



**magnetic** resources<sup>NL</sup>

ABN 34 121 370 232

## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT**

**Annual General Meeting to be held at the  
Office of the Company,  
Level 1, 44A Kings Park Road  
West Perth WA 6005  
on  
Monday 20 November 2017  
commencing at 10 am (WST)**

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.  
If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional  
adviser without delay.

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Magnetic Resources NL will be held at the Office of the Company, First Floor, 44A Kings Park Road, West Perth, WA 6005 on Monday 20 November 2017 commencing at 10 am (WST).

### ORDINARY BUSINESS

#### 1. Financial Statements and Reports

To receive and consider the annual financial report, together with the Directors' and auditor's reports for the financial year ending 30 June 2017.

#### 2. Adoption of Remuneration Report (Resolution 1)

To consider and if thought fit, to pass, with or without amendment the following **advisory only resolution**:

*"That, for the purposes 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 ending 30 June 2017."*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 1 by, or on behalf of:

- a member of the key management personnel ("KMP") as disclosed in the Remuneration Report;
- a closely related party of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form. The Company's KMP's are set out in the Remuneration Report. Generally speaking they are people having authority and responsibility for planning, controlling and directing the Company's activities in a direct or indirect manner. KMP's include the Directors, and senior executives of the Company.

A closely related party of a KMP generally speaking means a spouse, child, or dependent of the KMP, or a child or dependant of the spouse of the KMP. It includes anyone else who is a member of the KMP's family who would influence or may be expected to influence the KMP in relation to his or her dealings with the Company. It also includes any company which is controlled by the KMP, and includes any other people prescribed as closely related parties by ASIC in the regulations to the Corporations Act (none are prescribed at this time).

#### 3. Re-election of Director (Resolution 2)

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

*"That, in accordance with the Company's Constitution and for all other purposes, Mr Julien Sanderson, who retires by rotation under section 73.1 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election, is re-elected as a Director of the Company"*.

### SPECIAL BUSINESS

#### 4. Approval for the Issue of Shares (Resolution 3)

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

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue up to 20,000,000 Shares at an issue price which is no less than the minimum price permitted by the market price formula set out in listing rule 7.3.3, to investors on the terms and conditions as set out in the*

*Explanatory Statement.”*

**Voting Exclusion:** For the purposes of ASX Listing Rule 7.3 the Company will disregard any votes cast on Resolution 3 by a person and any of their associates who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

**5. Approval of 10% Placement Facility (Resolution 4)**

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

*“That approval is given for the Company to have the additional capacity (ie, 10% Placement Capacity) to issue Equity Securities under Listing Rule 7.1A, for the period specified in Listing Rule 7.1A.1 and in accordance with the formula prescribed in Listing Rule 7.1A.2.”*

**Voting Exclusion:** The Company will disregard any votes cast on Resolution 4 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 4 is passed. However, the Company will not disregard a vote cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

---

**6. Approval for the Issue of 750,000 December 2021 Options to Eric Lim (Resolution 5)**

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

*“For the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act, section 195(4) of the Corporations Act and for all other purposes, approval be and is hereby given to the issue to Eric Lim (or his nominee) of 750,000 options expiring 31 December 2021, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 5 by Eric Lim and any of his Associates. However, the Company must not disregard a vote if it is cast by a person (who is not a member of the Company’s Key Management Personnel (“KMP”)) as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this Resolution. The Chairman, as one of the KMPs of the Company, is not permitted to cast any votes in respect of this Resolution that arise from undirected proxies held unless the proxy expressly authorises the Chairman to do so.

For the purpose of section 224 of the Corporations Act a vote on Resolution 5 must not be cast by or on behalf of Eric Lim being the Related Party to whom the resolution would permit a financial benefit to be given, and his associates.

---

**7. Approval for the Issue of 750,000 December 2021 Options to Julien Sanderson (Resolution 6)**

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

*“For the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act, section 195(4) of the Corporations Act and for all other purposes, approval be and is hereby given to the issue to Julien Sanderson (or his nominee) of 750,000 options expiring 31 December 2021, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 6 by Julien Sanderson and any of his Associates. However, the Company must not disregard a vote if it is cast by a person (who is not a member of the Company’s Key Management Personnel (“KMP”)) as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this Resolution. The Chairman, as one of the KMPs of the Company, is not permitted to cast any votes in respect of this Resolution that arise from undirected proxies held unless the proxy expressly authorises the Chairman to do so.

For the purpose of section 224 of the Corporations Act a vote on Resolution 6 must not be cast by or on behalf of Julien Sanderson being the Related Party to whom the resolution would permit a financial benefit to be given, and his associates.

