# MRG Metals Limited ACN 148 938 532

## Notice of Annual General Meeting

## and

## Explanatory Statement

## and

## Proxy Form

Annual General Meeting of MRG Metals Limited to be held at

Gadens, Level 25, 600 Bourke Street, Melbourne, Victoria

on 22 November 2016 commencing at 10.00am.

This Annual Notice of General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in any doubt as how to vote, they should seek advice from their own independent financial, taxation or legal adviser without delay.

**MRG Metals Limited ACN 148 938 532**

## General information

This notice of meeting (**Notice**) relates to the annual general meeting (**Meeting**) of the shareholders of the Company (**Shareholders**).

The Meeting will take place at Gadens, Level 25, 600 Bourke Street, Melbourne, Victoria on 22 November 2016 commencing at 10.00am.

The following documents accompany this Notice and are designed to assist Shareholders' understanding of the resolutions under consideration (**Resolutions**):

- **Explanatory Statement**: provides an explanation of the Resolutions and the disclosures required by law and has been prepared with the assistance of the Company's legal adviser, Gadens; and

- **Proxy form**: to be used by Shareholders to appoint a proxy to vote on their behalf at the Meeting.

Shareholders should read the above documents carefully and if they are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

**Key dates for Shareholders**

| Event | Date* |
|---|---|
| Dispatch of Notice to Shareholders | 24 October 2016 |
| Deadline for lodging proxy form for Meeting | 10.00am on 20 November 2016 |
| Record date for eligibility to vote at Meeting | 7.00pm on 20 November 2016 |
| Annual General Meeting | 22 November 2016 |

* Shareholders should note the above timetable is indicative only and may be varied in consultation with ASX. Any changes to the above timetable will be released to the ASX.

## MRG Metals Limited ACN 148 938 532

## Annual General Meeting: Agenda

The business to be transacted at the Meeting is set out below:

### Ordinary Business

1. **Receipt and consideration of accounts and reports**

To receive and consider the Financial Report, Director's Report and Auditor's Report on the Company and its controlled entities for the financial year ended 30 June 2016.

To receive Shareholders' questions and comments on the management of the Company.

2. **Adoption of Remuneration Report**

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

"*That the Remuneration Report set out in the Company's Annual Report for the financial year ended 30 June 2016 be approved by Shareholders.*"

Shareholders should note that this resolution is advisory only and does not bind the Directors or the Company. Shareholders should refer to the Explanatory Memorandum accompanying this Notice for more information.

**Voting exclusion statement on item 2:**

The Company will disregard any vote case on item 2 by, or on behalf of:

(a) a member of the key management personnel, details of whose remuneration are included in the remuneration report (**KMP**); or

(b) a closely related party of such KMP.

However, a person (**Voter**) described above may cast a vote on the resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or

(d) the Voter is the chair of the meeting and the appointment of the chair as proxy:

(i) does not specify the way the proxy is to vote on the resolution; or

(ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

3. **Re-election of Christopher Gregory as a Director of the Company**

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

"*That Christopher Gregory, who retires by rotation as a Director of the Company at this Annual General Meeting in accordance with clause 15.3 of the Company's Constitution, be re-elected as a Director of the Company.*"

## Special Business

### 4. Ratification of prior issue of Shares

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

"*That for the purposes of Listing Rule 7.4 and for all other purposes, approval is given to the prior issue of 20,000,000 Shares at a deemed issue price of $0.026 per Share on 9 August 2016 by way of a placement and otherwise on the terms and conditions set out in the Explanatory Statement.*"

**Voting exclusion statement on item 4:**

The Company will disregard any votes cast on this Resolution by:

(a) any person who participated in the issue of the Shares; and

(b) any Associates of those persons.

However, the Company need not disregard a vote if it is cast by a person:

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

(d) it is cast by the person chairing 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.

### 5. Approval to issue 1,000,000 Shares to Keith Weston

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

"*That for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and all other purposes, approval is given for the issue by the Company of 1,000,000 Shares to Keith Weston in lieu of professional fees for executive services and otherwise on the terms and conditions set out in the Explanatory Statement.*"

**Voting exclusion statement on item 5:**

The Company will disregard any votes cast on this Resolution by:

(a) Keith Weston; and

(b) any Associates of Keith Weston.

However, the Company need not disregard a vote if it is cast by a person:

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

(d) it is cast by the person chairing 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.

6. **Approval to issue 1,000,000 Shares to Ben McCormack**

To consider and if thought fit, to pass 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 issue by the Company of 1,000,000 Shares to Ben McCormack in lieu of professional fees for geological consulting services and otherwise on the terms and conditions set out in the Explanatory Statement.*"

**Voting exclusion statement on item 6:**

The Company will disregard any votes cast on this Resolution by:

(a) Ben McCormack 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; and

(b) any Associates of those persons.

However, the Company need not disregard a vote if it is cast by a person:

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

(d) it is cast by the person chairing 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.

7. **Approval to issue 2,000,000 Shares to CPS Capital Pty Ltd**

To consider and if thought fit, to pass 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 issue by the Company of 2,000,000 Shares to CPS Capital Pty Ltd in lieu of professional fees for corporate advisory services previously provided and otherwise on the terms and conditions set out in the Explanatory Statement.*"

**Voting exclusion statement on item 7:**

The Company will disregard any votes cast on this Resolution by:

(a) CPS Capital Pty Ltd 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; and

(b) any Associates of those persons.

However, the Company need not disregard a vote if it is cast by a person:

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

(d) it is cast by the person chairing 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.

8. **Approval of placement of rights issue shortfall to Andrew Van Der Zwan**

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

"*That for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and all other purposes, approval is given for the issue of 2,473,500 Shares to Andrew Van Der Zwan on the terms and conditions set out in the Explanatory Memorandum.*"

| **Voting exclusion statement on item 8:** | |
|---|---|
| The Company will disregard any votes cast on this Resolution by: | |
| (a) | Andrew Van Der Zwan; and |
| (b) | any Associates of Andrew Van Der Zwan. |
| However, the Company need not disregard a vote if it is cast by a person: | |
| (c) | as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or |
| (d) | it is cast by the person chairing 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. |

## 9. Approval of placement of rights issue shortfall to Shane Turner

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

"*That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and all other purposes, approval is given for the issue of 2,000,000 Shares to Shane Turner on the terms and conditions set out in the Explanatory Memorandum.*"

| **Voting exclusion statement on item 9:** | |
|---|---|
| The Company will disregard any votes cast on this Resolution by: | |
| (a) | Shane Turner; and |
| (b) | any Associates of that person. |
| However, the Company need not disregard a vote if it is cast by a person: | |
| (c) | as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or |
| (d) | it is cast by the person chairing 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. |

## 10. Approval of issue of Performance Rights to Christopher Gregory (or his nominee)

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

"*That, subject to the Resolutions set out in items 11, 12 and 13 being passed and for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and all other purposes, approval is given to the issue of up to 4,000,000 Performance Rights to Christopher Gregory (or his nominee) on the terms set out in the Explanatory Statement.*"

**Voting exclusion statement on item 10:**

The Company will disregard any votes cast on the Resolution contained in item 10 by

(a) the recipient of the Performance Rights or any other person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and

(b) an Associates of those persons.

