

MITHRIL RESOURCES LIMITED
ACN 099 883 922

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting

15 November 2017

Time of Meeting

10.00 am (Adelaide time)

Place of Meeting

HLB Mann Judd
169 Fullarton Road
DULWICH SA 5065

NOTICE OF ANNUAL GENERAL MEETING

MITHRIL RESOURCES LIMITED ACN 099 883 922

Notice is hereby given that the Annual General Meeting of Shareholders of Mithril Resources Limited (**Company**) will be held at HLB Mann Judd, 169 Fullarton Road, Dulwich, South Australia at 10.00 am (Adelaide time) on 15 November 2017.

Ordinary Business

To consider the Financial Statements for the financial year ended 30 June 2017 and accompanying reports of the Directors and Auditor.

Resolution 1: Adoption of Remuneration Report

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

‘That the Company adopt the Remuneration Report for the year ended 30 June 2017 as set out in the Company’s Annual Report for the year ended 30 June 2017.’

Resolution 2: Re-election of Graham Ascough as Director

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

‘That Mr Graham Ascough, having voluntarily retired in accordance with rule 6.1 of the Company’s Constitution and being eligible, and offering himself, for re-election, is re-elected as a Director with effect immediately following the conclusion of the meeting.’

Resolution 3: Approval of 10% Placement Facility

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

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

Resolution 4: Subsequent Approval of the Issue of Shares

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, subsequent approval is given to the issue by the Company of 127,215,574 Shares on the terms and conditions set out in the Explanatory Memorandum.’

Resolution 5: Issue of Options to Broker

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 7.1 and for all other purposes, approval is given to the issue by the Company of 10,000,000 Options (pre-Consolidation) on the terms and conditions set out in the Explanatory Memorandum.’

Resolution 6: Issue of Shares to Graham Ascough

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

‘That in accordance with Listing Rule 10.11 and for all other purposes, approval is given to the issue of 6,570,000 Shares (pre-Consolidation) to Mr Graham Ascough (or his nominee), in lieu of part directors’ fees, on the terms and conditions in the Explanatory Memorandum.’

Resolution 7: Issue of Shares to Donald Stephens

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

‘That in accordance with Listing Rule 10.11 and for all other purposes, approval is given to the issue of 4,599,000 Shares (pre-Consolidation) to Mr Donald Stephens (or his nominee), in lieu of part directors’ fees, on the terms and conditions in the Explanatory Memorandum.’

Resolution 8: Issue of Options to David Hutton

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 10.11 and for all other purposes, approval is given to the issue by the Company of 3,000,000 Options (pre-Consolidation) to Mr David Hutton (or his nominee) on the terms and conditions described in the Explanatory Memorandum.’

Resolution 9: Issue of Options to Jim McKinnon-Matthews

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 7.1 and for all other purposes, approval is given to the issue by the Company of 2,000,000 Options (pre-Consolidation) to Mr Jim McKinnon-Matthews (or his nominee) on the terms and conditions described in the Explanatory Memorandum.’

Resolution 10: Capital Consolidation

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

‘That for the purpose of section 254H of the Corporations Act 2001 (Cth), Listing Rule 7.22 and for all other purposes, approval is given for the issued capital of the Company to be consolidated on the basis that:

- (a) every 10 Shares be consolidated into one Share; and*
- (b) every 10 Options be consolidated into one Option with the exercise price amended in inverse proportion to that ratio,*

and where this consolidation ratio would otherwise result in a fractional entitlement to a Share or Option (as the case may be), that fractional entitlement be rounded up to the nearest whole Share or Option (as the case may be), on the terms and conditions in the Explanatory Memorandum.’

DATED 13 OCTOBER 2017

**BY ORDER OF THE BOARD
MITHRIL RESOURCES LIMITED**

A handwritten signature in dark ink, appearing to read 'Donald Stephens', is written over a faint, circular embossed seal.

