

15 May 2020

Dear Shareholders,

### **IMPACT OF COVID-19 RESTRICTIONS ON THE COMPANY'S GENERAL MEETING**

The shareholder meeting is scheduled to be held in Brisbane on Tuesday 16 June 2020 at 10.00am (AEST) (**Meeting**). However, depending on the status of the evolving COVID-19 situation and Government restrictions on public gatherings in place at the time of the Meeting, the Directors may make a decision prior to the Meeting that Shareholders will not be able to attend the Meeting in person.

Whilst GBM Resources Limited intends to proceed with the Meeting as proposed, it advises that:

- (a) Directors, other than the Chairman and Managing Director, will not be in physical attendance, and will instead be available via telephone as required;
- (b) no presentation or other update on the Company's operations will be provided; and
- (c) questions on the Company's activities may be directed at any time to the Chairman, who will endeavour to respond directly to shareholder questions in a prompt manner.

Accordingly, the Directors **strongly encourage all shareholders to lodge a directed proxy form prior to the meeting.**

The Australian government is implementing a wide range of measures to contain or delay the spread of COVID-19. If it becomes necessary or appropriate to make alternative arrangements to those set out in the Company's Notice of Meeting, the Company will notify Shareholders accordingly via the Company's website at [www.gbmr.com.au](http://www.gbmr.com.au) and the ASX Company's Announcement Platform at [asx.com.au](http://asx.com.au) (ASX:GBZ). Any Shareholders who plan to physically attend the Meeting should closely monitor these platforms for any updates from by the Company in regard to attending the Meeting in person and alternative arrangements.

If Shareholders do not attend the Meeting in person, they will be able to participate by:

- (a) voting their Shares prior to the Meeting by lodging the enclosed proxy form by no later than 10am (AEST) on Sunday 14 June 2020; and
- (b) lodging questions in advance of the meeting by emailing the questions to the Chairman [reception@gbmex.com.au](mailto:reception@gbmex.com.au) by no later than Tuesday 9 June 2020.

If the Company puts in place teleconference or online meeting facilities, detailed instructions on how to access such facilities, will be made available to Shareholders on the Company's website at [www.gbmr.com.au](http://www.gbmr.com.au) and the ASX Company's Announcement Platform at [asx.com.au](http://asx.com.au) (ASX: GBZ) prior to the Meeting.

This announcement is authorised for market release by the board of Directors of GBM Resources Limited.

Sincerely,

A handwritten signature in black ink, appearing to be 'PM', with a long horizontal stroke extending to the right.

**Peter Mullens**  
Executive Chairman

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**GBM RESOURCES LIMITED**

**ABN 91 124 752 745**

**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10am (AEST)

**DATE:** Tuesday 16 June 2020

**PLACE:** Sofitel Brisbane Central, 249 Turbot Street, Brisbane, Queensland 4000

*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 the persons eligible to vote at the Meeting are those who are registered Shareholders at 10.00am (AEST) on Sunday 14 June 2020.*

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## BUSINESS OF THE MEETING

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### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS NOVO SHARE SWAP

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 9,090,909 Shares and 4,545,454 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Novo Resources Corp and Beatons Creek Gold Pty Ltd) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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### 2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER TRANCHE 1 OF PLACEMENT

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 19,288,983 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely, Euro Pacific Asset Management, LLC <EuroPac Gold Fund>, Commodity Capital – Global Mining Fund and Ryan Doersam) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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3. **RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS UNDER TRANCHE 1 OF PLACEMENT**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,268,417 Shares and 10,278,700 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Euro Pacific Asset Management, LLC <EuroPac Gold Fund>, Commodity Capital – Global Mining Fund and Ryan Doersam) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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4. **RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS UNDER TRANCHE 2 OF PLACEMENT**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,499,996 Shares and 1,249,998 Options on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Tobias Tretter, 10656917 Canada Inc. (an entity incorporated in Canada) and Alex Sands) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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## 5. RESOLUTION 5 – APPROVAL TO ISSUE CONSULTANCY 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 Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 509,904 Shares on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who 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) (namely Mr Stephen Nano and Nueva Vida Pty Ltd (ACN 101 719 322) ATF Nano Family A/C) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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## 6. RESOLUTION 6 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS AND OPTIONS PLAN

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

*“That, for the purposes of Listing Rule 7.2 (Exception 13(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Incentive Performance Rights and Options Plan and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the employee incentive scheme or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:**

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

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

However, the above prohibition does not apply if:

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

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**7. RESOLUTION 7 – REPLACEMENT OF CONSTITUTION**

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

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”*

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**Dated: 15 May 2020**

**By order of the Board**



**Peter Rohner  
Managing Director**

**Voting by proxy**

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

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

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

Shareholders and their proxies should be aware that:

- 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.