---

**8. Approval for the Issue of 1,500,000 December 2021 Options to George Sakalidis (Resolution 7)**

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

*“For the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act, section 195(4) of the Corporations Act and for all other purposes, approval be and is hereby given to the issue to George Sakalidis (or his nominee) of 1,500,000 options expiring 31 December 2021, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 7 by George Sakalidis and any of his Associates. However, the Company must not disregard a vote if it is cast by a person (who is not a member of the Company’s Key Management Personnel (“KMP”)) as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this Resolution. The Chairman, as one of the KMPs of the Company, is not permitted to cast any votes in respect of this Resolution that arise from undirected proxies held unless the proxy expressly authorises the Chairman to do so.

For the purpose of section 224 of the Corporations Act a vote on Resolution 7 must not be cast by or on behalf of George Sakalidis being the Related Party to whom the resolution would permit a financial benefit to be given, and his associates.

---

**9. Ratification of Prior issue of Shares (Resolution 8)**

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

*“That for the purpose of Listing Rule 7.4 and for all other purposes, approval is given to ratify the prior issue of 5,278,696 Shares to the investors on the terms and conditions set out in the Explanatory Statement.”*

**Voting exclusion:** The Company will disregard any votes cast on Resolution 8 by any person who participated in the issue the subject of Resolution 8 and any associates of those persons. However, the Company need not disregard any vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

---

#### **10. Approval for the Issue of Shares to a Related Party, Choon Kong Lim (Resolution 9)**

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

*“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 869,565 Shares to Related Party Choon Kong Lim on the terms and conditions as set out in the Explanatory Statement.”*

**Voting Exclusion:** For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 9 by Mr Lim and any of his associates. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

#### **11. Approval for the Issue of Shares to a Related Party, Eric Lim (Resolution 10)**

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

*“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 434,783 Shares to Related Party Eric Lim on the terms and conditions as set out in the Explanatory Statement.”*

**Voting Exclusion:** For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 10 by Mr Lim and any of his associates. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

---

## **Explanatory Statement**

The accompanying Explanatory Statement forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Annual General Meeting and the Explanatory Statement.

## **Proxies**

Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its Share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

## **Voting Entitlements**

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5pm (WST) on 18 November 2017. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the Annual General Meeting.

## **Enquiries**

Shareholders may contact the Company Secretary, Ben Donovan, on (+61 8) 9226 1777 if they have any queries in respect of the matters set out in these documents.

## **By Order of the Board of Directors**



Ben Donovan  
Company Secretary  
Dated this 19 September 2017

## Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

---

### Overview of changes to capital structure and changes in Related Party holdings

If all the Resolutions put to the Meeting are passed and implemented, the capital structure of the Company will be as follows, assuming no existing Options are exercised:

As at the date of this notice, there are 146,817,355 shares, 20,418,862 contributing shares and 4,150,000 options on issue

Resolution	Securities to be issued under Resolution	Shares on issue (cumulative)	Options on issue
Resolution 5	750,000 options	146,817,355	4,900,000
Resolution 6	750,000 options	146,817,355	5,650,000
Resolution 7	1,500,000 options	146,817,355	7,150,000
Resolution 9	869,565 shares	147,686,920	7,150,000
Resolution 10	434,783 shares	148,121,703	7,150,000
<b>Total</b>		<b>148,121,703</b>	<b>7,150,000</b>

If all the Resolutions put to the Meeting are passed and implemented, the Voting Power of each Related Party of the Company receiving an issue of Shares under any Resolutions in this Notice will be as follows, assuming no existing Options are exercised:

Name of Related Party	Number of Shares in which a Voting Power is held	Voting Power expressed as a percentage of Shares on issue
Eric Lim and Associates	7,932,794	5.36% (down from 5.87%)
Choon Kong Lim (a Related Party because he is the father of Eric Lim) and Associates	15,103,083	10.19% (down from 11.66%)

---

### Item 1 - Financial Statements and Reports

The Corporations Act requires the reports of the Directors and of the Company's auditor and the annual financial report, including the financial statements, to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual

General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements. However, Shareholders will be given an opportunity to raise questions on the reports and statements at the Annual General Meeting.

In accordance with the Corporations Act, the Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at [www.magres.com.au](http://www.magres.com.au).

---

## **Item 2 – Adoption of Remuneration Report (Resolution 1)**

The Remuneration Report is set out in the Directors Report in the Company's Annual Report for the period ending 30 June 2017. This report sets out the Company's remuneration policy and reports on the remuneration arrangements in place for Directors and key executives of the Company.

Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report be adopted must be put to the vote. This resolution seeks this approval. However, in accordance with section 250R(3) of the Corporations Act, Shareholders should note that this resolution is an "advisory only" resolution which does not bind the Directors of the Company.