**DONALD STEPHENS
COMPANY SECRETARY**

NOTES:

1. Explanatory Memorandum

The Explanatory Memorandum accompanying this Notice of Annual General Meeting is incorporated in and comprises part of this Notice of Annual General Meeting and should be read in conjunction with this Notice of Annual General Meeting.

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

2. Voting Exclusion Statements

(a) Resolution 1

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (i) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (ii) a Closely Related Party of such a member.

However, a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (i) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (ii) the person is the chair of the meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on the resolution; and
 - 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 Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

(b) Resolution 3

The Company will disregard any votes cast on Resolution 3 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 ordinary Shares, if Resolution 3 is passed.

However, the Company will not disregard a vote if:

- (i) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (ii) 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.

(c) Resolution 4

The Company will disregard any votes cast on Resolution 4 by a person who participated in the issue and an associate of that person.

However, the Company will not disregard a vote if:

- (i) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (ii) 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.

(d) **Resolution 5**

The Company will disregard any votes cast on Resolution 5 by a person who may participate in the proposed issue of Options and a person who might obtain a benefit, except a benefit solely in the capacity of a holder or ordinary securities, if the resolution is passed, and associates of that person.

However, the Company will not disregard a vote if:

- (i) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or
- (ii) 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.

(e) **Resolution 6**

- (i) For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 6 if:

- the person is either:
 - o a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - o a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and
 - the appointment 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 Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.
- (ii) For the purposes of the Listing Rules, the Company will disregard any votes cast on Resolution 6 by a person (and their associates) who is to receive securities in relation to the Company if the Resolution is passed.

However, subject always to paragraph 2(e)(i), the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

(f) **Resolution 7**

- (i) For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 7 if:

- the person is either:
 - o a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - o a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and
- the appointment 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 Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

- (ii) For the purposes of the Listing Rules, the Company will disregard any votes cast on Resolution 7 by a person (and their associates) who is to receive securities in relation to the Company if the Resolution is passed.

However, subject always to paragraph 2(f)(i), the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

(g) **Resolution 8**

- (i) For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 8 if:

- the person is either:
 - o a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - o a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and
 - the appointment 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 Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.
- (ii) For the purposes of the Listing Rules, the Company will disregard any votes cast on Resolution 8 by a person who is to receive securities in relation to the Company if the Resolution is passed, and associates of that person.

However, subject always to paragraph 2(g)(i), the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with 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.

(h) **Resolution 9**

- (i) For the purposes of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on Resolution 9 if:

- the person is either:
 - o a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
 - o a Closely Related Party of such a member; and
- the appointment does not specify the way the proxy is to vote on the Resolution.

However, the Company will not disregard a vote if:

- the person is the chair of the meeting at which the Resolution is voted on; and
 - the appointment 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 Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.
- (ii) For the purposes of the Listing Rules, the Company will disregard any votes cast on Resolution 9 by a person 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, and associates of those persons.

However, subject always to paragraph 2(h)(i), the Company need not disregard a 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.

3. Proxies

A Shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the Shareholder at the Meeting. A proxy need not be a Shareholder. If the Shareholder is entitled to cast two or more votes at the Meeting the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

To record a valid vote, a Shareholder will need to take the following steps:

- 3.1 cast the Shareholder's vote online by visiting www.investorvote.com.au and entering the Shareholder's Control Number, SRN/HIN and PIN, which are shown on the first page of the enclosed proxy form; or
- 3.2 complete and lodge the manual proxy form at the share registry of the Company, Computershare Investor Services Pty Limited:
 - (a) by post at the following address:

Computershare Investor Services Pty Limited
GPO Box 242
MELBOURNE VIC 3001

OR
 - (b) by facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
- 3.3 for Intermediary Online subscribers only (custodians), cast the Shareholder's vote online by visiting www.intermediaryonline.com,

so that it is received no later than 10.00 am (Adelaide time) on 13 November 2017.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolutions 1, 6, 7, 8 and 9 even though they are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolutions 1, 6, 7, 8 and 9 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the chair may change his or her voting intention on any resolution, in which case an ASX announcement will be made.