## **Voting in person**

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

You may still attend the meeting and vote in person even if you have appointed a proxy. If you have previously submitted a Proxy Form, your attendance will not revoke your proxy appointment unless you actually vote at the meeting for which the proxy is proposed to be used, in which case, the proxy's appointment is deemed to be revoked with respect to voting on that resolution.

Please bring your personalised Proxy Form with you as it will help you to register your attendance at the meeting. If you do not bring your Proxy Form with you, you can still attend the meeting but representatives from the Company will need to verify your identity.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9316 9100.***

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## EXPLANATORY STATEMENT

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

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### 1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS – NOVO SHARE SWAP

#### 1.1 Background

As announced on 31 March 2020, the Company entered into a share swap agreement with Novo Resources Corp (**Novo**) (**Share Swap Agreement**) under which Beatons Creek Gold Pty Ltd (ACN 150 336 779) (**Beatons Creek**) (a wholly owned subsidiary of Novo) agreed to subscribe for, and the Company agreed to issue to Beatons Creek, 9,090,090 Shares and 4,545,454 Options in consideration for Novo issuing 197,907 fully paid common shares in the capital of Novo (**Novo Shares**) to the Company (**Share Swap**).

The material terms of the Share Swap Agreement are as follows:

- (a) **Conditions:** the parties' obligations under the Share Swap Agreement were conditional on satisfaction of the following conditions (both of which have been satisfied):
  - (i) Beatons Creek and the Company executing a terms sheet in relation to a joint venture in respect of the Malmsbury Gold Project and which terms sheet must grant Beatons Creek a 6-month option to elect to proceed with the joint venture; and
  - (ii) receipt of all corporate, regulatory (including TSXV acceptance), governmental, court or other third-party approvals, orders, rulings and consents which are necessary to complete the subscription.
- (b) **Project Finance:** Beatons Creek had agreed to use reasonable endeavours to assist the Company with developing and implementing its future funding strategy. The Company has agreed to do all things reasonably required and acting in good faith to secure additional funding and Beatons Creek has agreed to use reasonable endeavours to assist the Company with securing such additional funding.

The Share Swap Agreement otherwise contains terms and conditions considered standard for an agreement of its nature (including, representations and warranties).

As previously announced on 6 February 2020, the Company has entered into a consultancy agreement (**Consultancy Agreement**) with Global Ore Discovery Pty Ltd ATF Global Ore Discovery Trust (ACN 105 383 211) (**Global Ore**) pursuant to which Global Ore has agreed to provide consultancy services to the Company (including corporate strategic advisory, marketing, business development services and technical advisory services) for a period of 12 months (unless terminated earlier or extended) (**Term**). Global Ore has appointed Mr Stephen Nano as its nominated person to perform the services under the Consultancy Agreement.

Pursuant to the terms of the Consultancy Agreement and in consideration for services provided in respect of the Share Swap, Mr Stephen Nano (or his nominee) is entitled to a Share Bonus (as that term is defined in Schedule 2) equal to 3% of the total number of Novo Shares received by the Company in consideration for the Novo Share Swap (being, 5,937 Novo Shares).

The Company will transfer Mr Stephen Nano (or his nominee) these Novo Shares following expiration of the statutory hold period in accordance with the terms and conditions of the Consultancy Agreement, a summary of which is set out in Schedule 2.

## 1.2 General

On 6 April 2020, the Company issued 9,090,090 Shares and 4,545,454 Options in accordance with the Share Swap Agreement (**Share Swap Securities**).

Broadly speaking, and subject to a number of exceptions set out in Listing Rule 7.2 (**Exceptions**), Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained approval to increase its limit to 25% at the annual general meeting held on 25 November 2019.

The issue of the Share Swap Securities does not fit within any of the Exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Share Swap Securities.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Share Swap Securities.

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Share Swap Securities.

## 1.3 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Share Swap Securities will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Share Swap Securities.

If Resolution 1 is not passed, the Share Swap Securities will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A,

effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Share Swap Securities.

#### 1.4 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Share Swap Securities were issued to Beatons Creek Gold Pty Ltd, who is not a related party of the Company;
- (b) 9,090,090 Shares and 4,545,454 Options were issued;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Options were issued on the terms and conditions set out in Schedule 1;
- (e) the Share Swap Securities were issued on 6 April 2020;
- (f) the Share Swap Securities were issued at a nil issue price, in consideration for the acquisition of the Novo Shares pursuant to the Share Swap Agreement. The Company has not and will not receive any other consideration for the issue of the Share Swap Securities (other than in respect of funds received on exercise of the Options);
- (g) the purpose of the issue of the Share Swap Securities was to satisfy the Company's obligations under the Share Swap Agreement;
- (h) the Share Swap Securities were issued under the Share Swap Agreement. A summary of the material terms of the Share Swap Agreement is set out in Section 1.1 above; and
- (i) a voting exclusion statement is included in Resolution 1 of the Notice.