However, the Company need not disregard a vote if:

(c) 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

(d) it is cast by the person chairing 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.

## 11. Approval of issue of Performance Rights to Andrew Van Der Zwan (or his nominee)

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

"*That, subject to the Resolutions set out in items 10, 12 and 13 being passed and for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and all other purposes, approval is given to the issue of up to 4,000,000 Performance Rights to Andrew Van Der Zwan (or his nominee) on the terms set out in the Explanatory Statement.*"

**Voting exclusion statement on item** 11**:**

The Company will disregard any votes cast on the Resolution contained in item 11 by

(a) the recipient of the Performance Rights or any other person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and

(b) an Associates of those persons.

However, the Company need not disregard a vote if:

(c) 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

(d) it is cast by the person chairing 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.

## 12. Approval of issue of Performance Rights to Shane Turner (or his nominee)

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

"*That, subject to the Resolutions set out in items 10, 11 and 13 being passed and for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and all other purposes, approval is given to the issue of up to 4,000,000 Performance Rights to Shane Turner (or his nominee) on the terms set out in the Explanatory Statement.*"

**Voting exclusion statement on item 12:**

The Company will disregard any votes cast on the Resolution contained in item 12 by

(a) the recipient of the Performance Rights or any other person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and

(b) an Associates of those persons.

However, the Company need not disregard a vote if:

(c) 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

(d) it is cast by the person chairing 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.

## 13. Approval of issue of Performance Rights to Alfredo Eggo (or his nominee)

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

"*That, subject to the Resolutions set out in items 10, 11 and 12 being passed and for the purposes of Listing Rule 7.1 and all other purposes, approval is given to the issue of up to 2,000,000 Performance Rights to Alfred Eggo (or his nominee) on the terms set out in the Explanatory Statement.*"

**Voting exclusion statement on item 13:**

The Company will disregard any votes cast on the Resolution contained in item 13 by

(a) the recipient of the Performance Rights or any other person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed; and

(b) an Associates of those persons.

However, the Company need not disregard a vote if:

(c) 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

(d) it is cast by the person chairing 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.

## 14. Approval of additional placement capacity

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

"*That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Shares to 10% of the Company's issued share capital at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and as further described in the Explanatory Statement.*"

**Voting exclusion statement on item 14:**

The Company will disregard any votes cast on the Resolution contained in item 14 by:

(a) any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in their capacity as a security holders; and

(b) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

(c) it is cast by a person as proxy for a person who is entitled to vote in accordance with the direction on the proxy form; or

(d) it is cast by the person chairing 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.

## Special Business

To transact any business which may legally be brought forward in accordance with the Constitution.

By order of the board:



.....
Andrew Van Der Zwan
Chairman
24 October 2016

## Notes

| | |
|---|---|
| **Who may vote?** | The Directors have determined, in accordance with Regulation 7.11.37 of the *Corporations Regulation (Cth) 2001*, that all Shares of the Company that are quoted on ASX at 7.00pm on 20 November 2016 will, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the Shares at that time.<br><br>This means that any person registered as the holder of Shares at 7.00pm on 20 November 2016 is entitled to attend and vote at the Meeting in respect of those Shares. Transfers registered after that time will be disregarded for the purposes of determining entitlement to attend and vote at the Meeting. |
| **Proxies: appointment** | A Shareholder of the Company who is entitled to attend and vote at the Meeting has a right to appoint a person as their proxy to attend and vote for the Shareholder at the Meeting.<br><br>A proxy need not be a Shareholder of the Company. |
| **Proxies: lodgement** | To be valid, a Proxy Form must be received by the Company by no later than 10.00am on 20 November 2016 (**Proxy Deadline**).<br><br>Proxy Forms may be submitted by:<br><br>(a) hand delivery to: MRG Metals Limited, 12 Anderson Street West, Ballarat VIC;<br><br>(b) post to: MRG Metals Limited, PO Box 237, Ballarat VIC 3353, Australia; or<br><br>(c) facsimile: +61 3 5333 1667.<br><br>A written proxy appointment must be signed by the Shareholder or the Shareholder's attorney, or where the Shareholder is a body corporate, by its corporate representative or at least 2 officers of that Shareholder.<br><br>Where the appointment is signed by the appointor's attorney, a certified copy of the authority, or the authority itself, must be lodged with the Company in one of the above ways by the Proxy Deadline. If facsimile transmission is used, the authority must be certified. |
| **Body corporate representative** | A Shareholder of the Company who is a body corporate and who is entitled to attend and vote at the Meeting, or a validly appointed proxy who is a body corporate and who is appointed by a Shareholder of the Company entitled to attend and vote at the Meeting, may appoint a person to act as its representative at the Meeting by providing that person with:<br><br>(a) a letter or certificate, executed in accordance with the body corporate's constitution, authorising the person as the representative; or<br><br>(b) a copy of the resolution, certified by the secretary or a director of the body corporate, appointing the representative. |

## MRG Metals Limited ACN 148 938 532 (Company)

## Explanatory Statement

### Introduction

The Explanatory Memorandum has been prepared for the purposes of the Corporations Act and the Listing Rules. The purpose of this Explanatory Memorandum is to provide Shareholders with all the information known to the Company that is material to Shareholders in deciding whether or not to approve the Resolutions as set out in the Notice.

The Directors recommend that Shareholders read this Explanatory Memorandum in full and in conjunction with the Notice before making any decisions in relation to the proposed Resolutions.

### Items of Ordinary Business

#### 1. Financial Statements and Reports

Shareholders can now elect to receive the Company's Annual Report via a variety of means. Shareholders who opted to access the Annual Report electronically should have received the email link to the electronic document. Shareholders who opted to continue to receive a printed copy of the Annual Report should now have received it. Shareholders who took no action are advised that they can now access the electronic copy of the Annual Report online at the Company's website.

Copies of the Company's financial statements and reports of the Directors and the Auditor will also be tabled at the Meeting.

The purpose of tabling the Annual Financial Report of the Company at the Meeting and the reports of the Directors and the Auditor is to provide Shareholders with a reasonable opportunity to ask questions or discuss matters relevant to the management of the Company. The Auditor has been invited to be present at the Meeting and Shareholders will have a reasonable opportunity to ask the Auditor questions relevant to the conduct of the audit and the preparation and content of the Auditor's Report. It is not the purpose of the Meeting, nor a requirement of the Corporations Act or the Constitution, that the financial statements be approved or rejected.

#### 2. Approval of Remuneration Report

As required by the Corporations Act, the board presents the Remuneration Report to Shareholders for consideration and adoption as a non-binding vote.

Among other things, the Remuneration Report contains:

» information about the Board's policy for determining the nature and amount of remuneration of the Directors and other key management personnel; and

» remuneration details for key management personnel.

The Remuneration Report, which is part of the Directors' Report, can be found on the Company's website or can be obtained by contacting the Company's share registrar, Link Market Services.

**Recommendation:** The Board considers that the remuneration policies adopted for the Company are appropriate and reasonable. On this basis, the Board recommends that Shareholders eligible to vote do so **in favour** of Resolution 2.

### 3. Re-election of Christopher Gregory

Resolution 3 seeks approval for the re-election of the Director who is retiring by rotation.