4. 'Snap Shot' Time

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snapshot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting. The Directors have determined that all Shares of the Company that are quoted on ASX as at 7.00 pm (Adelaide time) on 13 November 2017 shall, 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.

5. Corporate Representative

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting 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 and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice convening the Annual General Meeting of Shareholders of Mithril Resources Limited to be held on 15 November 2017. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in this Explanatory Memorandum, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider Resolutions 1 to 10 (inclusive).

1. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Annual Report for the year ended 30 June 2017 contains a Remuneration Report which sets out the remuneration policy of the Company.

An electronic copy of the 2017 Annual Report is available to download or view on the Company's website at www.mithrilresources.com.au/annualreports.php. The 2017 Annual Report has also been sent by post to those Shareholders who have previously elected to receive a hard copy. In addition, the Company has also enabled online voting, details of which are explained on the proxy form.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. Shareholders should note that the vote on Resolution 1 is advisory only and, subject to the matters outlined below, will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy.

Section 250R(4) of the Corporations Act prohibits a vote on this resolution being cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, under section 250R(5) of the Corporations Act a person described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the person is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the person 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; and
 - (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 Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy

you can direct the chair to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box on the proxy form.

Resolution 1 is an ordinary resolution.

The chair intends to vote undirected proxies in favour of Resolution 1.

Please also note that under sections 250U and 250V of the Corporations Act, if at two consecutive annual general meetings of a listed company at least 25% of votes cast on a resolution that the remuneration report be adopted are against adoption of the report, at the second of these annual general meetings there must be put to the vote a resolution that another meeting be held within 90 days at which all directors (except the managing director) who were directors at the date the remuneration report was approved at the second annual general meeting must stand for re-election. So, in summary, Shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the Remuneration Report receives 'two strikes'. The Remuneration Report did not receive a 'first strike' at the Company's 2016 annual general meeting.

2. RESOLUTION 2: RE-ELECTION OF GRAHAM ASCOUGH AS DIRECTOR

In accordance with rule 6.1 of the Constitution at every annual general meeting one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one third (excluding those who retire under rule 9.2 of the Constitution) must retire from office and are eligible for re-election. Accordingly, Mr Graham Ascough retires as a Director of the Company and, being eligible, offers himself for re-election.

A resume for Mr Ascough follows:

Graham Ascough, BSc, PGeo (Chairman, Non-Executive Director)

Mr Ascough is a senior resources executive with more than 25 years of industry experience evaluating mineral projects and resources in Australia and overseas. He has had broad industry involvement ranging from playing a leading role in setting the strategic direction for significant country-wide exploration programs to working directly with mining and exploration companies.

Mr Ascough is a geophysicist by training and was the Managing Director of the Company from October 2006 until June 2012. Prior to joining the Company in 2006, Mr Ascough was the Australian Manager of Nickel and PGM Exploration at the major Canadian resources house, Falconbridge Ltd (acquired by Xstrata Plc in 2006).

Mr Ascough is also Non-Executive Chairman of ASX listed Musgrave Minerals Ltd, PNX Metals Ltd and Sunstone Metals Ltd. He is a member of the Australian Institute of Mining and Metallurgy and is a Professional Geoscientist of Ontario, Canada. Resolution 2 is an ordinary resolution.

The Directors (other than Mr Ascough) recommend that Shareholders vote in favour of Resolution 2.

The chair intends to vote undirected proxies in favour of Resolution 2.

3. RESOLUTION 3: APPROVAL OF 10% PLACEMENT FACILITY

3.1 General

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued ordinary share capital through placements over a 12 month period after the

annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the eligible entity's 15% placement capacity under 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.

The exact number of Equity Securities which may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 3.2(c)).

3.2 **Description of Listing Rule 7.1A**

(a) **Shareholder approval**

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.

(b) **Equity Securities**

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.