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## 2. RESOLUTIONS 2 TO 4 – RATIFICATION OF PRIOR ISSUE OF SHARES AND OPTIONS UNDER PLACEMENT

### 2.1 General

As announced on 31 March 2020, the Company has entered into a subscription agreement with EuroPac Gold Fund (an investment fund managed by Euro Pacific Asset Management, LLC) (**EuroPac**) under which EuroPac agreed to subscribe for, and the Company agreed to issue, 18,181,818 Shares at an issue price of \$0.055 per Share, together with 9,090,909 free-attaching Options on the basis of 1 Option for every 2 Shares subscribed for and issued to raise approximately \$1,000,000.

Further, as announced on 9 and 17 April 2020, the Company entered into a number of additional subscription agreements with professional and or sophisticated investors (all of whom are unrelated parties of the Company) under which the investors agreed to subscribe for a total of 2,499,996 Shares on the same terms as EuroPac, being at an issue price of \$0.055 per Share, together with 1,249,998 free-attaching Options on the basis of 1 Option for every 2 Shares subscribed for and issued to raise an additional \$268,157.

EuroPac and the investors are together referred to as the **Subscribers**.

## 2.2 Issue of Securities under the Placement

The placement of Shares and Options (the **Placement Securities**) pursuant to the subscription agreements entered into with the Subscribers (**Subscription Agreements**) was completed by the Company in two tranches as follows:

- (a) on 9 April 2020, the Company issued a total of 20,557,400 Shares at an issue price of \$0.055 per Share, together with 10,278,700 free-attaching Options (**Tranche 1**); and
- (b) on 17 April 2020, the Company issued a further 2,499,996 Shares and 1,249,998 free-attaching Options (**Tranche 2**),

(together, the **Placement**).

In respect of Tranche 1:

- (a) 19,288,983 Shares were issued pursuant to the Company's 7.1A mandate which was approved by Shareholders at the annual general meeting held on 25 November 2019 (being, the subject of Resolution 2); and
- (b) 1,268,417 Shares and 10,278,700 Options were issued pursuant to the Company's capacity under Listing Rule 7.1 (being, the subject of Resolution 3),

(the **Tranche 1 Placement Securities**).

In respect of Tranche 2, 2,499,996 Shares and 1,249,998 Options were issued pursuant to the Company's capacity under Listing Rule 7.1 (being, the subject of Resolution 4) (the **Tranche 2 Placement Securities**).

## 2.3 Advisors to the Placement

### (a) Finder Agreement

The Company engaged the services of Sprott Global Resource Investments Limited (**Sprott**) (a natural resources focused broker dealer, based in the United States of America and a subsidiary of Sprott Inc. a Toronto-based public asset management company (TSX:SII)) to provide introductory services to the Company in respect of the Placement pursuant to a finder agreement (**Finder Agreement**).

Under the Finder Agreement, Sprott was engaged to assist the Company in completing the Placement, by locating and introducing investors to the Company with whom Sprott had pre-existing business relationships (**Sprott Investors**), facilitating communications between the Company the Sprott Investors and negotiating and concluding the terms of the issue of securities to the Sprott Investors under the Placement. The Company agreed to pay Sprott a cash commission equal to 4% of the gross amount received by the Company from Sprott Investors, being, \$40,000 at completion of the Placement.

The Finder Agreement contained other terms and conditions considered standard for an agreement of its nature (including, representations and warranties).

(b) **Consultancy Agreement**

As set out in Section 1.1 above and as previously announced on 6 February 2020, the Company has entered into the Consultancy Agreement with Global Ore pursuant to which Global Ore has agreed to provide consultancy services to the Company (including corporate strategic advisory, marketing, business development services and technical advisory services).

Pursuant to the terms of the Consultancy Agreement and in consideration for services provided in respect of the Placement, the Company has agreed to pay Mr Stephen Nano (or his nominee) a Bonus (as that term is defined in Schedule 2) of 509,904 Shares subject to Shareholder approval (refer to Resolution 5 for further detail).

A summary of the material terms and conditions of the Consultancy Agreement is set out in Schedule 2.

**2.4 Listing Rules 7.1 and 7.1A**

As summarised in Section 1.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. As set out above, the Company obtained approval to increase its limit to 25% at the annual general meeting held on 25 November 2019.