Following consideration of the Remuneration Report, the Chairman, in accordance with section 250SA of the Corporations Act, must give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Under reforms to the Corporations Act, if 25% or more of the vote on this resolution are against adopting the Remuneration Report, the Company will be required to consider and report to Shareholders in the next Remuneration Report on what action (if any) has been taken in response to Shareholder concerns, and if no action is proposed to be taken, the Board's reasons for this.

Shareholders also need to be aware that as a result of the new legislation which became effective on 1 July 2011 a "two strikes" process will apply to the results of voting in relation to Resolution 1. This means that if the resolution proposing adoption of the Remuneration Report receives a "no" vote of over 25% of votes cast by those attending in person or by proxy and permitted to vote, at two successive annual general meetings, then at the Company's next annual general meeting, an extra resolution must be put to the meeting proposing that another general meeting should be held within 90 days of the second annual general meeting. A simple majority of over 50% of the votes cast at the 2018 annual general meeting is required to pass this extra resolution. If the resolution is passed, within 90 days another general meeting must be held at which all the Directors, except the Managing Director and any new Directors appointed since the date of the 2018 annual general meeting, will be required to resign and offer themselves for re-election. These provisions are colloquially referred to as the "two strikes rule" and the "spill resolution" to be put to the "spill meeting".

If at the spill meeting, the resolutions are all passed against re-electing the relevant Directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 Directors. After the managing director, the remaining two positions will be filled by the Directors whose re-election resolutions at the spill meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two Directors, the Managing Director and any other Director whose re-election has been confirmed at this spill meeting, can choose who is to become the third Director, with such appointment to be confirmed by Shareholders at the 2018 annual general meeting. The ramifications of this mechanism being invoked include that the Company would not be in compliance with its corporate governance policies as a result of not having three independent directors on the Company's audit committee or any other committees requiring independent directors.

At the Company's 2016 Annual General Meeting, there were 76,507 votes cast against the 2016 Remuneration Report, which is less than 25% of the votes cast at the meeting and therefore the two strikes process was not invoked at the 2016 Annual General Meeting.

**The Chairman intends to vote all available proxies in favour of adopting the Remuneration Report.**

---

### **Item 3 – Re-election of Director (Resolution 2)**

Clause 73.1 of the Constitution and Listing Rule 14.4 provides that at every Annual General Meeting, one third of the directors must retire, but are eligible for re-election at that Annual General Meeting.

The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or have been longest in office since their appointment or last re-appointment, or, if the Directors have been in office for an equal length of time, by agreement.

The requirements for a Director to retire do not apply to a Managing Director (but if there is more than one Managing Director, only one is exempt from retirement).

The Company currently has three Directors and accordingly one must retire.

Accordingly, Mr Julien Sanderson retires by rotation at the Annual General Meeting and, being eligible, he offers himself for re-election as a Director. A summary of Mr Sanderson's qualifications and experience is contained in the 2017 Annual Report.

The Directors, other than Mr Sanderson, recommend that Shareholders vote in favour of Resolution 2 to reappoint Mr Sanderson as a Director.

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

---

### **Item 4 – Approval for the Issue of Shares (Resolution 3)**

#### **4.1 Background to Resolution 3**

Shareholder approval is sought for the issue of up to 20,000,000 Shares at an issue price which is no less than the minimum price permitted by the market price formula set out in listing rule 7.3.3. The purpose of the proposed Share issue is to raise additional working capital. No investors have been identified at this stage for placing shares under Resolution 3. Resolution 3 is being put to Shareholders to offer additional flexibility to the Board to issue equity securities to investors who are not Related Parties, in addition to the Company's ability to issue equity securities under Listing Rule 7.1.

#### **4.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of these securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Approval is being sought under ASX Listing Rule 7.1 for the issue of up to 20,000,000 Shares to investors who have yet to be identified. The minimum pricing of these Shares will be as permitted by the market price formula set out in listing rule 7.3.3. If Resolution 3 is passed, following the issue of the Shares the subject of Resolution 3, the Company will still have the capacity to issue 15% of its equity securities over the next 12 months as those Shares, once issued, will be excluded from the calculation under ASX Listing Rule 7.1. The issue of the Shares the subject of Resolution 3 must occur no later than 3 months, or such later date as permitted by ASX, from the date of the Meeting.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of Shares under Resolution 3:

- (a) the maximum number of Shares to be issued under Resolution 3 is 20,000,000;
- (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 an ASX waiver or modification of the ASX Listing Rules); issue may occur progressively;

- (c) In accordance with Listing Rule 7.3.3 the issue price of any Shares will not be less than 80% of the volume weighted average market price for securities in that class, calculated over the last 5 days on which sales of ordinary shares were recorded before the date on which the Shares are issued;
- (d) the Shares will be issued, without disclosure, to sophisticated or professional investors who are not Related Parties of the Company;
- (e) the Shares will rank equally in all respects with the existing class of quoted fully paid ordinary shares on issue, the terms of which are in the public domain; and
- (f) the funds raised upon issue of the Shares will be used for general working capital.