The Company, as at the date of the Notice, has on issue the following classes of Equity Securities:

- Shares quoted on ASX
- Options not quoted on ASX

(c) **Formula for calculating 10% Placement Facility**

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 the 10% Placement Period (refer to section 3.2(f)), a number of Equity Securities calculated in accordance with the following formula:

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

Where:

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

- plus the number of fully paid ordinary Shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary Shares that became fully paid in the 12 months;
- plus the number of fully paid ordinary Shares issued in the 12 months with approval of holders of ordinary Shares under Listing Rules 7.1 and 7.4;

- less the number of fully paid ordinary 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.

(d) Listing Rule 7.1 and Listing Rule 7.1A

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.

At the date of this Notice, the Company has on issue 975,319,405 ordinary Shares and therefore has a capacity to issue:

- (i) subject to Shareholder approval being obtained under Resolution 4, 146,297,910 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 3, 97,531,940 Equity Securities under Listing Rule 7.1A.

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 (refer to section 3.2(c)).

(e) Minimum Issue Price

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date referred to in section 3.2(e)(i), the date on which the Equity Securities are issued.

(f) 10% Placement Period

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:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

(10% Placement Period).

3.3 Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under Listing Rule 7.1.

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

3.4 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 Facility as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class 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 five Trading Days of the date in section 3.4(a)(i), the date on which the Equity Securities are issued.
- (b) There is a risk that:
 - (i) the market price for the Company's Equity Securities in the same class 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 in the same class 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 the risk of voting dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary Shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- (i) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary Shares the Company has on issue. The number of ordinary Shares on issue may increase as a result of issues of ordinary Shares that do not require Shareholder approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary Shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in formula in Listing Rule 7.1A.2		Issue Price		
		\$0.0015 50% decrease in issue price	\$0.003 issue price	\$0.006 100% increase in issue price
Current Variable 'A' 975,319,405 Shares	10% voting dilution	97,531,940 Shares	97,531,940 Shares	97,531,940 Shares
	Funds raised	\$146,298	\$292,596	\$585,192
50% increase in current Variable 'A' 1,462,979,107 Shares	10% voting dilution	146,297,910 Shares	146,297,910 Shares	146,297,910 Shares
	Funds raised	\$219,447	\$438,894	\$877,787
100% increase in current Variable 'A' 1,950,638,810 Shares	10% voting dilution	195,063,881 Shares	195,063,881 Shares	195,063,881 Shares
	Funds raised	\$292,596	\$585,192	\$1,170,383

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No current Options are exercised into Shares before the date of the issue of the Equity Securities.
- 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%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements pursuant to the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and no other issues of Equity Securities.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- The issue price is \$0.003, being the closing price of the Shares on ASX on 26 September 2017.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 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 for the following purposes:
 - (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as referred to in the Note to Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (f) 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 and the number of Equity Securities allotted to each will be determined on a case-by-case basis having regard to 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 the 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.

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

- (g) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2016 Annual General Meeting.
 - (i) The Company has issued 304,836,340 Equity Securities in the 12 months preceding the date of this Meeting, representing 43.70% of the total number of Equity Securities on issue at the commencement of that 12 month period.
 - (ii) Details of the Equity Securities referred to in section 3.4(g)(i) is as follows:

Date of issue:	10 March 2017
Number issued:	161,620,766
Class/Type of equity security:	Shares
Summary of terms:	Same as the terms and conditions of already issued fully paid ordinary Shares in the Company
Names of persons who received securities or basis on which those persons was determined:	Professional and/or sophisticated investor applicants as determined by the Board.
Price:	\$0.005 per Share
Discount to market price (if any):	16.66%
Total cash consideration received:	\$808,103
Amount of cash consideration spent:	\$550,000
Use of cash consideration:	Geophysical and drill testing of the Mexi Nickel Prospect and Stark Copper Prospect, and working capital.
Intended use for remaining amount of cash (if any):	Geophysical and drill testing of the Mexi Nickel Prospect and Stark Copper Prospect, and working capital.