The Constitution of the Company requires that at every annual general meeting, one-third of the previously elected directors must retire and are eligible for re-election.

Mr Gregory has been a director since 2013. He retires by rotation and, being eligible, offers himself for re-election.

Mr Gregory has 36 years of global minerals industry experience, at both technical and executive levels with a particular focus on base and precious metals. In particular, Mr Gregory had 22 years' experience in the Asia-Pacific region with Rio Tinto and was a founding partner of Sasak Mineral Resources Pty Ltd. Mr Gregory has significant global exploration, mine operational and corporate development experience. Currently, Mr Gregory is the Vice President – Operational Geology at Mandalay Resources (TSX:MND) and the managing director at Sasak Minerals Pty Ltd.

**Recommendation:** The Board recommends that Shareholders vote **in favour** of this resolution. Mr Gregory has abstained from making a recommendation in relation to this resolution.

## Items of Special Business

### 4. Ratification of prior issue of Shares

The Resolution set out in item 4 seeks Shareholder approval for the prior issue of 20,000,000 Shares on 9 August 2016 at a deemed issue price of $0.026 per shares by way of a placement.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period, without shareholder approval.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1 by permitting the ratification of a previous issue of securities which was not made under a prescribed exception to Listing Rule 7.1 or with prior shareholder approval, provided that the issue did not breach the 15% threshold set out by Listing Rule 7.1.

If shareholders of a company approve the ratification of a previous issue of securities at a general meeting, those securities will be deemed to have been issued with shareholder approval for the purposes of Listing Rule 7.1.

The effect of ratification in accordance with Listing Rule 7.4 is the reinstatement of the Company's maximum capacity to issue further securities up to 15% of the Shares, if required, in the next 12 months without requiring Shareholder approval.

The Directors believe that it is in the best interests of the Company that the Company maintains its ability to issue up to 15% of the issued capital of the Company.

For the purposes of Listing Rule 7.5, which contains the requirements as to the contents of a notice sent to shareholders for the purposes of Listing Rule 7.4, the following information is provided to Shareholders:

| | |
|---|---|
| **Number of securities issued** | 20,000,000 Shares were issued. |
| **Price** | Issue price per Share was $0.026. |
| **Terms** | The Shares rank pari passu with all existing securities in their class. |
| **Names of persons to whom securities were issued** | The Shares were allotted and issued to various sophisticated investors, being clients of CPS Capital Pty Ltd. |
| **Use of funds raised** | Money raised was used primarily to fund ongoing working capital purposes and preparation of the 2016/17 drilling program. |

The Directors consider it appropriate and prudent for approval to be sought at the Meeting, in respect of the relevant issue of Shares made by the Company in the last 12 months. The Directors believe this approval will enhance the Company's flexibility to finance its operations through raising equity capital, should the Directors consider it to be in the best interests of the Company to do so.

In particular, the Directors note that, if this approval is not obtained at the Meeting, the Company may be required to incur additional costs and delays, if the Directors subsequently propose to issue securities which do not fall under an exception in Listing Rule 7.2 to the 15% rule in Listing Rule 7.1.

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

## 5. Approval to issue 1,000,000 Shares to Keith Weston

The Resolution set out in item 5 seeks Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of up to 1,000,000 Shares to Keith Weston. Mr Weston was the Managing Director of the Company during the period between 2013 until August 2016. The Shares are to be issued to Mr Weston in lieu of payment of professional fees for executive services. The Company also wishes to retain the consultancy services of Mr Weston as a senior geologist. The Board has formed the view that Mr Weston's professional services will be critical to the Company's future operations and believes this equity

remuneration will serve to align Mr Weston's interest with the best interests of the Company.

Exception 14 of Listing Rule 7.2 provides that approval under Listing Rule 7.1 will not be required if the issue of securities is made with the approval of Shareholders under Listing Rule 10.11.

Listing Rule 10.11 prohibits the issue of securities to "related parties" without shareholder approval.

Under the Listing Rules, "related parties" is defined by reference to section 228 of the Corporations Act. "Related party" is defined to include any person who was a director of the Company within the previous 6 months. Mr Weston therefore would be considered a related party for the purposes of the Listing Rules and the Corporations Act.

For the purposes of Listing Rule 10.13, which contains the requirements as to the contents of a notice sent to shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

| | |
|---|---|
| **Name of recipient** | Keith Weston. |
| **Maximum number of securities to be issued** | 1,000,000 Shares. |
| **Date by which entity will issue securities** | All Shares will be issued on the same date and within 1 month of the date of the Meeting. |
| **Status of related party relationship** | Former director of the Company. |
| **Issue price and terms** | The Shares will be issued for a deemed issue price of $0.018 per Share.<br><br>The Shares will rank pari passu with all existing securities in their class. |
| **Intended use of funds raised** | No funds will be raised by the issue of Shares. The Shares will be issued in lieu of professional fees for executive services. |

Under Chapter 2E of the Corporations Act, for a public company to give a financial benefit to a related party, the public company must:

(a) obtain the approval of the company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months follow such approval,

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

The proposed issue of Shares to Keith Weston constitutes giving a financial benefit and Mr Weston qualifies as a related party by virtue of being a director within the previous 6 months.

Shareholder approval is therefore sought in relation to Resolution 5. To enable Shareholder approval to be effectively obtained under section 208 of the Corporations Act, the following information is provided in respect of the proposed issue of Shares to Keith Weston:

| | |
|---|---|
| **Recipient of financial benefit** | Keith Weston. |
| **Nature of financial benefit** | 1,000,000 Shares.<br><br>The Shares will be issued for a deemed issue price of $0.018 per Share.<br><br>The Shares will rank pari passu with all existing securities in their class.<br><br>No funds will be raised by the issue of Shares. The Shares will be issued in lieu of professional fees for executive services. |
| **Directors' recommendation** | The Directors recommend that Shareholders vote in favour of the Resolution on the basis that the Directors consider that Mr Weston's professional services will be critical to the Company's future operations and believes this equity remuneration will serve to align Mr Weston's interest with the best interests of the Company. |
| **Interests of current Directors** | The Directors do not have an interest in the outcome of the Resolution. |

The issue of Shares to Keith Weston will enable the Company to retain cash which would otherwise be required to satisfy professional fees payable to Mr Weston. The cash retained by the Company will be used for the working capital requirements of the Company, including to advance the drilling activities being undertaken by the Company. However, the issue of the Shares to Mr Weston will result in the dilution of Shareholders' interest in the Company.

The Board is not aware of any other information that would be reasonably required by Shareholders to enable them to make an informed decision whether it is in the best interests of the Company to pass Resolution 5.

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

## 6. Approval to issue 1,000,000 Shares to Ben McCormack

The Resolution set out in item 6 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 1,000,000 Shares to Ben McCormack in lieu of payment of professional fees for geological consulting services.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period, without shareholder approval.

In order to preserve the Company's full 15% placement capacity to make future issues of securities, Shareholder approval is sought for the Resolution set out in item 6. This will preserve the Company's flexibility to raise capital in the future.