#### **4.3 Directors Recommendation**

Each of the Directors recommend that Shareholders should vote in favour of Resolution 3 in order to maximise the Company's flexibility to raise additional working capital beyond that possible under the existing capacities under Listing Rule 7.1.

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

---

### **Item 5 - Approval of 10% Placement Facility (Resolution 4)**

#### **5.1 General**

Under Listing Rule 7.1, subject to certain exceptions, a listed entity must not, without the approval of holders of ordinary securities, issue or agree to issue more Equity Securities than the number calculated according to the formula set out in that rule. The formula generally has the effect that, in addition to the exceptions provided, every listed entity has the ability (**15% Placement Capacity**) over any 12 month period to issue Equity Securities equal to 15% of its issued capital at the commencement of the 12 month period.

Under Listing Rule 7.1A, an "Eligible Entity" may also seek the approval of the holders of its ordinary securities by special resolution passed at an AGM to have the additional capacity (**10% Placement Capacity**) to issue Equity Securities under rule 7.1A. The exact formula for the 10% Placement Capacity is set out in Listing Rule 7.1A.2 and the approval period (**10% Placement Period**) to which it relates (generally 12 months) is set out in Listing Rule 7.1A.1 (refer to sections 7.2 and 7.3 respectively below). The ability to issue securities under listing rule 7.1A is in addition and separate to each listed entity's ability to issue securities under listing rule 7.1.

An "Eligible Entity" for the purposes of Listing Rule 7.1A is an entity which, as at the date of the relevant special resolution passed for the purposes of rule 7.1A, (excluding restricted securities and securities quoted on a deferred settlement basis) is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As at the date of this Notice, the Company's market capitalisation for this purpose is \$42.5 million and the Company expects to be an Eligible Entity at the time of the Meeting. The current market capitalisation is \$42.5 million.

There are a number of other rules and conditions applicable to the approval and issue of equity securities under listing rule 7.1A, including:

- (a) that any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company;
- (b) a limitation on the discount to prevailing market price at which they may be issued; and
- (c) additional disclosure requirements.

As at the date of the Notice, the Company has on issue five classes of Equity Securities, being listed Shares, both fully paid and partly-paid contributing, and three classes of unlisted Options.

The Company is now seeking Shareholder approval to have the 10% Placement Capacity.

At the date of this Notice, the Company has on issue 146,817,355 fully paid ordinary Shares, 20,418,862 partly-paid contributing Shares and 4,150,000 options. Assuming the Company's Shares on issue do not

change and refreshing of the placement capacity, the Company will have the capacity over the course of the next 12 months to issue:

- (i) 22,022,603 Equity Securities under its 15% Placement Capacity; and
- (ii) 14,681,735 Equity Securities under its 10% Placement Capacity,

without requiring further Shareholder approval.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. In particular, the ability of the Company to issue Shares under the 10% Placement Capacity will enable the Company to issue Shares at a discount to the then market price in circumstances where it might otherwise be subjected to the cost, delay and uncertainty of having to go back to Shareholders for approval. The additional flexibility will better position the Company to pursue its interests in the prevailing difficult market conditions.

## **5.2 Formula for calculating the 10% Placement Capacity under Listing Rule 7.1A.2**

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an AGM may issue or agree to issue, during the 10% Placement Period, a number of Equity Securities calculated in accordance with the following formula:

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

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

- (i) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid Shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4 (which does not include the 10% Placement Capacity);
- (iv) less the number of fully paid Shares cancelled in the 12 months.

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

**D** is 10%;

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

## **5.3 10% Placement Period under Listing Rule 7.1A.1**

Listing Rule 7.1A.1 provides that an approval under Listing Rule 7.1A must be for a period commencing on the date of the AGM at which the approval is obtained and expiring on the first to occur of the following:

- (a) the date that is 12 months after the date of that AGM; or
- (b) the date of the approval by holders of the Eligible Entity's ordinary securities of a transaction under rule 11.1.2 (proposed significant change to the nature or scale of its activities where ASX has required the entity to seek such approval) or rule 11.2 (disposal of main undertaking).