Date of issue:	10 March 2017
Number issued:	10,000,000
Class/Type of equity security:	Options
Summary of terms:	Each Option has an exercise price of \$0.01 and an expiry date of 31 December 2020
Names of persons who received securities or basis on which those persons was determined:	Argonaut Investments Pty Ltd
Price:	Nil
Discount to market price (if any):	N/A
Non-cash consideration paid:	Issued as part of broker fee for arranging the Share placement referred to in the table above
Current value of that non-cash consideration:	N/A

Date of issue:	22 June 2017
Number issued:	6,000,000
Class/Type of equity security:	Options

Summary of terms:	3,000,000 Options have an exercise price of \$0.01 and an expiry date of 31 December 2020. 3,000,000 Options have an exercise price of \$0.01 and an expiry date of 22 June 2022.
Names of persons who received securities or basis on which those persons was determined:	David Hutton – 4,000,000 Options Jim McKinnon Matthews – 2,000,000 Options
Price:	Nil
Discount to market price (if any):	N/A
Non-cash consideration paid:	Nil
Current value of that non-cash consideration:	N/A

Date of issue:	6 September 2017
Number issued:	127,215,574
Class/Type of equity security:	Shares
Summary of terms:	Same as the terms and conditions of already issued fully paid ordinary Shares in the Company
Names of persons who received securities or basis on which those persons was determined:	Professional and/or sophisticated investor applicants as determined by the Board.
Price:	\$0.002 per Share
Discount to market price (if any):	33.33%
Total cash consideration received:	\$254,431
Amount of cash consideration spent:	Nil
Use of cash consideration:	N/A
Intended use for remaining amount of cash (if any):	Drill testing of the Kombi Gold Prospect and Fenceline Gold Prospect, and working capital

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

Resolution 3 is a **special resolution**.

The Directors recommend that Shareholders vote in favour of Resolution 3.

The chair intends to vote undirected proxies in favour of Resolution 3.

4. **RESOLUTION 4: SUBSEQUENT APPROVAL OF THE ISSUE OF SHARES**

On 28 August 2017, the Company announced a placement of 127,215,574 Shares at an issue price of \$0.002 per Share to raise \$254,431. The Shares were issued on 6 September 2017.

The purpose of Resolution 4 is to obtain Shareholder approval for the issue of the Shares for the purpose of Listing Rule 7.4 and all other purposes.

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of Shareholders of the company in general meeting, unless an exception in Listing Rule 7.2 applies.

However, Listing Rule 7.4 provides that an issue of equity securities made without Shareholder approval under Listing Rule 7.1 is treated as having been made with Shareholder approval for the purpose of Listing Rule 7.1 if:

- the issue did not breach Listing Rule 7.1; and
- holders of ordinary securities subsequently approve it.

The issue of the Shares did not result in the Company breaching the 15% limit referred to in Listing Rule 7.1. The issue of the Shares does not therefore depend upon Shareholders passing Resolution 4. The purpose of Resolution 4 is to obtain Shareholder approval for the purpose of Listing Rule 7.4 and for all other purposes. If Shareholders approve the issue of the Shares for the purpose of Listing Rule 7.4, the issue of the Shares will not count towards determining the number of equity securities which the Company can issue in any 12 month period. However, if Shareholders do not approve the issue of the Shares for the purpose of Listing Rule 7.4, the issue of the Shares will count towards the number of equity securities which the Company can issue in any 12 month period.

For the purpose of Listing Rule 7.5 information regarding the Shares is provided as follows:

- 127,215,574 Shares have been issued.
- The Shares were issued at an issue price of \$0.002 each.
- The terms and conditions of the Shares are the same as the terms and conditions of already issued fully paid ordinary Shares in the Company.
- The Shares were issued to professional and/or sophisticated investors as determined by the Board.
- Funds raised from the issue of the Shares will be used to expedite drill testing of the Kombi Gold Prospect and Fenceline Gold Prospect, and provide for working capital.

Resolution 4 is an ordinary resolution.

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

The chair intends to vote undirected proxies in favour of Resolution 4.