For the purposes of Listing Rule 7.3, which contains the requirements as to the contents of a notice sent to shareholders for the purposes of Listing Rule 7.1, the following information is provided to Shareholders:

| | |
|---|---|
| **Maximum number of securities to be issued** | 1,000,000 Shares |
| **Date securities will be issued** | All Shares will be issued on the same date and within 3 months of the date of the Meeting. |
| **Issue price** | The Shares will be issued for a deemed issue price of $0.018 per Share. |
| **Names of recipient** | Ben McCormack |
| **Terms** | The Shares will rank pari passu with all existing securities in their class. The shares will be escrowed for 21 months from date of issue. |
| **Intended use of funds** | No funds will be received by the Company from the issue of the Shares. The Shares will be issued in lieu of professional fees for geological consulting services. |

Ben McCormack is a field geologist with considerable experience and expertise in field geological services relating to IOCG systems. As the Company begins an aggressive exploration program over the next 12 months, focused on the Queensland IOCG projects, it is critical that the Company is supported by an appropriately qualified and experienced exploration team.

The Directors have formed the view that Ben McCormack's professional services will be critical to the Company's operations. The Directors believe that the approval of this issue of Shares will not only preserve the Company's cash position but,

importantly, it will appropriately incentivise Mr McCormack, aligning his interests with those of the Company.

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

## 7. Approval to issue 2,000,000 Shares to CPS Capital Pty Ltd

The Resolution set out in item 7 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 2,000,000 Shares to CPS Capital Pty Ltd in lieu of professional fees for corporate advisory services.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period, without shareholder approval.

In order to preserve the Company's full 15% placement capacity to make future issues of securities, Shareholder approval is sought for the Resolution set out in item 7. This will preserve the Company's flexibility to raise capital in the future.

For the purposes of Listing Rule 7.3, which contains the requirements as to the contents of a notice sent to shareholders for the purposes of Listing Rule 7.1, the following information is provided to Shareholders:

| | |
|---|---|
| **Maximum number of securities to be issued** | 2,000,000 Shares. |
| **Date securities will be issued** | All Shares will be issued on the same date and within 3 months of the date of the Meeting. |
| **Issue price** | The Shares will be issued for a deemed issue price of $0.026 per Share consistent with the terms of the Placement. |
| **Names of recipient** | CPS Capital Pty Ltd. |
| **Terms** | The Shares will rank pari passu with all existing securities in their class. |
| **Intended use of funds** | No funds will be received by the Company from the issue of the Shares. The Shares will be issued in lieu of professional fees for corporate advisory services. |

In July 2016, the Company announced a placement of up to 20,000,000 Shares at an issue price of $0.026 per Share to raise up to $520,000 (**Placement**). CPS Capital Pty Ltd acted as corporate adviser to the Company in relation to the Placement and was responsible for coordinating the Placement.

The Company engaged CPS Capital Pty Ltd to provide corporate advisory services for a fee of 2,000,000 Shares in the Company to be approved at the Company's annual general meeting or, if not approved, then to be issued from the Company's placement capacity.

In order to preserve the Company's full 15% placing capacity to make future issues of securities, Shareholder approval is sought for the Resolution set out in item 7. This will preserve the Company's flexibility to raise capital in the future.

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

**8. Approval of placement of rights issue shortfall**

The Resolutions set out in items 8 and 9 seek Shareholder approval pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the issue of:

(a) up to 2,473,500 Shares to Andrew Van Der Zwan; and

(b) up to 2,000,000 Shares to Shane Turner.

In July 2016, the Company undertook a rights issue which enabled eligible Shareholders to apply for additional Shares that may become available if other eligible Shareholders chose not to take up their allocated rights.

As at the close of the offer period under the rights issue, a number of eligible Shareholders chose not to take up their allocations and there were additional Shares available to be allocated to Shareholders who met the criteria specified in the rights issue offer document and who applied for additional Shares. The Board facilitated the allotment of additional Shares to eligible Shareholders who met the criteria set out in the rights issue offer document. Following such allotment, there remained 4,473,567 shares under the rights issue that were not taken up by eligible Shareholders.

In accordance with the Listing Rules, the Directors were not able to apply for additional shares at the time of the rights issue, but now seek Shareholder approval to do so. The Board seeks the approval of Shareholders to issue unallocated Shares under the rights issue to Mr Van Der Zwan and/or nominee and Mr Turner and/or nominee on the same terms and conditions as contained in the rights issue offer document.

Exception 14 of Listing Rule 7.2 provides that approval under Listing Rule 7.1 will not be required if the issue of securities is made with the approval of Shareholders under Listing Rule 10.11.

Listing Rule 10.11 prohibits the issue of securities to "related parties" without shareholder approval.

Under the Listing Rules, "related parties" is defined by reference to section 228 of the Corporations Act. "Related party" is defined to include a director, therefore Mr Van Der Zwan and Mr Turner are both considered "related parties" for the purposes of the Listing Rules and the Corporations Act.

For the purposes of Listing Rule 10.13, which contains the requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

| | | |
|---|---|---|
| **Name of recipient** | Andrew Van Der Zwan | Shane Turner |
| **Maximum number of securities to be issued** | 2,473,500 Shares | 2,000,000 Shares |
| **Date by which entity will issue securities** | All Shares will be issued on the same date and within 1 month of the date of the Meeting. | All Shares will be issued on the same date and within 1 month of the date of the Meeting. |
| **Status of related party relationship** | Director | Director |
| **Issue price and terms** | The Shares will be issued for an issue price of $0.01 per Share.<br><br>The Shares will rank pari passu with all existing securities in their class. | The Shares will be issued for an issue price of $0.01 per Share.<br><br>The Shares will rank pari passu with all existing securities in their class. |
| **Intended use of funds raised** | Funds raised will be used for working capital purposes. | Funds raised will be used for working capital purposes. |

Under Chapter 2E of the Corporations Act, for a public company to give a financial benefit to a related party, the public company must:

(a) obtain the approval of the company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months follow such approval,

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

Andrew Van Der Zwan and Shane Turner are receiving the additional Shares on the same terms and conditions as those Shares were offered to other eligible Shareholders under the rights issue offer document. On this basis, the financial benefit is being given to Mr Van Der Zwan and Mr Turner on arms' length terms. However, the Company has nevertheless taken the conservative approach of seeking Shareholder approval under Chapter 2E of the Corporations Act.