The issue of the Placement Securities does not fit within any of the Exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the Placement Securities.

**2.5 Listing Rule 7.4**

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Securities.

Resolutions 2 to 4 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Securities.

## 2.6 Technical information required by Listing Rule 14.1A

If Resolutions 2 to 4 are passed, the Placement Securities will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Placement Securities.

If Resolutions 2 to 4 are not passed, the Placement Securities will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Securities.

## 2.7 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Placement and Resolutions 2 to 4:

- (a) the Placement Securities were issued to following Subscribers, who are not related parties of the Company:
  - (i) Resolutions 2 and 3: the Tranche 1 Securities were issued to:
    - (A) EuroPac: 18,181,818 Shares and 9,090,909 Options;
    - (B) Commodity Capital – Global Mining Fund (an entity incorporated in Luxembourg): 1,875,582 Shares and 937,791 Options; and
    - (C) Ryan Doersam: 500,000 Shares and 250,000 Options;
  - (ii) Resolution 4: the Tranche 2 Securities were issued to:
    - (A) Tobias Tretter: 1,499,996 Shares and 749,998 Options
    - (B) 10656917 Canada Inc. (an entity incorporated in Canada): 500,000 Shares and 250,000 Options; and
    - (C) Alex Sands: 500,000 Shares and 250,000 Options;
- (b) 23,057,396 Shares and 11,528,698 Options were issued under the Placement on the following basis:
  - (i) Resolution 2: 19,288,983 Shares were issued under Tranche 1 pursuant to Listing Rule 7.1A;
  - (ii) Resolution 3: 1,268,417 Shares and 10,278,700 Options were issued under Tranche 1 pursuant to Listing Rule 7.1; and
  - (iii) Resolution 4: 2,499,996 Shares and 1,249,998 Options were issued under Tranche 2 pursuant to Listing Rule 7.1;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (d) the Options issued were issued on the terms and conditions set out in Schedule 3;
- (e) the date on which the Placement Securities were issued is as follows:
  - (i) Resolutions 2 and 3: the Tranche 1 Placement Securities were issued on 9 April 2020; and
  - (ii) Resolution 4: the Tranche 2 Placement Securities were issued on 17 April 2020;
- (f) the issue price of the Shares under the Placement was \$0.055 per Share and the issue price of the Options under the Placement was nil as the Options were free attaching to the Shares on a one (1) for two (2) basis. The Company has not and will not receive any other consideration for the issue of the Placement Securities (other than upon exercise of the Options);
- (g) the purpose of the issue of the Placement Securities was to raise approximately \$1,268,156, which will be applied towards:
  - (i) finalising the construction of the SART plant for production of copper and gold at the White Dam JV Project;
  - (ii) continuing with exploration and drill hole targeting to increase the 330 k oz Au resource base at Mt Coolon Project;
  - (iii) commencement of geological mapping and sampling to assist with drill hole targeting for later in 2020 at Malmsbury Project, in Central Victoria; and
  - (iv) general corporate and promotional activities;
- (h) the Placement Securities were issued under the Subscription Agreements. A summary of the material terms of the Subscription Agreements set out in Section 2.1 above; and
- (i) a voting exclusion statement is included in each of Resolutions 2, 3 and 4 of the Notice.

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### **3. RESOLUTION 5 – APPROVAL TO ISSUE CONSULTANCY SHARES**

#### **3.1 General**

As set out above, the Company has entered into the Consultancy Agreement and in accordance with the terms of the Consultancy Agreement, a Bonus (as that term is defined in Schedule 2) is payable to Mr Stephen Nano (or his nominee) in consideration for consultancy services provided by Mr Stephen Nano in respect of the Placement.

The terms of the Bonus are as follows:

- (a) a fee of 2% of the funds raised under the Placement by Mr Nano is payable to Mr Nano (or his nominee) where fees are also payable to other advisors under the Placement; and
- (b) a fee of 3% of the total funds raised under the Placement by Mr Nano is payable to Mr Nano (or his nominee) where there are no third party fees payable (being, a fee of \$8,044.70 on the basis of \$268,156.79 being raised by Mr Nano).

Accordingly, Mr Nano is entitled to the following:

- (a) a fee of \$20,000 on the basis of \$1,000,000 being raised by Mr Nano in conjunction with other advisors; and
- (b) a fee of \$8,044.70 on the basis of \$268,156.79 being raised solely by Mr Nano.

The fee is payable in Shares at a deemed issue price to Shares issued under the Placement subject to Shareholder approval (being, the purpose of this Resolution 5). Where Shareholder approval is not obtained, the Bonus is payable in cash.