5. RESOLUTION 5: ISSUE OF OPTIONS TO BROKER

The Company has agreed to issue 10,000,000 Options (pre-Consolidation) to Argonaut Investments Pty Ltd (or its nominee) in addition to its fee for arranging the placement the subject of Resolution 4.

Listing Rule 7.1 sets out the basic prohibition on an entity issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of its ordinary securities. An issue in excess of the 15% limit can be made with the approval of holders of ordinary securities.

Resolution 5 seeks approval by Shareholders under Listing Rule 7.1 for the issue of up to 10,000,000 Options (pre-Consolidation) to Argonaut Investments Pty Ltd (or its nominee).

The following additional information is provided pursuant to the requirements of Listing Rule 7.3:

- The Company will issue a maximum of 10,000,000 Options (pre-Consolidation).
- The Options will be issued no later than three months after the date of this Meeting or such later date permitted by ASX.
- The Options will not be issued for cash consideration.
- The Options will be issued to Argonaut Investments Pty Ltd (or its nominee).
- Full terms of the Options are set out in Annexure A.
- No funds will be raised from the issue of the Options.

Resolution 5 is an ordinary resolution.

The Directors recommend that Shareholders vote in favour of Resolution 5.

The chair intends to vote undirected proxies in favour of Resolution 5.

6. RESOLUTIONS 6 AND 7: ISSUE OF SHARES TO NON-EXECUTIVE DIRECTORS

6.1 General

Resolutions 6 and 7 seek Shareholder approval pursuant to Listing Rule 10.11 for the issue of a total of 11,169,000 Shares (pre-Consolidation) to the Company's non-executive Directors, Messrs Graham Ascough and Donald Stephens (or their nominees) in lieu of 50% of the directors' fees payable to them for the period commencing on 1 October 2016 and ending on 30 September 2017 (together the **Directors Shares**).

For the period referred to above:

- (a) Mr Ascough, as the Company's Chairman of the Board of Directors, was entitled to a director's fee of \$39,420, but was not paid any part thereof. Mr Ascough has agreed, subject to Shareholder approval, to receive Shares in lieu of 50% of the director's fee to which he is entitled (\$19,710).

- (c) Mr Stephens, as a non-executive Director of the Company, was entitled to a director's fee of \$27,594, but was not paid any part thereof. Mr Stephens has agreed, subject to Shareholder approval, to receive Shares in lieu of 50% of the director's fee to which he is entitled (\$13,797).

Subject to Shareholder approval of Resolutions 6 and 7, the number of Directors Shares to be issued to each of Messrs Ascough and Stephens (or their nominees) is set out in the below table:

Director	No. of Shares
Mr Ascough	No. of Shares = $\frac{\$19,710}{\$0.003} = 6,570,000$
Mr Stephens	No. of Shares = $\frac{\$13,797}{\$0.003} = 4,599,000$

The deemed issue price of each Director Share will be \$0.003.

No funds will be raised from the issue of the Directors Shares as they are not being issued for cash consideration, but rather in consideration for the services provided by the Directors during the period referred to above.

6.2 Section 208 of Corporations Act

Section 208 of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

Messrs Ascough and Stephens are Directors of the Company, and are therefore related parties of the Company.

The Managing Director of the Company, Mr David Hutton, has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Directors Shares as the exception in section 211 of the Corporations Act applies. The Directors Shares are being issued in lieu of 50% of the amount of directors' fees otherwise payable, and is considered to be reasonable remuneration for the purposes of section 211 of the Corporations Act.

6.3 Listing Rule 10.11

Listing Rule 10.11 restricts the Company from issuing securities to a related party of the Company, unless approval is obtained from Shareholders.

The effect of passing Resolutions 6 and 7 will be to allow the Company to issue a total of 11,169,000 Shares (pre-Consolidation) to Messrs Ascough and Stephens (or their nominees) without using up the Company's 15% placement capacity under

Listing Rule 7.1. If Shareholder approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

If Shareholders do not approve either of Resolutions 6 and 7, the Company will not issue the Directors Shares to Messrs Ascough and Stephens (or their nominees) (as the case may be).