Shareholder approval is therefore sought in relation to the Resolutions set out in item 8 and 9. To enable Shareholder approval to be effectively obtained under

section 208 of the Corporations Act, the following information is provided in respect of the proposed issue of Shares to Andrew Van Der Zwan and Shane Turner:

| **Recipient of financial benefit** | Andrew Van Der Zwan | Shane Turner |
|---|---|---|
| **Nature of financial benefit** | 2,473,500 Shares.<br><br>The Shares will be issued for an issue price of $0.01 per Share.<br><br>The Shares will rank pari passu with all existing securities in their class. | 2,000,000 Shares.<br><br>The Shares will be issued for an issue price of $0.01 per Share.<br><br>The Shares will rank pari passu with all existing securities in their class. |
| **Directors' recommendation** | Mr Van Der Zwan is not entitled and does not wish to make a recommendation to Shareholders about Resolution 8, because he is the proposed recipient of the Shares, and has an interest in the outcome of the Resolution.<br><br>Each other Director otherwise recommends that Shareholders vote in favour of Resolution 8 and consider the issue is appropriate in recognition of Mr Van Der Zwan's previous commitment to capital raisings undertaken by the Company. | Mr Turner is not entitled and does not wish to make a recommendation to Shareholders about Resolution 9, because he is the proposed recipient of the Shares, and has an interest in the outcome of the Resolution.<br><br>Each other Director otherwise recommends that Shareholders vote in favour of Resolution 9 and consider the issue is appropriate in recognition of Mr Turner's previous commitment to capital raisings undertaken by the Company. |
| **Interests of current Directors** | As at the date of this Notice, Mr Van Der Zwan currently has a relevant interest in 4,750,000 Shares, which amounts to approximately 1.55% of the Shares currently on issue in the capital | As at the date of this Notice, Mr Turner currently has a relevant interest in 3,305,800 Shares, which amounts to approximately 1.08% of the Shares currently on issue in the capital of the Company. If |

| | | |
|---|---|---|
| | of the Company. If Resolution 8 is approved and the Shares are issued, Mr Van Der Zwan would have a resultant relevant interest in 7,223,500 Shares which would amount to approximately 2.32% of the Company's Share capital. This assumes no further Shares will be issued after the date of this Notice, including by way of exercise or conversion of convertible securities (ie the exercise of any options or the conversion of Performance Rights). | Resolution 9 is approved and the Shares are issued, Mr Turner would have a resultant relevant interest in 5,305,800 Shares which would amount to approximately 1.70% of the Company's Share capital. This assumes no further Shares will be issued after the date of this Notice, including by way of exercise or conversion of convertible securities (ie the exercise of any options or the conversion of Performance Rights). |

The issue of Shares under Resolutions 8 and 9 will result in the dilution to Shareholders' interest in the Company. However, the Board considers that the issue of Shares to Mr Van Der Zwan and Mr Turner will recognise their previous commitments to capital raising under taken by the Company and will help to further align their interests with Shareholders.

The Board is not aware of any other information that would be reasonably required by Shareholders to enable them to make an informed decision whether it is in the best interests of the Company to pass the Resolutions set out in item 8 and 9.

**Recommendation:** The Board recommends that Shareholders vote **in favour** of the Resolutions set out in items 8 and 9. For the avoidance of doubt, Andrew Van Der Zwan has abstained from giving a recommendation in relation to the Resolution in item 8 and Shane Turner has abstained from giving a recommendation in relation to the Resolution in item 9.

## 9. Approval of issue of Performance Rights

The Resolutions set out in items 10, 11, 12 and 13 are ordinary resolutions which seek the issue of:

(a) up to 4,000,000 Performance Rights to Christopher Gregory;

(b) up to 4,000,000 Performance Rights to Andrew Van Der Zwan;

(c) up to 4,000,000 Performance Rights to Shane Turner; and

(d) up to 2,000,000 Performance Rights to Alfredo Eggo,

for the purposes of aligning the interests of Directors and select Key Management Personnel with the interests of Shareholders. The grant of Performance Rights (and the subsequent issue of Shares if certain vesting conditions are met) is a cash retentive form of remuneration when compared to the payment of cash consideration.

It should also be noted that the extent to which the Performance Rights will vest is dependent upon the Company's share price performance, which is intended to align the interests of Directors, Key Management Personnel and Shareholders.

The Performance Rights will be issued on the following terms:

» The Performance Rights will be issued for nil consideration.

» The Performance Rights will automatically vest upon the Company achieving a share price that is equal to or greater than a 5-day VWAP of $0.05 per Share.

» Upon vesting, the holder will be issued with 1 Share for each Performance Right that has vested.

» The Performance Rights will lapse if not vested within 5 years of the date of the grant.

» The Performance Rights are non-transferable.

» The Performance Rights will lapse if the holder acts fraudulently, dishonestly or wilfully breaches his duties to the Company.

The full terms of the Performance Rights are set out in the Schedule to this Notice.

Exception 14 of Listing Rule 7.2 provides that approval under Listing Rule 7.1 will not be required if the issue of securities is made with the approval of Shareholders under Listing Rule 10.11.

Listing Rule 10.11 prohibits the issue of securities to "related parties" without shareholder approval.

Under the Listing Rules, "related parties" is defined by reference to section 228 of the Corporations Act. "Related party" is defined to include a director therefore Mr Gregory, Mr Van Der Zwan and Mr Turner are all considered "related parties" for the purposes of the Listing Rules and the Corporations Act. Mr Eggo is not a related party for the purpose of the Listing Rules and the Corporations Act.

For the purposes of Listing Rule 10.13, which contains the requirements as to the contents of a notice sent to shareholders for the purposes of Listing Rule 10.11, the following information is provided to Shareholders:

| **Name of recipient** | Christopher Gregory | Andrew Van Der Zwan | Shane Turner |
|---|---|---|---|

| | | | |
|---|---|---|---|
| **Maximum number of securities to be issued** | 4,000,000 Performance Rights. | 4,000,000 Performance Rights. | 4,000,000 Performance Rights. |
| **Date by which entity will issue securities** | All Performance Rights will be issued on the same date and within 1 month of the date of the Meeting. | All Performance Rights will be issued on the same date and within 1 month of the date of the Meeting. | All Performance Rights will be issued on the same date and within 1 month of the date of the Meeting. |
| **Status of related party relationship** | Director | Director | Director |
| **Issue price and terms** | The Performance Rights will be issued for nil consideration.<br><br>The terms of the Performance Rights are set out in the Schedule.<br><br>Once vested, the holder will be issued with 1 Share for each Performance Right that has vested, which will rank pari passu with all existing securities in their class. | The Performance Rights will be issued for nil consideration.<br><br>The terms of the Performance Rights are set out in the Schedule.<br><br>Once vested, the holder will be issued with 1 Share for each Performance Right that has vested, which will rank pari passu with all existing securities in their class. | The Performance Rights will be issued for nil consideration.<br><br>The terms of the Performance Rights are set out in the Schedule.<br><br>Once vested, the holder will be issued with 1 Share for each Performance Right that has vested, which will rank pari passu with all existing securities in their class. |
| **Intended use of funds raised** | No funds will be received by the Company from the issue of the Performance Rights. | No funds will be received by the Company from the issue of the Performance Rights. | No funds will be received by the Company from the issue of the Performance Rights. |

Under Chapter 2E of the Corporations Act, for a public company to give a financial benefit to a related party, the public company must:

(a) obtain the approval of the company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months follow such approval,

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

The proposed issues of Performance Rights constitutes giving a financial benefit and Mr Gregory, Mr Van Der Zwan and Mr Turner qualify as related parties by virtue of being directors of the Company. Mr Eggo is not a related party for the purpose of the Listing Rules and the Corporations Act.