## **5.4 Special Resolution**

Resolution 4 will only be effective if it is passed as a special resolution which requires (amongst other matters) that it be passed by least 75% of votes cast by members entitled to vote on the resolution.

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

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Capacity as follows:

- (a) If the 10% Placement Capacity is used, Equity Securities may only be issued in reliance on the 10% Placement Capacity at an issue price of not less than 75% of the volume weighted average

price for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power and economic interests in the Company could potentially be diluted as shown in the below table. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

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

The table below shows:

- (i) the potential dilution of existing Shareholders assuming a Share issue at the current market price of Shares and assuming the current number of ordinary securities for variable "A" (as described in section 7.2 and Listing Rule 7.1A.2) (further assumptions are set out in the notes immediately below the table).
- (ii) two further examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities included in variable "A" may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (iii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.12 50% decrease in Issue Price	\$0.24 Assumed Issue Price	\$0.36 50% increase in Issue Price
Current Variable A 146,817,355	10% voting dilution	14,681,736		
	Funds raised	\$ 1,761,808	\$ 3,523,617	\$ 5,285,425
50% increase in current Variable A 220,226,033	10% voting dilution	22,022,603		
	Funds raised	\$ 2,642,712	\$ 5,285,425	\$ 7,928,137
100% increase in current Variable A 293,634,710	10% voting dilution	29,363,471		
	Funds raised	\$ 3,523,617	\$ 7,047,233	\$ 10,570,850

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No Options are exercised into Shares before the date of the issue of the Equity Securities.
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iv) 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 the Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The use of Equity Securities under the 10% Placement Facility consists only of Shares.
  - (vii) The assumed issue price is \$0.24 being the closing price of the Shares on ASX on 19 September 2017
- (c) The Company will only issue the Equity Securities under the 10% Placement Facility approved (if approved) at the 2017 AGM during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities under the 10% Placement Facility for the following purposes:
- (i) cash consideration. In such circumstances, the Company intends to use the funds raised towards advancing the Company's gold projects and other tenements as well as for general working capital; or

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

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities under the 10% Placement Facility.

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

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

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

- (e) The Company obtained Shareholder approval under Listing Rule 7.1A, at the Company's 2016 AGM.

In the 12 months preceding this Annual General Meeting, the Company has issued a total of 5,278,696 Shares which represented 3.7% of the Company's total number of Shares on issue 12 months prior to the meeting. Further details are set out below as required by Listing Rule 7.3A.6:

Date of Issue	Number of Securities	Class	Terms of Class / Issue	Issue Price	Premium to Market Price at date of issue	Total cash	Use of cash	Total non cash consideration paid and current value	Allottees of Equity Securities issued or Basis of Issue
7/9/2017	5,278,696	Ordinary	Pari Pasu	0.115	52% discount	\$607,050	Working capital	Nil	Unrelated Sophisticated investors

The Directors recommend that Shareholders vote in favour of Resolution 4.

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

## **Item 6 - Approval for the Issue of 3,000,000 December 2021 Options to Related Parties (Resolutions 5 to 7 inclusive)**

### **6.1 - Background to Resolutions 5 to 7 inclusive**

The Company is seeking to incentivize the board of directors at a time when the Company is looking to advance development of its projects. In order to maintain cash reserves, the Company has decided to incentivize the various board members via the issue of Options.

### **6.2 – Compliance with ASX Listing Rules 10.11 and 7.1**

Listing Rule 10.11 provides a general restriction, subject to specified exceptions, against issuing securities to a Related Party without Shareholder approval. A "Related Party" is widely defined under the Corporations Act, and includes a Director of the Company, and a party which controls the Company. Shareholder approval under Resolutions 5 to 7 inclusive is required to comply with Listing Rule 10.11 since the allottees, as current Directors (or their nominees), are related parties of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options under Resolutions 5 to 7 inclusive as approval is being obtained under ASX Listing Rule 10.11.

Approval is being sought by Resolutions 5 to 7 inclusive under ASX Listing Rule 10.11 for the issue of up to 3,000,000 December 2021 Options to three Related Parties of the Company, namely Eric Lim and Julien Sanderson, both non-executive directors, and George Sakalidis as Managing Director.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an Option), if the number of these securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

If Resolutions 5 to 7 inclusively are each passed, following the issue of the 3,000,000 December 2021 Options referred to above, the Company will still have the capacity to issue 15% of its equity securities over the next 12 months as those December 2021 Options, once issued, will be excluded from the calculation under ASX Listing Rule 7.1. The issue of the New Options referred to above must occur no later than 1 month, or such later date as permitted by ASX, from the date of the Annual General Meeting.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 5 to 7:

- (a) the maximum number of securities to be issued by the Company for nil consideration is 3,000,000 December 2021 Options and as follows:
  - (i) 750,000 December 2021 Options will be issued to Eric Lim or his nominee under Resolution 5;
  - (ii) 750,000 December 2021 Options will be issued to Julien Sanderson or his nominee under Resolution 6, and
  - (iii) 1,500,000 December 2021 Options will be issued to George Sakalidis or his nominee under Resolution 7;
- (b) the December 2021 Options will be issued no later than one month after the date of the General Meeting, on one date and not on consecutive dates;
- (c) the December 2021 Options will otherwise be issued on the terms and conditions set out in Annexure A; and
- (d) Funds of approximately \$1,080,000 (assuming a \$0.36 exercise price for the December 2021 Options) may be raised upon exercise of the Options the subject of Resolutions 5 to 7 inclusive, which will be used to partially fund the exploration programmes in respect to the Company's projects and general working administration costs. However, there is no guarantee that all or any of the Options will be exercised at any time in the future.

### **6.3 - Section 208 Corporations Act and section 195 Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The proposed grant of December 2021 Options under Resolutions 5 to 7 each constitutes the provision of a financial benefit to a related party. Section 229 of the Corporations Act includes as an example of a "financial benefit", the issuing of securities or the granting of an Option to a related party.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- the giving of the financial benefit falls within an exception to the provision; or
- prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after Shareholder approval is obtained.

Since all of the Board members have a material personal interest in the Options proposed to be issued to the Directors under Resolutions 5 to 7 inclusive, the Board is not competent under section 195(4) of the Corporations Act to form a quorum for the purpose of considering whether any of the exceptions in Chapter 2E of the Corporations Act applies. None of the exceptions can therefore be considered to apply and Shareholder approval must therefore be sought in relation to Resolutions 5 to 7 inclusive.

The following information is provided in accordance with Section 219 of the Corporations Act.

### **The Related Parties to Whom the Proposed Resolutions Would Permit the Benefit to be Given**

Eric Lim, under Resolution 5

Julien Sanderson, under Resolution 6

George Sakalidis, under Resolution 7

("Related Party")

### **The Nature of the Financial Benefit**

The Company wishes to incentivize the Directors at a time when the Company is looking to advance development of the Company's projects. In order to maintain cash reserves, the Company has decided to incentivize the board members via the issue of Options. The financial benefit constitutes the issue of December 2021 Options which will be issued for nil consideration and enables the holders to subscribe for Shares in the capital of the Company, credited as fully paid, on the terms as set out in of Annexure A.

If the December 2021 Options to be issued under Resolutions 5 to 7 inclusively are exercised (but assuming that no more Shares or Options are issued or exercised by the Company), the Company's issued Share capital will increase by 3,000,000 Shares representing 2.1% of the issued Share capital of the Company, diluting the Shareholders by a corresponding amount.

### **Other Information that is Reasonably Required by Members to Make a Decision and that is known to the Company or any of its Directors**

The Options the subject of Resolutions 5 to 7 inclusively have been valued using the Black-Scholes pricing model, based on the following assumptions:

- a) the Options are to be exercisable at a 50% premium to the 5 trading day VWAP prior to the date of issue of the New December 2021 Options, which is assumed for present purposes to be \$0.36 for the December 2021 Options;
- b) the December 2021 Options are to be exercised by 31 December 2021;
- c) price volatility of the Shares is approximately 100%;
- d) a 10% discount has been allowed given the unlisted status of the December 2021 Options;
- e) the last closing Share price as at the date of this Notice of Meeting is 24 cents per Share; and
- f) the average current risk free interest rate is 2.75%.

On this basis, the implied "value" being received by the Related Party is 15.44 cents per December 2021 Option. The total value of the Options proposed to be issued under Resolution 5, 6 and 7 respectively is \$463,200.

### **Board Recommendation**

All Directors decline to make a recommendation to Shareholders in relation to Resolutions 5, 6 and 7 due to their material personal interest in the outcome of the Resolutions.

### **Rationale for proposed issues of Options**

If some or all of the Options the subject of Resolutions 5 to 7 inclusively are not approved for issue by the Shareholders, the Directors may not feel as incentivized to grow the value of the Company, and therefore grow the value of the Shares for the benefit of all the Shareholders.

The exercise price of the Options incorporates a 50% premium to the 5 trading day VWAP for Shares prior to the date of issue of the Options, ensuring that the Options are well "out of the money" on the date of issue, and ensuring that the Share price must increase by a factor of 50% before the Options will be "in the money", providing an incentive to each of the Directors.