Accordingly, the Company is seeking Shareholder approval for the issue of 509,904 Consultancy Shares at a deemed price of \$0.055 per Share to Mr Stephen Nano (or his nominee) in lieu of the Bonus of \$28,044.70 and in consideration for services provided by Mr Nano.

A summary of the material terms and conditions of the Consultancy Agreement is set out in Schedule 2.

### **3.2 General**

As summarised in Section 1.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Consultancy Shares does not fit within any of these exceptions. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1 and wishes to seek Shareholder approval in accordance with the terms of the Consultancy Agreement. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1 and in compliance with the terms of the Consultancy Agreement.

### **3.3 Technical information required by Listing Rule 14.1A**

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Consultancy Shares. In addition, the issue of the Consultancy Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Bonus will be paid to Mr Stephen Nano (or his nominee) in cash in accordance with the terms of the Consultancy Agreement.

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Consultancy Shares.

### 3.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Consultancy Shares will be issued to Nueva Vida Pty Ltd (ACN 101 719 322) ATF Nano Family A/C, who is not a related party of the Company;
- (b) the maximum number of Consultancy Shares to be issued is 509,904. The Consultancy 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;
- (c) the Consultancy 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 Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (d) the Consultancy Shares will be issued for nil cash consideration at a deemed price of \$0.055 per Consultancy Share, in consideration for consultancy services provided by Global Ore and Mr Stephen Nano under the Consultancy Agreement and in respect of the Placement;
- (e) the purpose of the issue of the Consultancy Shares is to satisfy the Company's obligations under the Consultancy Agreement;
- (f) the Consultancy Shares are being issued under Consultancy Agreement. A summary of the material terms of the Consultancy Agreement is set out in Schedule 2;
- (g) the Consultancy Shares are not being issued under, or to fund, a reverse takeover; and
- (h) a voting exclusion statement is included in Resolution 5 of the Notice.

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## 4. RESOLUTION 6 – ADOPTION OF INCENTIVE PERFORMANCE RIGHTS AND OPTIONS PLAN

### 4.1 General

Resolution 6 seeks Shareholder approval for the adoption of the employee incentive scheme titled "Incentive Performance Rights and Options Plan" (**Plan**) and for the issue of Performance Rights and Options under the Plan in accordance with Listing Rule 7.2 (Exception 13(b)).

The objective of the Plan is to attract, motivate and retain key employees and the Company considers that the adoption of the Plan and the future issue of Performance Rights or Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

As summarised in Section 1.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 6 is passed, the Company will be able to issue Performance Rights and Options under the Plan to eligible participants over a period of 3 years. The issue of any Performance Rights or Options to eligible participants under the Plan (up to the maximum number of Securities stated in Section 3.2(c)(c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Performance Rights or Options under the Plan to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 6 is not passed, the Company will be able to proceed with the issue of Performance Rights and Options under the Plan to eligible participants, but any issues of Performance Rights or Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Performance Rights or Options.

The Company also notes that if Resolution 6 is passed, the Plan will replace the Previous Plans (defined below) adopted by Shareholders at the annual general meeting held on 25 November 2019. The primary purpose for adoption of the Plan (in place of Previous Plans) is to enable a broader range of eligible participants to participate in the Plan, including, in particular, contractors engaged by the Company.

#### 4.2 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 6:

- (a) a summary of the key terms and conditions of the Plan is set out in Schedule 4;
- (b) the Company previously adopted an option plan and a performance rights plan (**Previous Plans**) on 25 November 2019 however has not issued any Performance Rights or Options under the Previous Plans since they were adopted;
- (c) the maximum number of Securities proposed to be issued under the Plan, following Shareholder approval, is 11,275,277 Securities (being, 5% of the issued capital of the Company (assuming the Shares the subject of Resolution 5 are issued by the Company)). It is not envisaged that the maximum number of Securities for which approval is sought will be issued immediately; and
- (d) a voting exclusion statement is included in Resolution 6 of this Notice.

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## 5. RESOLUTION 7 – REPLACEMENT OF CONSTITUTION

### 5.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 7 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2007.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.gbmr.com.au](http://www.gbmr.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9316 9100). Shareholders are invited to contact the Company if they have any queries or concerns.

### 5.2 Summary of material proposed changes

#### Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

### **Minimum Shareholding (clause 3)**

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an “unmarketable parcel” of shares, being a shareholding that is less than \$500 based on the closing price of the Company’s Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with “unmarketable parcels” outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

### **Fee for registration of off market transfers (clause 8.4(c))**

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### **Dividends (clause 22)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### **Partial (proportional) takeover provisions (new clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

### Information required by section 648G of the Corporations Act

#### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

#### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

### *Potential advantages and disadvantages of proportional takeover provisions*

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (d) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (e) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

### *Recommendation of the Board*

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 7.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities & Investments Commission.