Shareholder approval is therefore sought in relation to the Resolutions set out in items 10, 11 and 12. To enable Shareholder approval to be effectively obtained under section 208 of the Corporations Act, the following information is provided in respect of the proposed issue of Shares to Andrew Van Der Zwan and Shane Turner:

| **Recipient of financial benefit** | Christopher Gregory | Andrew Van Der Zwan | Shane Turner |
|---|---|---|---|
| **Nature of financial benefit** | 4,000,000 Performance Rights.<br><br>The Performance Rights will be issued for nil consideration.<br><br>The terms of the Performance Rights are set out in the Schedule.<br><br>Once vested, the holder will be issued with 1 Share for each Performance Right that has vested, which will rank pari passu with all existing securities in their class. | 4,000,000 Performance Rights.<br><br>The Performance Rights will be issued for nil consideration.<br><br>The terms of the Performance Rights are set out in the Schedule.<br><br>Once vested, the holder will be issued with 1 Share for each Performance Right that has vested, which will rank pari passu with all existing securities in their class. | 4,000,000 Performance Rights.<br><br>The Performance Rights will be issued for nil consideration.<br><br>The terms of the Performance Rights are set out in the Schedule.<br><br>Once vested, the holder will be issued with 1 Share for each Performance Right that has vested, which will rank pari passu with all existing securities in their class. |
| **Directors' recommendation** | Mr Gregory is not entitled and does not wish to make a recommendation | Mr Van Der Zwan is not entitled and does not wish to make a recommendation | Mr Turner is not entitled and does not wish to make a recommendation |

| | | | |
|---|---|---|---|
| | to Shareholders about Resolution 10, because he is the proposed recipient of the Shares, and has an interest in the outcome of the Resolution.<br><br>Each of the other Directors do not wish to make a recommendation to Shareholders about Resolutions 10 to 12 (inclusive), on the basis that those Resolutions are indirectly connected with the remuneration of Directors, and the Directors consider it appropriate to abstain from making recommendations about remuneration related resolutions. | to Shareholders about Resolution 11, because he is the proposed recipient of the Shares, and has an interest in the outcome of the Resolution.<br><br>Each of the other Directors do not wish to make a recommendation to Shareholders about Resolutions 10 to 12 (inclusive), on the basis that those Resolutions are indirectly connected with the remuneration of Directors, and the Directors consider it appropriate to abstain from making recommendations about remuneration related resolutions. | to Shareholders about Resolution 12, because he is the proposed recipient of the Shares, and has an interest in the outcome of the Resolution.<br><br>Each of the other Directors do not wish to make a recommendation to Shareholders about Resolutions 10 to 12 (inclusive), on the basis that those Resolutions are indirectly connected with the remuneration of Directors, and the Directors consider it appropriate to abstain from making recommendations about remuneration related resolutions. |
| **Interests of current Directors** | Mr Gregory currently has a relevant interest in 24,889,800 Shares, which amounts to approximately 8.11% of the Company's Share capital at the date of this Notice. If Resolution 10 is approved, and the Performance Rights convert into Shares, Mr Gregory will have a relevant interest | Mr Van Der Zwan currently has a relevant interest in 4,750,000 Shares, which amounts to approximately 1.55% of the Company's Share capital at the date of this Notice. If Resolution 11 is approved, and the Performance Rights convert into Shares, Mr Van Der Zwan will have a | Mr Turner currently has a relevant interest in 3,305,800 Shares, which amounts to approximately 1.08% of the Company's Share capital at the date of this Notice. If Resolution 12 is approved, and the Performance Rights convert into Shares, Mr Turner will have a relevant interest |

| | | | |
|---|---|---|---|
| | in 28,899,800 Shares which will amount to approximately 8.88% of the Company's Share capital. This assumes that the Shares referred to in Resolutions 8 and 9 are issued and all Performance Rights to be issued under Resolutions 10, 11, 12 and 13 are issued to the relevant holders and convert into Shares, but that no further Shares will be issued after the date of this Notice, including by way of exercise or conversion of convertible securities. | relevant interest in 11,223,500 Shares (including Shares Resolutions issued under 8) which will amount to approximately 3.45% of the Company's Share capital. This assumes that the Shares referred to in Resolutions 8 and 9 are issued and all Performance Rights to be issued under Resolutions 10, 11, 12 and 13 are issued to the relevant holders and convert into Shares, but that no further Shares will be issued after the date of this Notice, including by way of exercise or conversion of convertible securities. | in approximately 9,305,800 Shares (including Shares Resolutions issued under 9) which will amount to approximately 2.86% of the Company's Share capital. This assumes that the Shares referred to in Resolutions 8 and 9 are issued and all Performance Rights to be issued under Resolutions 10, 11, 12 and 13 are issued to the relevant holders and convert into Shares, but that no further Shares will be issued after the date of this Notice, including by way of exercise or conversion of convertible securities. |

The Board notes that advantages may accrue to the Company and Shareholders as result of passing of Resolutions 10, 11, 12 and 13. These advantages include the alignment of the interests of Mr Gregory, Mr Van Der Zwan and Mr Turner more closely with those of Shareholders, with a strong focus on the delivery of long term return to Shareholders.

The Board also notes that disadvantages may accrue to the Company and the Shareholders as a result of Resolutions 10, 11, 12 and 13. These disadvantages

potentially include the dilution of Shareholders' interest in the Company in circumstances where the Performance Shares convert into Shares.

Since Mr Eggo is not a related party, the Resolution set out in item 13 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of up to 2,000,000 Performance Rights to Alfred Eggo.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period, without shareholder approval.

In order to preserve the Company's full 15% placing capacity to make future issues of securities, Shareholder approval is sought for the Resolution set out in item 13. This will preserve the Company's flexibility to raise capital in the future.

For the purposes of Listing Rule 7.3, which contains the requirements as to the contents of a notice sent to shareholders for the purposes of Listing Rule 7.1, the following information is provided to Shareholders:

| | |
|---|---|
| **Maximum number of securities to be issued** | 2,000,000 Performance Rights |
| **Date securities will be issued** | All Performance Rights will be issued on the same date and within 3 months of the date of the Meeting. |
| **Issue price** | The Performance Rights will be issued for nil consideration. |
| **Names of recipients** | Alfred Eggo. |
| **Terms** | The terms of the Performance Rights are set out in the Schedule.<br><br>Once vested, each Performance Right can be exercised for the issue of one Share which will rank pari passu with all existing securities in their class. |
| **Intended use of funds** | No funds will be received by the Company from the issue of the Performance Rights or the conversion into Shares on vesting of the Performance Rights. The Performance Rights are being issued in order to provide competitive incentives to Mr Eggo in relation to the delivery of his technical services to the Company. |

The Board is not aware of any other information that would be reasonably required by Shareholders to enable them to make an informed decision whether it is in the

best interests of the Company to pass the Resolutions set out in items 10, 11, 12 and 13.

**Recommendation:** For the reasons set out above, the Directors make no recommendations to Shareholders in relation to Resolutions 10 to 12 (inclusive), but the Board otherwise recommends that Shareholders vote **in favour** of Resolution 13.

## 10. Approval of additional placement capacity

Listing Rule 7.1A enables eligible entities to seek shareholder approval to issue shares, options and other securities as defined in the Listing Rules (**Equity Securities**) up to 10% of their issued capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

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

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility by way of Resolution 14.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2, as set out below.

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

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

The Company, as at the date of this Notice, has on issue two classes of Equity Securities, being ordinary shares and options expiring on 31 August 2020. The number of ordinary shares on issue as at the date of this Notice is 306,750,703 and the number of options on issue is 72,978,404.

