peter Mullens is related party of the Company by virtue of being a director.

Additionally, at the time of issue of the Related Party Options, subject to the completion of the Millstream Agreement, Peter Rohner will also be a director and therefore a related party.

The directors (other than Peter Mullens who has a material personal interest in Agenda Item 13) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant Related Party Options because the agreement to grant the Related Party Options, reached as part of a remuneration package for Peter Mullens and Peter Rohner, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Agenda Item 13 and 14:

- (a) 40,000,000 Related Party Options will be granted to Peter Mullens (or his nominees);
- (b) 40,000,000 Related Party Options will be granted to Peter Rohner (or his nominees)
- (c) the Related Party Options to be issued are 80,000,000;
- (d) the Related Party Options will be granted no later than 1 month after the date of the meeting (or such alter date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (e) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (f) the terms and conditions of the Related Party Options are set out in Schedule 3.

EXPLANATORY STATEMENT

14. Approval for the Related party issue shares

The Company has agreed, subject to obtaining shareholder approval, to issue:

- (a) 52,914,667 Shares to Peter Thompson (or his nominees); and
- (b) 44,476,333 Shares to Neil Norris (or his nominees),

(together, Related Party Shares) on the terms and conditions set out below.

Agenda Item 15 and 16 seeks shareholders approval for the grant of the Related Party Shares.

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in Agenda Item 12 of this Explanatory Statement.

The grant of Related Party Shares constitutes giving a financial benefit and Peter Thompson & Neil Norris are related parties of the Company by virtue of being directors.

The directors (other than Peter Thompson and Neil Norris who have a material personal interest in Agenda Item 15 and 16) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Shares because the agreement to issue the Related Party Shares, reached as part of a re-negotiated remuneration package for:

- (a) Peter Thompson where by the Company will issue 52,915,667 Shares in lieu of unpaid salaries totalling \$158,744; and
- (b) Neil Norris where by the Company will issue 44,476,333 Shares in lieu of unpaid salaries totalling \$133,429,

is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

ASX Listing Rule 10.11 also requires shareholders approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Agenda Item 15 and 16:

- (c) the Related Party Shares will be granted to Peter Thompson and Neil Norris (or their nominees);
- (d) the shares to be issued are:
 - (i) 52,914,667 Shares to Peter Thompson; and
 - (ii) 44,476,333 Shares to Neil Norris;
- (e) the Related Party Shares will be granted no later than 1 month after the date of the meeting (or such alter date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (f) the Related Party Shares will be issued for nil cash consideration, accordingly no funds will be raised; and
- (g) the Related Party Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

EXPLANATORY STATEMENT

15. Approval for the Consolidation of Capital

If Agenda Item 17 is passed and excluding any Securities issued pursuant to the other Agenda Items, the number of:

- (a) Shares on issue will be reduced from 1,181,506,066 to 118,150,607 (subject to rounding);
- (b) Convertible Note on issue will be reduced from 700,000 to 70,000 (subject to rounding); and
- (c) Options on issue will be reduced from 18,800,000 to 1,880,000 (subject to rounding).

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

Not all Security Holders will hold that number of Shares or Options (as the case may be) which can be evenly divided by ten (10). Where a fractional entitlement occurs, the Company will round that fraction up to the nearest whole Security.

It is not considered that any taxation implications will exist for Security holders arising from the Consolidation. However, Security holders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company, nor its advisers, accept any responsibility for the individual taxation implications arising from the Consolidation.

From the date two Business Days after the Consolidation is approved by Shareholders, all holding statements for Securities will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a post-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of securities held prior to disposal or exercise (as the case may be).

The effect which the Consolidation will have on the Company's capital structure is set out in the table below.

Capital Structure	Shares	Convertible Notes	Unlisted Options³
Pre-Consolidation Securities	1,181,506,066	700,000 ¹	18,800,000
Issue of Related Party Options	-	-	80,000,000
Issue of Related Party Shares	97,391,000	-	-
Issue of Shares to Stibium Mining Pty Ltd	150,000,000	-	-
Agenda Item 15 – Placement Shares	500,000,000	-	-
<i>Sub-total</i>	1,928,897,066	700,000	98,800,000
Total Securities on completion of consolidation of securities	192,889,707	70,000 ²	9,880,000

Notes:

1. Convertible Notes repayable on or before 30 November 2020 with an exercise price of \$0.003. The stated repayment date and exercise price are subject to receiving Shareholder approval on Agenda Item 9.
2. Convertible Notes repayable on or before 30 November 2020 with an exercise price of \$0.03.
3. The terms of these Options are set out in the table below.
4. Agenda Item 16 issue of shares has not been included as the date of issue is yet to be determined.