**Associated Entity** has the meaning given in the Corporations Act.

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

**Board** means the current board of directors of the Company.

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

**Buyer(s)** means a company, entity or person that (itself or via an Associated Entity) undertakes a Transaction with the Company (or an Associated Entity).

**Chair** means the chair of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means GBM Resources Limited (ABN 91 124 752 745).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

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

**Global Ore** means Global Ore Discovery Pty Ltd ATF Global Ore Discovery Trust (ACN 105 383 211).

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

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

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

**Option** means an option to acquire a Share.

**Option holder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

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

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

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

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

**Transaction** means any transaction whereby the Company (or an Associated Entity or other nominee):

- (a) receives funds or consideration of any type, from a Buyer (or an Associated Entity); or
- (b) a Buyer (or an Associated Entity) invests monies directly in tenements held by the Company through a joint venture agreement, farm-out agreement, option to purchase agreement or other similar arrangement,
- (c) and where:
- (d) that Buyer has been introduced to the Company by Global Ore; or
- (e) Global Ore has otherwise contributed to securing the Transaction as agreed with the Company.

**VWAP** means volume weighted average price.

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

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## SCHEDULE 1 – TERMS AND CONDITIONS OF NOVO OPTIONS

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- (a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price:** Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.11 (**Exercise Price**).
- (c) **Expiry Date:** Each Option will expire at 5:00pm (WST) on 6 April 2023 (**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 and from time to time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise:** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate or as otherwise agreed with the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (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 5 Business Days after the Exercise Date, the Company will:
- (i) allot and 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) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; 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 the Company is unable to deliver a notice under paragraph (g)(ii) or such a notice 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 immediately lodge with ASIC a disclosure document 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) **Quotation of Shares issued on exercise:** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

- (j) **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of the holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (k) **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, however the exercise price (or underlying number of securities into which the Options can be exercised):
  - (i) will, in the event of a pro-rata issue, be adjusted in accordance with the formula in ASX Listing Rule 6.22.2; and
  - (ii) will, in the event of a bonus issue, be adjusted in accordance with ASX Listing Rule 6.22.3.
- (l) **Quotation of the Options:** The Company will not apply for quotation of the Options on the ASX.
- (m) **Transferability of the Options:** The Options are transferable at the election of the holder subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities law.
- (n) **U.S. Securities laws:** The Options may not be exercised by or on behalf of a person in the United States unless the Options and the underlying Shares have been registered under the U.S. Securities Act of 1933, as amended, and applicable state securities laws or exemptions from such registration requirements are available.

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## SCHEDULE 2 – CONSULTANCY AGREEMENT

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The material terms and conditions of the Consultancy Agreement are as follows:

- (a) **Specified Person:** Global Ore has appointed Mr Stephen Nano to perform the services to the Company under the Consultancy Agreement.
  - (b) **Minimum Consultant Days:** Mr Nano will perform the services for a minimum of 75 days during the Term of the Consultancy Agreement (**Minimum Consultant Days**).
  - (c) **Discounted Consultants Rate:** In consideration for services performed, the Company will pay Global Ore a discounted fee of \$1,200 per day for each day worked during the Term (or part thereof for each part day) (being, equivalent to \$150 per hour) following the receipt of a valid invoice at the end of each calendar month.
  - (d) **Early Termination Fee:** If the Consultancy Agreement is terminated by the Company for cause during the Term and before Global Ore has provided the Consultancy Services for the number of Minimum Consultant Days, Global Ore will charge the Company for services performed in respect of which no sum has previously been charged and the Company will pay Global Ore an early termination fee of \$25,000.
  - (e) **Performance Rights:** As consideration for the services to be provided by Global Ore to the Company at a discount and subject to the adoption of a performance rights plan by the Company, the Company has agreed to issue Global Ore, 1,128,000 performance rights in the capital of the Company (**Performance Rights**) under the Company's performance rights plan, which convert into Shares (on a one for one basis) as follows:
    - (i) 564,000 Performance Rights will vest and convert into Shares on 1 July 2020;
    - (ii) 282,000 Performance Rights will vest and convert into Shares on 30 September 2020; and
    - (iii) 282,000 Performance Rights will vest and convert into Shares on 30 December 2021.
- If the Consultancy Agreement is terminated prior to the vesting of the Performance Rights and issue of Shares on conversion, then:
- (i) where Global Ore terminates the Agreement for cause, all unvested Performance Rights will be deemed to have automatically vested and the Company will issue the equivalent number of Shares to Global Ore; or
  - (ii) where the Company terminates the Agreement without cause, all unvested Performance Rights will be deemed to have vested and the Company will issue the equivalent number of Shares to Global Ore; or
  - (iii) where the Company terminates the Agreement for cause, all unvested Performance Rights held by Global Ore will automatically lapse.
- (f) **Cash Bonus:** Where the Company enters into a Transaction involving receipt of cash funds by the Company, Mr Stephen Nano (or his nominee) will be entitled to receive bonus remuneration for the provision of consultancy services (**Bonus**) on the following terms:

- (i) where the Transaction takes the form of a capital raising, the Bonus will be equal to a percentage of the total gross cash consideration received by the Company from the Buyer, being:

$$[\text{total cash consideration received from Buyer}] \times X\% = \text{Bonus}$$

Where:

- a third party in the capital raising takes fees, X will be 2%; and
- there are no third party fees involved in the capital raising, X will be 3%.

Subject to Shareholder approval, the Bonus will be issued in Shares at a deemed issue price equal to the price of Shares offered under the capital raising and on the same terms and conditions under which the capital raising Transaction was completed, within 20 business days from the later of the date of completion of the capital raising Transaction, or the date shareholder is obtained (or such later date as agreed between the parties). Where Shareholder approval is not obtained, the Bonus will be paid in cash, within 10 business days from the date the Shareholder meeting was held to obtain the approval.

- (ii) where the Transaction takes the form of a joint venture or farm-out (or any agreement in similar form or effect) between the Company and the Buyer or an asset sale from the Company to the Buyer, then:

(A) the Bonus will be calculated as 3% of the sum of the total cash payments and in ground spend commitment for the first year of the joint venture; and

(B) subject to Shareholder approval, the Bonus will be issued as Shares at a deemed issue price equal to the 30 day VWAP of Shares prior to the date of completion of the Transaction, within 20 business days of the date of completion of the Transaction (or such other date as agreed between the parties). Where Shareholder approval is not obtained, the Bonus will be paid in cash, within 10 business days from the date the Shareholder meeting was held to obtain the approval.

- (g) **Share Bonus:** Where all or part of the consideration to be received by the Company for a Transaction includes the issue of shares or options in the Buyer (**Buyer Securities**), Mr Stephen Nano (or his nominee) will be entitled to receive a portion of the Buyer Securities by way of a bonus remuneration for the provision of the services (**Share Bonus**) on the following terms:

- (i) the Company will cause the issue or transfer of the number of Buyer Securities equal to *X% of the total number of Buyer Securities to be received by the Company as consideration*, by the issue or transfer to Mr Stephen Nano (or his nominee) of the required number of Buyer Securities where:

(A) a third party in the capital raising takes fees, X will be 2%;

(B) there are no third party fees involved in the capital raising, X will be 3%.

- (ii) if the Company is unable to comply with the above conditions, Mr Stephen Nano (or his nominee) can elect to receive payment of the Share Bonus in cash.

- (h) Other Bonus:
- (i) If Mr Stephen Nano materially contributes to the preparation and or delivery of a spin out entity of the Company that is completed during the Term (or during the 12 month period after expiry of the Term (**Extended Bonus Period**)), Mr Stephen Nano (or his nominee) will be entitled to receive an additional bonus in Shares (on terms to be negotiated).
  - (ii) Mr Stephen Nano may also be entitled to receive discretionary bonuses and grants of securities (at the discretion of the Company) in recognition of less tangible deliveries during the Term or Extended Bonus Period.
- (i) **Expenses:** The Company shall reimburse Global Ore for all reasonable expenses incurred by Global Ore in the performance of the services under the Consultancy Agreement.
- (j) **Termination by Global Ore:** Global Ore may terminate the Consultancy Agreement:
- (i) immediately in writing if:
    - (A) any payment to be made by the Company to Global Ore remains unpaid for 60 days;
    - (B) the Company breaches any clause of the Consultancy Agreement and such breach is not remedied within twenty-eight (28) days after the provision of written notice requiring rectification of said breach;
    - (C) the Company suffers an insolvency event;
    - (D) the Company, in the reasonable opinion of Global Ore, requests Global Ore or any of its employees, agents or subcontractors to provide services in an unsafe, unlawful or unprofessional manner; or
    - (E) the Company ceases or threatens to cease conducting its business in the normal manner; and
  - (ii) for any reason before the end of the Term by the giving of 30 days written notice.

- (k) **Termination by Company:** the Company may terminate the Consultancy Agreement:
- (i) Immediately in writing if:
    - (A) Global Ore breaches any clause of the Consultancy Agreement and such breach is not remedied within twenty eight (28) days after the provision of written notice requiring rectification of said breach;
    - (B) Global Ore suffers an insolvency event; or
    - (C) Global Ore ceases or threatens to cease conducting its business in the normal manner; and
  - (ii) for any reason before the end of the Term by the giving of 30 days written notice.