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during a 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) - E

where:

A = the number of shares on issue 12 months before the date of issue or agreement:

(a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(b) plus the number of partly paid shares that became fully paid in the 12 months;

(c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and

(d) less the number of fully paid shares cancelled in the 12 months.

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

D = 10%.

E = 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.

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

12 months before the date of the Meeting, the Company had 135,612,115 fully paid Shares on issue. On 9 August 2016, the Company issued 20,000,000 Shares under Listing Rule 7.1 for which approval under Listing Rule 7.4 is being sought from Shareholders at the Meeting and 151,138,588 Shares by way of a rights issue. Therefore, on the date of the Meeting, the Company will have capacity to issue (on the assumption that Resolution 4 is approved):

(a) 46,012,605 Equity Securities under Listing Rule 7.1; and

(b) 30,675,070 Equity Securities under Listing Rule 7.1A, subject to Shareholder approval being granted under Resolution 14.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (which is set out above).

The issue price of Equity Securities issued under Listing Rule 7.1A must not be less than 75% of the volume weighted average price (**VWAP**) of Equity Securities in the same class calculated over the 15 trading days immediately before:

(a) the date on which the price at which the Equity Securities are to be issued is agreed; or

(b) if the Equity Securities are not issued within 5 trading days of the date specified in paragraph (a) above, the date on which the Equity Securities are issued.

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

(a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or

(b) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period as allowed by ASX (**10% Placement Period**).

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

(a) **Minimum issue price**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i), the date on which the Equity Securities are issued.

(b) **Risk of dilution**

If Resolution 14 is approved and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below.

There is also a risk that:

(i) the market price for the Company's shares may be significantly lower on the date of the issue of Equity Securities than on the date of the approval of Resolution 14; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for Shares on the date that they are issued or the Equity Securities are issued as part of the consideration for the acquisition of a new asset,

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

The following table below shows:

(iii) 2 examples where the variable 'A' has increased by 50% and 100%. Variable 'A' is based on the number of ordinary securities that the Company has on issue as at 14 October 2015. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (eg a pro rata entitlements issue) or future specific placements under

Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

(iv) 2 examples where the issue price of ordinary shares has decreased by 50% and increased by 50% as against the current market price.

| **Variable 'A' in Listing Rule 7.1A.2** | | **Dilution** | | |
|---|---|---|---|---|
| | | **$0.008 50% decrease in Issue Price** | **$0.016 Issue Price** | **$0.024 50% increase in Issue Price** |
| Current variable 'A' – 306,750,703 | 10% voting dilution | 30,675,070 | 30,675,070 | 30,675,070 |
| | Funds raised | $245,400.56 | $490,801.12 | $736,201.68 |
| 50% increase in current variable 'A' – 460,126,055 | 10% voting dilution | 46,012,605 | 46,012,605 | 46,012,605 |
| | Funds raised | $368,100.84 | $736,201.68 | $1,104,302.52 |
| 100% increase in current variable 'A' – 613,501,406 | 10% voting dilution | 61,350,141 | 61,350,141 | 61,350,141 |
| | Funds raised | $490,801.13 | $981,602.26 | $1,472,403.40 |

*Note: the above 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) 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%.

(iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the issue of Equity Securities, based on that Shareholder's holding as at the date of the Meeting.

(iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and not the issue of shares under the 15% placement power under Listing Rule 7.1.

(v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes options, it is assumed that those options are exercised into shares for the purpose of calculating the voting dilution effect on existing Shareholders.

(vi) The issue price is $0.016, being the closing price of Shares on ASX on 14 October 2016.

The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 14 for the issue of Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

The Company may seek to issue the Equity Securities for the following purposes:

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

(b) cash consideration. In such circumstances, the Company intends to use funds raised to fund an acquisition of new businesses or investments (including expenses associated with such acquisition), to reduce existing debt and/or for general working capital purposes.

Once an issue of Equity Securities has occurred, the Company will make the appropriate disclosure to the market (see below).

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 factors including, but not limited to, the following:

(a) the methods of raising funds that are available to the Company, including but not limited to rights issues or other issues in which existing security holders can participate;

(b) the effect of the issue of Equity Securities on the control of the Company;

(c) the financial situation and solvency of the Company; and

(d) advice from corporate, financial and braking advisors (if available).

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.

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

The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2015 Annual General Meeting on 24 November 2015. In this regard, in accordance with Listing Rule 7.3A.6 the following securities have been issued in the 12 months preceding the date of the Meeting:

(a) a total of 171,138,588 Shares were issued during the 12 month period preceding the date of the Meeting which represents a 126% of the Shares that were on issue at the commencement of that 12 month period; and

(b) the details of the Shares issued during the 12 month period are as follows:

| No. of securities | Class of securities | Terms | Recipient | Price | Discount | Consideration |
|---|---|---|---|---|---|---|
| 20,000,000 | Ordinary fully paid shares | Securities rank equally with existing ordinary shares | Clients of CPS Capital Pty Ltd | $0.026 per Share | Not applicable | $520,000 |
| 151,138,588 | Ordinary fully paid shares | Securities rank equally with existing ordinary shares | Exiting shareholders in accordance with the rights issue undertaken by the Company | $0.01 per Share | 48% | $1,511,385 |

Funds raised from the issue of the Shares totalled $2,031,385. Of the funds raised approximately $1,571,000 remains. The funds spent to date were used in relation exploration activities undertaken by the Company and in particular VTEM surveys over the Company's Queensland tenements and otherwise for normal working requirements (including the payment of directors' fees and advisers' fees). The funds remaining will be applied to:

(a) the Company's drilling projects in Western Australia at Yandilla and Xanadu and Queensland; and

(b) Geophysics (detailed geophysical and/or geochemical surveying over Selwyn, Mt Angelay, Oban, Kamileroi and Squirrel Hill).

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder to participate in the issue of Equity Securities. Therefore, no existing Shareholders' votes will be excluded under the voting exclusion in this Notice.

In accordance with Listing Rule 3.10.5A, if Equity Securities are issued under this approval, the Company will make an announcement to the ASX with the following additional information:

(a) details of the dilution to existing Shareholders as a result of the issue;

(b) where the Equity Securities were issued for cash consideration, an explanation of why the Company issued Equity Securities in this manner, as opposed to (or in addition to) a pro-rata offering;

(c) details of any underwriting arrangements including the fees payable to the underwriter; and

(d) details of any other fees incurred in connection with the issue.

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

## Other information

The Board is not aware of any other information which is relevant to the consideration by Shareholders of the proposed Resolutions which are detailed in the Notice. Prior to making any decision, Shareholders may wish to seek advice from their own independent accountant, solicitor or other financial adviser as to the effect of the proposed Resolution

## Directors' approvals and recommendations

To the extent permitted by law, it is the intention of the Chairman of the Meeting to vote all undirected proxies granted to him in favour of the Resolutions.