6.4 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Directors Shares will be issued to Messrs Ascough and Stephens (and/or their nominees).
- (b) The maximum number of Shares to be issued to each of Messrs Ascough and Stephens is set out in the table below:

Director	No. of Shares
Mr Ascough	No. of Shares = $\frac{\$19,710}{\$0.003} = 6,570,000$
Mr Stephens	No. of Shares = $\frac{\$13,797}{\$0.003} = 4,599,000$

- (c) The Directors Shares will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Directors Shares will be issued at a deemed issue price of \$0.003 each.
- (e) The Directors Shares will be fully paid ordinary Shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.
- (f) No funds will be raised from the issue of the Director Shares as they are not being issued for cash consideration, but rather in consideration for the services provided by the Directors during the period referred to in section 6.1.

Each of Resolutions 6 and 7 is an ordinary resolution.

The Managing Director of the Company, Mr David Hutton, recommends that Shareholders vote in favour of Resolutions 6 and 7.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolutions 6 and 7 even though they are connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolutions 6 and 7 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of each of Resolutions 6 and 7.

7. **RESOLUTION 8: ISSUE OF OPTIONS TO MANAGING DIRECTOR**

7.1 **General**

The Directors have agreed, subject to obtaining Shareholder approval, to issue its Managing Director, Mr David Hutton, 3,000,000 Options (pre-Consolidation) as a key component of his remuneration. Resolution 8 seeks Shareholder approval for the issue of the Options to Mr Hutton and/or his nominee.

7.2 **Chapter 2E of the Corporations Act**

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

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

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

The grant of the Options constitutes giving a financial benefit and Mr Hutton is a related party of the Company by virtue of being a Director.

The Directors other than Mr Hutton consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required because the grant of the Options is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

7.3 **Listing Rule 10.11**

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

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

Approval pursuant to Listing Rule 7.1 is not required for the grant of the Options as approval is being obtained under Listing Rule 10.11. Accordingly, the grant of the Options to Mr Hutton will not be included in the use of the Company's 15% share issue capacity pursuant to Listing Rule 7.1.

7.4 **Technical Information required by Listing Rule 10.13**

For the purposes of Listing Rule 10.13, the following information is provided:

- (a) The Options will be issued to Mr Hutton and/or his nominee.
- (b) 3,000,000 Options (pre-Consolidation) will be issued.

- (c) The Options will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) The Options will be issued for no cash consideration, accordingly no funds will be raised.
- (e) The terms and conditions of the Options are set out in Annexure B.

Resolution 8 is an ordinary resolution.

The Directors (other than Mr Hutton) do not have an interest in the outcome of Resolution 8 and recommend that Shareholders vote in favour of Resolution 8.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 8 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 8 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of Resolution 8.

8. **RESOLUTION 9: ISSUE OF OPTIONS TO GENERAL MANAGER – GEOLOGY**

8.1 **General**

The Directors have agreed to issue the Company's General Manager – Geology, Mr Jim McKinnon-Matthews, 2,000,000 Options (pre-Consolidation) as a key component of his remuneration. Resolution 9 seeks Shareholder approval for the issue of the Options to Mr McKinnon-Matthews and/or his nominee.

Without Shareholder approval pursuant to Listing Rule 7.1, the issue will be counted towards the Company's 15% share issue capacity and will therefore reduce the Company's capacity to issue securities in the future without obtaining Shareholder approval. Accordingly, Resolution 9 seeks Shareholder approval to allow the Company to issue the Options without using the Company's 15% share issue capacity.

8.2 **Technical information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) 2,000,000 Options (pre-Consolidation) will be issued.
- (b) The Options will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Options will be issued for no cash consideration, accordingly no funds will be raised.
- (d) The Options will be issued to Mr McKinnon-Matthews (who is not a related party of the Company) and/or his nominee.
- (e) The terms and conditions of the Options are set out in Annexure B.