EXPLANATORY STATEMENT

15. Approval for the Consolidation of Capital (continued)

The effect the Consolidation will have on the terms of the Options is as set out in the tables below:

Options – Pre-Consolidation

Terms	Number
Options exercisable at \$0.009 cents each by 31 January 2023	18,800,000
Options exercisable at \$0.005 cents each expiring 3 years from the date of issue	80,000,000
Total	98,800,000

Options – Post-Consolidation

Terms	Number
Options exercisable at \$0.09 each by 31 January 2023	1,880,000
Options exercisable at \$0.05 each expiring 3 years from the date of issue	8,000,000
Total	9,880,000

Indicative timetable*

If Agenda Item 17 is passed, the reduction of capital will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 8) of the ASX Listing Rules):

Action	Date
Company announces Consolidation and sends out Notice of Meeting.	24 October 2019
Company tells ASX that Shareholders have approved the Consolidation.	25 November 2019
Last day for pre-Consolidation trading.	26 November 2019
Post-Consolidation trading starts on a deferred settlement basis.	27 November 2019
Last day for Company to register transfers on a pre-Consolidation basis.	28 November 2019
First day for Company to send notice to each holder of the change in their details of holdings.	29 November 2019
First day for the Company to register Securities on a post-Consolidation basis and first day for issue of holding statements.	29 November 2019
Change of details of holdings date. Deferred settlement market ends.	5 December 2019
Last day for Securities to be entered into holders' Security holdings.	5 December 2019
Last day for the Company to send notice to each holder of the change in their details of holdings.	5 December 2019

EXPLANATORY STATEMENT

SCHEDULE 1 – TERMS AND CONDITIONS OF INCENTIVE OPTION SCHEME

The following is a summary of the key terms and conditions of the Scheme to be adopted by Shareholders pursuant to Agenda Item 5:

- (a) **Entitlement to Participate:** the Board will determine in its discretion who is entitled to participate in the Scheme and issue an invitation to that person. The Board will consider factors such as seniority and position of the potential participant, length of service, record of employment and potential contribution to growth and profitability of the Company.
- (b) **Exercise Price:** the Board will determine in its discretion the exercise price of the Options. The exercise price may be nil but to the extent that the Listing Rules specify or require a minimum price, the exercise price must not be less than any minimum price specified.
- (c) **Lapsing Date:** the lapsing date of an Option issued under the Scheme is two (2) years after the date of the grant of the Option, or such other date as the Board determines in its discretion at the time of the grant of that Option (**Lapsing Date**).
- (d) **Lapsing of Options:** the options of any participant in the Scheme where:
 - (i) the relevant person ceases to be an employee or director of, or to render services to, the company for any reason whatsoever and the Exercise Conditions have not been met;
 - (ii) the Exercise Conditions are unable to be met;
 - (iii) the Lapsing Date has passed, or
 - (iv) the relevant person ceases to be an employee or director of, or to render services to, the Company for any reason whatsoever, and the Exercise Conditions have been met,
- (e) **Exercise of Options:** Options granted under the Scheme are exercised by delivering to the Company's secretary (at a time when the Options may be exercised):
 - (i) the certificate for the Options or, if the certificate for the Options is destroyed or lost, a declaration to that effect, accompanied by an indemnity in favour of the Company against any loss, costs or expenses which might be incurred by the Company as a consequence of its relying on the declaration;
 - (ii) a notice in the form set out in the Scheme addressed to the Company and signed by the participant stating that the participant exercises the Options and specifying the number of Options being exercised and specifying the subregister of the Company in which the Shares are to be recorded in; and
 - (iii) payment to the Company of an amount equal to the Option Exercise Price multiplied by the number of Options which are being exercised unless there is no exercise price payable in respect of the Options being exercised.
- (f) **Quotation:** the Company will make an application for the Shares issued as a result of the Options being exercised to be quoted in accordance with the Listing Rules.
- (g) **New Issues:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. 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 Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

EXPLANATORY STATEMENT

SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN

The following is a summary of the key terms and conditions of the Plan to be adopted by Shareholders pursuant to Agenda Item 6:

- (a) **Entitlement to Participate:** the Board will determine in its discretion whom is entitled to participate in the Plan and issue an invitation to that person. The Board will consider factors such as seniority and position of the potential participant, length of service, record of employment and potential contribution to growth and profitability of the Company.
- (b) **Rights:** each Performance Right issued under the Plan is a right to be issued with or transferred a single Share, free of encumbrances.
- (c) **Expiry Date:** means the date on which a Performance Right lapses (if it has not already lapsed in accordance with the Plan) as specified in the offer made to the participant.
- (d) **Vesting Conditions:** the Board will determine the Vesting Conditions that must be satisfied by a participant before the Performance Right vests in the holder.
- (e) **Vesting:** a Performance Right will vest in a participant where the Vesting Conditions are satisfied or waived by the Board or where the Performance Right vests as a result of Accelerated Vesting.
- (f) **Accelerated Vesting:** The Board may in its discretion determine that all or a specified number of a participant's unvested Performance Rights vest where:
 - (i) the participant dies;
 - (ii) the participant ceases to be employed by the Company;
 - (iii) a takeover bid for the Company's issued Shares is declared unconditional and the bidder has acquired a relevant interest in at least 50.1% of the Company's issued Shares;
 - (iv) a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
 - (v) the Company passes a resolution for voluntary winding up or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an unvested Performance Right:** A Performance Right that has not vested will lapse upon the earlier to occur of:
 - (i) a failure to meet the Performance Right's Vesting Conditions;
 - (ii) the Expiry Date;
 - (iii) the Participant ceasing to be an employee;
 - (iv) the Performance Right lapsing due to the Participant ceasing to be an employee or due to the occurrence of a Takeover Bid, compromise or arrangement or winding up;
 - (v) the Performance Right lapsing due to an unauthorised transfer, or purported transfer, of the Performance Right;
 - (vi) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty; or
 - (vii) the day before the end of the 7 year anniversary of the date of grant of the Performance Rights.