The number of December 2021 Options the subject of each of Resolutions 5 to 7 inclusively and the corresponding value of the December 2011 Options (total \$463,200) has been chosen by reference to incentive packages offered to directors by other junior iron ore explorers listed on the ASX which are in the exploration stage of development and taking into consideration the comparative number and value of the

Options granted. The December 2021 Options are also non transferable such that the incentive lies with the Directors alone.

### **Trading History**

The market price of Shares in the Company will normally determine if the Options are exercised. If the Company's Shares are trading on the ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

Over the last 6 months the Shares have traded between 6.5 cents per Share (lowest) and 24 cents per Share (highest). The latest trading price available at the time of preparing this Notice of Meeting was 24 cents per Share.

**The Chairman intends to vote all available proxies in favour of Resolutions 5, 6 and 7.**

---

## **Ratification of the Issue of Securities to investors (Resolution 8)**

### **7.1 Background to Resolution 8**

As announced on 7 September 2017, the Company completed a placement for \$757,050, with funds raised to continue to exploration work at Hawks Nest, Mertondale and Christmas Well projects.

Of this amount, \$607,050.04 was issued to unrelated parties and as a result, a total of 5,278,696 Shares were issued on 7 September 2017 utilising the Company's capacity to issue Shares under Listing Rule 7.1.

### **1.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

### **1.3 ASX Listing Rule 7.4**

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 (and provided that the previous issue did not breach ASX Listing Rule 7.1) the issue will be treated as having been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issues to the unrelated parties, 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.

### **1.4 Compliance with Listing Rule 7.5**

The information required to be provided to Shareholders to satisfy ASX Listing Rule 7.4 is specified in ASX Listing Rule 7.5.

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

- (a) 5,278,696 Shares were issued, within the Company's then existing 15% capacity under Listing Rule 7.1;
- (b) the Shares were issued a \$0.115 per share;
- (c) the Shares issued were all fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions and rank equally in all respects with the Company's existing Shares the terms of which are in the public domain;
- (d) The shares have been issued to unrelated parties of the Company; and

- (e) Total funds of approximately \$607,000 will be used for the ongoing exploration work at Hawks Nest, Mertondale and Christmas Well projects.

The Directors recommend that Shareholders vote in favour of Resolution 8 to fully restore the Company's capacity to issue securities under Listing Rule 7.1.

**The Chairman intends to vote all available proxies in favour of Resolution 8.**

---

## **Approval for the issue of Shares to Related Parties (Resolutions 9 and 10)**

### **8.1 Background to Resolutions 9 and 10**

As announced on 7 September 2017, the Company completed a placement for \$757,050, with funds raised to continue to exploration work at Hawks Nest, Mertondale and Christmas Well projects.

Of this amount, \$150,000 was subscribed for by related parties of the Company, which requires Shareholder approval prior to being issued.

Shareholder approval is therefore now being sought for the issue of the following Shares to the following Related Parties for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

<b>Resolution</b>	<b>Name of Related Party</b>	<b>Subscription amount</b>	<b>Number of Shares to be issued</b>
9	Choon Kong Lim	\$100,000	869,565
10	Eric Lim	\$50,000	434,783

### **2.2 Compliance with ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities to a Related Party. The definition of 'equity securities' under the Listing Rules includes Shares. The definition of Related Party includes a director of the Company, an entity controlled by a Director, a person whom the Company has reasonable grounds to believe will become a Director, and the parent of a Director of the Company.

In respect of the Listing Rules, as Shareholder approval is being sought under ASX Listing Rule 10.11, Shareholder approval is not also required under ASX Listing Rule 7.1.

The following information is required by ASX Listing Rule 10.13 for approval under ASX Listing Rule 10.11 for the issue of the Shares to the Related Parties the subjects of Resolutions 9 and 10:

- (a) The Shares are to be issued to Choon Kong Lim and Eric Lim;
- (b) The maximum number of securities the Company can issue under each of Resolutions 9 and 10 is shown in the table above, comprising a total of 1,304,348 Shares.
- (c) The Company will issue the Shares on one date no later than 1 month after the date of the Meeting (or such longer period of time as ASX in its discretion allows).
- (d) The Shares will be issued at a price of \$0.115 each.
- (f) Funds raised will be used for the ongoing exploration work at Hawks Nest, Mertondale and Christmas Well projects.
- (e) Shares will be issued on the same terms as the existing fully paid ordinary Shares of the Company, the terms of which are in the public domain.
- (f) A voting exclusion statement is included in the Notice of General Meeting.

### **2.3 Compliance with Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates transactions between the Company and its Related Parties.