The Consultancy Agreement contains such other terms as are standard for an agreement of this nature (including, in respect of intellectual property rights, moral rights, confidentiality and non-solicitation provisions).

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### SCHEDULE 3 – TERMS AND CONDITIONS OF PLACEMENT OPTIONS

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- (a) **Entitlement:** Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price:** Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.11 (**Exercise Price**).
- (c) **Expiry Date:** Each Option will expire at 5:00pm (WST) on 6 April 2023 (**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 and from time to time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise:** The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate or as otherwise agreed with the Company (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (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 5 Business Days after the Exercise Date, the Company will:
  - (i) allot and 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) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; 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 the Company is unable to deliver a notice under paragraph (g)(ii) or such a notice 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 immediately lodge with ASIC a disclosure document 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) **Quotation of Shares issued on exercise:** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

- (j) **Reconstruction of capital:** If at any time the issued capital of the Company is reconstructed, all rights of the holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
- (k) **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, however the exercise price (or underlying number of securities into which the Options can be exercised):
  - (i) will, in the event of a pro-rata issue, be adjusted in accordance with the formula in ASX Listing Rule 6.22.2; and
  - (ii) will, in the event of a bonus issue, be adjusted in accordance with ASX Listing Rule 6.22.3.
- (l) **Quotation of the Options:** The Company will not apply for quotation of the Options on the ASX.
- (m) **Transferability of the Options:** The Options are transferable at the election of the holder subject to any restriction or escrow arrangements imposed by the ASX or under applicable Australian securities law.
- (n) **U.S. Securities laws:** The Options may not be exercised by or on behalf of a person in the United States unless the Options and the underlying Shares have been registered under the U.S. Securities Act of 1933, as amended, and applicable state securities laws or exemptions from such registration requirements are available.

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## SCHEDULE 4 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS AND OPTION PLAN

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The material terms and conditions of the Performance Rights and Option Plan (**Plan**) are as follows:

- (a) **Eligibility:** Participants in the Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
  - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,

who is declared by the Board to be eligible to receive grants of Options or Performance Rights (**Awards**) under the Plan (**Eligible Participants**).

- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Performance Rights granted under the Plan will be issued for nil cash consideration. Unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Exercise price:** The Board may determine the Option exercise price (if any) for an Option offered under that Offer in its absolute discretion. To the extent the Listing Rules specify or require a minimum price, the Option exercise price must not be less than any minimum price specified in the Listing Rules.
- (f) **Vesting Conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).

- (g) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Awards, being:
    - (A) a Relevant Person ceasing to be an Eligible Participant due to:
      - (I) death or total or permanent disability of a Relevant Person; or
      - (II) retirement or redundancy of a Relevant Person;
    - (B) a Relevant Person suffering severe financial hardship;
    - (C) any other circumstance stated to constitute “special circumstances” in the terms of the relevant offer made to and accepted by the Participant; or
    - (D) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,  
  
(**Special Circumstances**), or
  - (v) a change of control occurring; or
  - (vi) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (h) **Cashless exercise facility:** If an Eligible Participant wishes to exercise some or all of their vested Options, they may, subject to Board approval, elect to pay the exercise price of the Options by using a cashless exercise facility, which entitles an Eligible Participant to set-off the exercise price of the Options against the number of Shares which the Participant is entitled to receive upon exercise of the Options as follows:
- (i) the aggregate total Option exercise price otherwise payable in respect of all vested Options exercised, less the aggregate total market value of Shares as at the date the vested Option is exercised that would otherwise be issued or transferred on exercise of the vested Options; and
  - (ii) divided by the market value of a Share as at the date the vested Option is exercised.

- (i) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:
- (i) an unauthorised dealing, or hedging of, the Award occurring;
  - (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
  - (iii) in respect of unvested Awards only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
  - (iv) in respect of vested Awards only, a Relevant Person ceases to be an Eligible Participant and the Award granted in respect of that Relevant Person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
  - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
  - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award; and
  - (vii) the expiry date of the Award.
- (j) **Not transferrable:** Subject to the ASX Listing Rules, Awards are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (k) **Shares:** Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (k)) from the date of issue, rank on equal terms with all other Shares on issue.
- (l) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- (a) **Quotation of Shares:** If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.

- (m) **No Participation Rights:** There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.
- (n) **Change in exercise price of number of underlying securities:** An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
- (o) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (p) **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Award granted under the Plan including giving any amendment retrospective effect.