## Glossary

Capitalised terms used in this Notice and the Explanatory statement have the following meanings:

**$** means Australian Dollars;

**AEDST** means Australian Eastern Daylight Savings Time;

**Annual Report** means the Directors' Report, the Financial Report and Auditor's Report, in respect of the financial year ended 30 June 2016;

**ASIC** means the Australian Securities and Investments Commission;

**ASX** means the Australian Securities Exchange or ASX Limited as the context requires;

**Auditor** means the auditor of the Company, Simon Trivett of Grant Thornton Audit Pty Ltd;

**Auditor's Report** means the auditor's report on the Company's Financial Report;

**Board** means the board of Directors;

**Closely Related Party** (of a member of KMP of an entity) has the definition given to it by section 9 of the Corporations Act, and means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependant of the member or of 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 dealings with the entity;

(e) a company the member controls; or

(f) a person prescribed by the regulations for the purposes of this definition (nothing at this stage);

**Company** means MRG Metals Limited ACN 148 938 532;

**Constitution** means the constitution of the Company;

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

**Director(s)** means the directors of the Company from time to time;

**Directors' Report** means the directors' report prepared in accordance with Chapter 2M of the Corporations Act for the Company;

**Explanatory Statement** means the explanatory statement that accompanies this Notice;

**Financial Report** means the annual financial report of the Company prepared in accordance with Chapter 2M of the Corporations Act;

**Key Management Personnel** or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any director (whether executive or otherwise) of that entity;

**Listing Rules** means the Listing Rules of the ASX;

**Meeting** means the meeting of the Company to be held at Gadens, Level 25, 600 Bourke Street, Melbourne, Victoria on 22 November 2016 at 10.00am;

**Notice** means the notice convening the Meeting;

**Performance Rights** means the rights in the Company having the terms set out in the Schedule;

**Proxy Form** means the proxy form accompanying this Notice;

**Remuneration Report** means the remuneration report which forms part of the Directors' Report of the Company for the financial year ended 30 June 2016 and which is set out in the 2016 Annual Report;

**Resolution** means a resolution to be voted on at the Meeting, the details of which are set out in the Notice;

**Schedule** means a schedule to this Notice;

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

**Shareholder** means a holder of a Share;

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

**VWAP** means volume weighted average price.

## Schedule – Performance Rights

1. In this document:

   (a) **Company** means MRG Metals Pty Ltd;

   (b) **Corporations Act** means the *Corporations Act 2001* (Cth);

   (c) **Holder** means the holder of a Performance Right;

   (d) **Performance Right** means a performance right issued in accordance with the terms set out in this document;

   (e) **Share** means a fully paid ordinary share in the capital of the Company; and

   (f) **VWAP** means the volume weighted average price.

2. Each Performance Right:

   (a) must be issued for nil consideration;

   (b) on vesting, entitles the Holder to receive one Share;

   (c) has the conversion rights set out in paragraphs 11 below.

3. A Holder is not entitled to vote on any resolutions proposed at any general meeting of the Company other than as required by the Corporations Act.

4. A Performance Right does not:

   (a) entitle a Holder to any dividends of the Company; or

   (b) confer on a Holder any right to participate in the surplus profits or assets of the Company upon the winding up of the Company.

5. A Performance Right is not transferrable.

6. A Performance Right does not entitle the Holder to participate in new issues of securities of the Company.

7. If the issued capital of the Company is reorganised at any time, the rights of the Holder of Performance Rights are to be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

8. The Performance Rights will not be quoted on ASX.

9. On the vesting of the Performance Rights, the Company must apply for the quotation of the Shares arising from the vesting on the official list of the ASX in accordance with the Listing Rules.

10. The Shares issued on vesting of the Performance Rights will rank equally with the other the Shares then on issue.

11. The Performance Rights will automatically convert to shares in the Company on the date that the Company's share price is equal to or greater than a 5 day VWAP of $0.05 per share in the Company.

12. The Performance Rights will automatically lapse if:

    (a) the Performance Rights are not vested within 5 years from the date that they are granted to the Holder;

    (b) the Holder acts fraudulently, dishonestly or wilfully breaches his duties to the Company; or

    (c) the Holder ceases employment with, or engagement by, the Company.

13. On the conversion of any Performance Rights to Shares, the Holder must execute and deliver to the Company a voluntary restriction agreement under which it agrees to a period of 6 month escrow on those Shares in a form acceptable to the Company.

**MRG Metals Limited**
ACN 148 938 532

## LODGE YOUR VOTE

**By mail:**
MRG Metals Limited
PO Box 237
Ballarat VIC 3353

**By fax:** +61 3 5333 1667

**By hand:**
delivering it to MRG Metals Limited, 12 Anderson Street West, Ballarat, VIC 3350

# PROXY FORM

I/We being a member(s) of MRG Metals Limited and entitled to attend and vote hereby appoint:

## STEP 1 APPOINT A PROXY

☐ **the Chairman of the Meeting** *(mark box)*

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

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **10:00am (AEDT) on Tuesday, 22 November 2016 at Gadens Lawyers, Level 25, 600 Bourke Street, Melbourne, Victoria** (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

**The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.**

**Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.**

**Please read the voting instructions overleaf before marking any boxes with an X**

## STEP 2 VOTING DIRECTIONS

| Resolutions | | For | Against | Abstain* |
|---|---|---|---|---|
| 1 | Adoption of Remuneration Report | ☐ | ☐ | ☐ |
| 2 | Re-Election of Christopher Gregory as a Director of the Company | ☐ | ☐ | ☐ |
| 3 | Ratification of Prior Issue of Shares | ☐ | ☐ | ☐ |
| 4 | Approval to Issue 1,000,000 Shares to Keith Weston | ☐ | ☐ | ☐ |
| 5 | Approval to Issue 1,000,000 Shares to Ben McCormack | ☐ | ☐ | ☐ |
| 6 | Approval to Issue 2,000,000 Shares to CPS Capital Pty Ltd | ☐ | ☐ | ☐ |
| 7 | Approval of Placement of Rights Issue Shortfall to Andrew Van Der Zwan | ☐ | ☐ | ☐ |
| 8 | Approval of Placement of Rights Issue Shortfall to Shane Turner | ☐ | ☐ | ☐ |
| 9 | Approval of Issue of Performance Rights to Christopher Gregory (or his nominee) | ☐ | ☐ | ☐ |
| 10 | Approval of Issue of Performance Rights to Andrew Van Der Zwan (or his nominee) | ☐ | ☐ | ☐ |
| 11 | Approval of Issue of Performance Rights to Shane Turner (or his nominee) | ☐ | ☐ | ☐ |
| 12 | Approval of Issue of Performance Rights to Alfredo Eggo (or his nominee) | ☐ | ☐ | ☐ |
| 13 | Approval of Additional Placement Capacity | ☐ | ☐ | ☐ |

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

## STEP 3 SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

| Shareholder 1 (Individual) | Joint Shareholder 2 (Individual) | Joint Shareholder 3 (Individual) |
|---|---|---|
| Sole Director and Sole Company Secretary | Director/Company Secretary (Delete one) | Director |

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

**MRQ PRX1601N**

## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

### Votes on Items of Business – Proxy Appointment

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

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

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

(b) return both forms together.

### Signing Instructions

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

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

### Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEDT) on Sunday, 20 November 2016,** being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:

**by mail:**
MRG Metals Limited
PO Box 237
Ballarat VIC 3353

**by fax:**
+61 3 5333 1667

**by hand:**
delivering it to MRG Metals Limited, 12 Anderson Street West, Ballarat, VIC 3350.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you. This will assist in registering your attendance.**