Section 208 of the Corporations Act provides that, unless an exception applies, a public company must obtain the approval of its members in accordance with sections 217 to 227 of the Corporations Act before

it gives a financial benefit to a related party. The benefit for which Shareholder approval is obtained, must be given within 15 months of that approval.

The following information is provided in accordance with Section 219 of the Corporations Act.

**The Related Parties to Whom the Proposed Resolution Would Permit the Benefit to be Given**

Eric Lim and Choon Kong Lim.

**The Nature of the Financial Benefit**

The financial benefit is the issue of Shares in the capital of the Company, credited as fully paid at an issue price of \$0.115 each. On issue of the Shares pursuant to Resolution 9 and 10 the Company's issued Share capital will increase by 1,304,348 representing 0.88% of the issued Share capital of the Company at that point, diluting the remaining Shareholders by a corresponding amount.

The Related Parties currently holds the following Shares and Options in the Company (excluding any Shares issued under any resolutions in this Notice of Meeting):

Name of Related Party	Number of Shares held as at date of Notice of Meeting	Number of Shares to be issued	Total Shares following implementation of Resolutions 9 and 10	% of Shares on issue*
Choon Kong Lim	14,206,518	869,565	15,103,083	10.19%
Eric Lim	7,498,011	434,783	7,932,794	5.36%

\* assumes 148,121,703 Shares on issue.

Name of Related Party	Number of Options held as at date of Notice of Meeting	Exercise Price	Exercise Date
Eric Lim	Nil	N/a	N/a
Choon Kong Lim	N/a	N/a	N/a

**Other Information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors**

The Share price at the date of preparing this Notice of Meeting is \$0.24 per Share. The issue price of the Shares under the placement is \$0.115. With reference to Share price at the date of preparing the Notice of Meeting, the implied "value" being received by each of the Related Parties is set out below.

Name of Related Party	Number of Shares to be issues	Implied Value being received
Choon Kong Lim	869,565	\$208,695
Eric Lim	437,783	\$105,067

**Trading History**

Over the last 12 months the Shares have traded between 24 cents per Share (highest) and 4.5 cents per Share (lowest). The latest trading price available at the time of preparing this Notice of Meeting, on 19 September 2017, was \$0.24 per Share.

**Directors Recommendation**

George Sakalidis and Julien Sanderson have no material personal interest in the outcome of Resolutions 9 and 10 and recommend the issue of the Shares to the Related Parties due to the subscription of cash into the Company.

**The Chairman intends to vote all available proxies in favour of Resolutions, 9 and 10**

## **Glossary**

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>10% Placement Facility</b>	has the meaning given in Section 5.
<b>10% Placement Period</b>	has the meaning given in Section 5.
<b>Annual General Meeting</b>	means the meeting convened by the Notice of Annual General Meeting.
<b>Associate</b>	has the meaning given in the Corporations Act.
<b>ASX</b>	ASX Limited (ACN 008 624 691).
<b>Board</b>	Board of Directors.
<b>Chairman</b>	Chairman of the Company.
<b>Constitution</b>	Constitution of the Company.
<b>Company or Magnetic</b>	Magnetic Resources NL (ABN 34 121 370 232).
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Director</b>	Director of the Company.
<b>Equity Securities</b>	has the meaning set out in Listing Rule 19.
<b>Explanatory Statement</b>	the Explanatory Statement accompanying the Notice of Annual General Meeting.
<b>Listing Rules or ASX Listing Rules</b>	the listing rules of ASX.
<b>Meeting</b>	means this Annual General Meeting.
<b>Notice of Annual General Meeting</b>	the Notice of Annual General Meeting accompanying the Explanatory Statement.
<b>Option</b>	means an Option to subscribe for a Share.
<b>Placement</b>	means an issue of Shares to related parties under resolution 8 to 10.
<b>Related Party</b>	has the meaning given in the Corporations Act.
<b>Share(s)</b>	ordinary fully paid Shares in the capital of the Company.
<b>Shareholder</b>	a holder of a Share.
<b>Voting Power</b>	the sum of a person's Relevant Interest in Shares plus the person's Associates' Relevant Interest in Shares.
<b>VWAP</b>	the volume weighted average price of a Share.
<b>WST</b>	Western Standard Time as observed in Perth, Western Australia.

## **APPENDIX A – 31 December 2021 option terms**

1. Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
2. The Options are exercisable on or before 31 December 2021.
3. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the exercise price comprising a 50% premium to the 5 trading day VWAP prior to the date of issue of the Option for each Option exercised.
4. The Options will not be transferable.
5. Option holders shall be permitted to participate in new issues of securities on the prior exercise of Options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
6. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary Shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
8. If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
9. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.
10. Application will not be made for the Options to be quoted on the Official List of the ASX.