EXPLANATORY STATEMENT

**SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS PLAN
(CONTINUED)**

- (h) **Lapse of a vested Performance Right:** A Performance Right that has vested but not been validly exercised will lapse upon the earlier to occur of:
- (i) the Expiry Date (if any);
 - (ii) the Performance Right lapsing due to an unauthorised transfer, or purported transfer, of the Performance Right;
 - (iii) a determination of the Board that the Performance Right is to lapse due to fraud or dishonesty; or
 - (iv) the day before the end of the 7 year anniversary of the date of grant of the Performance Right
- (i) **Issue Price:** the issue price of the Shares to be offered under the Scheme will be the weighted average trading price of the Shares on ASX during the 5 trading days immediately preceding the date of invitation. In the event no trading has occurred during that period the issue price will be the last price at which an offer to purchase a Share was made on ASX.
- (j) **Exercise of Performance Right:** A participant may exercise a Performance Right that is entitled to exercised by lodging with the Company a notice of exercise of the Performance Right in the form (if any) prescribed by the Company, and the certificate for the Performance Right.
- (k) **Quotation:** If Shares of the same class as those allotted under the Plan are listed on the ASX the Company will apply to the ASX within a reasonable time after they are allotted for those Shares to be listed.

New Issues: Other than adjustments for bonus issues and reorganisation of the issued capital of the Company, participants are not entitled to participate in any new issue of securities of the Company as a result of their holding Performance Rights during the currency of any Performance Rights and prior to vesting. In addition, participants are not entitled to vote nor receive dividends as a result of their holding Performance Rights.

EXPLANATORY STATEMENT

SCHEDULE 3 – TERMS AND CONDITIONS OF THE RELATED PARTY OPTIONS

The following is a summary of the key terms and conditions of the options to be issued to Related Parties pursuant to Agenda Item 13 and 14:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (c) and (i), the amount payable upon exercise of each Option will be \$0.005 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on date being three (3) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Exercise of Options**

The Options may be exercised by:

(i) delivering to the Company the application for shares on exercise of options (**Exercise Notice**) duly executed by the Optionholder (together with this Certificate) specifying:

(A) the number of Options being exercised (**Relevant Number**); and

(B) if the Options are in the money, whether or not the Optionholder elects to settle on a cashless basis; and

(ii) if the Optionholder does not elect to settle on a cashless basis, payment to the Company by bank cheque or other immediately available funds of an amount equal to the Exercise Price multiplied by the number of Options being exercised (the **Settlement Price**).

(iii) The Company must within 2 Business Days of the receipt by it of the last of the documents referred to above and, if the Optionholder does not elect to settle on a cashless basis, subject to receipt by the Company of the Settlement Price:

(iv) issue to the Optionholder the Relevant Number of Shares (or, if the Optionholder has elected to settle on a cashless basis, number of Shares equal to $(P - X) \times E / P$, where:

X = the Exercise Price;

E = the number of Options exercised; and

P = the price for Shares as at close of trading on the ASX on last trading day prior to date the Options were exercised,

rounded down to the nearest whole number (the **Cashless Equivalent Number of Shares**);

EXPLANATORY STATEMENT

**SCHEDULE 3 – TERMS AND CONDITIONS OF THE RELATED PARTY OPTIONS
(CONTINUED)**

- (v) issue, or cause to be issued, to the Optionholder a holding statement for the Relevant Number of Shares or the Cashless Equivalent Number of Shares (as applicable); and
- (vi) if applicable, issue a replacement Options Certificate to the Optionholder for the balance of any unexercised Options.

(f) Exercise Date

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

(g) Timing of issue of Shares on exercise

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

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

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

(h) Shares issued on exercise

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

(i) Reconstruction of capital

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

(j) Participation in new issues

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

EXPLANATORY STATEMENT

**SCHEDULE 3 – TERMS AND CONDITIONS OF THE RELATED PARTY OPTIONS
(CONTINUED)**

(k) **Change in exercise price**

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

(l) **Transferability**

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

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