Resolution 9 is an ordinary resolution.

The Directors do not have an interest in the outcome of Resolution 9 and recommend that Shareholders vote in favour of Resolution 9.

Please note that if the chair of the meeting is your proxy (or becomes your proxy by default), you expressly authorise the chair to exercise your proxy on Resolution 9 even though it is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, which includes the chair. If you appoint the chair as your proxy you can direct the chair to vote for or against or abstain from voting on Resolution 9 by marking the appropriate box on the proxy form.

The chair intends to vote undirected proxies in favour of Resolution 9.

9. **RESOLUTION 10: CAPITAL CONSOLIDATION**

9.1 **Background**

Resolution 10 seeks Shareholder approval to consolidate the number of Shares and Options through the conversion of every 10 Shares or Options into one Share or Option (as the case may be) (rounded up to the nearest whole number) (**Consolidation**).

Section 254H(1) of the Corporations Act provides that a company may, by resolution passed in general meeting, convert all or any of its Shares into a larger or smaller number.

This section of the Explanatory Memorandum provides the information required by Listing Rule 7.20 to be provided to Shareholders in relation to the Consolidation.

9.2 **Purpose of the Proposed Resolution**

The Directors propose the Consolidation for the following reasons:

- (a) the Company currently has 975,319,405 Shares on issue, and will have 986,488,405 Shares on issue if Resolutions 6 and 7 are passed. This represents a relatively large number when compared to its peer group on ASX; and
- (b) the Consolidation will result in a more appropriate and effective capital structure for the Company and a more appealing Share price to a wider range of investors, particularly institutionally and globally.

9.3 **Effect of the Consolidation**

(a) **Shares**

If Resolution 10 is approved, every 10 Shares on issue will be consolidated into one Share (subject to rounding up to the nearest whole number). Overall, this will result in the number of Shares on issue reducing from 975,319,405 to approximately 97,531,940 (subject to rounding) (986,488,405 to approximately 98,648,840 (subject to rounding) if Resolutions 6 and 7 are passed).

As the Consolidation applies equally to all Shareholders, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, assuming no other market movements or impact occur, the Consolidation will have no effect on the percentage interest of each Shareholder in the Company.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

(b) Options

The Company currently has 26,950,000 unlisted Options, and will have 41,950,000 unlisted Options if Resolutions 5, 8 and 9 are passed.

In the case of a consolidation of Share capital of the Company, the Listing Rules also require that the number of Options on issue be consolidated in the same ratio as the ordinary capital and the exercise price be amended in inverse proportion to that ratio.

Accordingly, the Options on issue will be consolidated, and the exercise price of the Options amended, as follows (subject to adjustment for fractional calculations):

Existing Options and expiry date	Existing number of Options on issue	Existing exercise price	Number of Options on issue after Consolidation	Exercise price of Options after Consolidation
Options (expiry date 27 November 2017)	1,000,000	\$0.10	100,000	\$1.00
Options (expiry date 27 November 2017)	1,000,000	\$0.15	100,000	\$1.50
Options (expiry date 21 July 2018)	1,050,000	\$0.05	105,000	\$0.50
Options (expiry date 21 April 2019)	6,500,000	\$0.005	650,000	\$0.05
Options (expiry date 19 June 2019)	1,400,000	\$0.015	140,000	\$0.15
Options (expiry date 31 December 2020)	13,000,000	\$0.01	1,300,000	\$0.10
Options (expiry date 22 June 2022)	3,000,000	\$0.01	300,000	\$0.10
Options (expiry date 31 December 2020)*	10,000,000	\$0.01	1,000,000	\$0.10
Options (expiry date 3 years after date of issue)**	5,000,000	The greater of \$0.01 and 40% above VWAP	500,000	10x (the greater of \$0.01 and 40% above VWAP)
Total	41,950,000		4,195,000	

* Subject to the passing of Resolution 5

** Subject to the passing of Resolutions 8 and 9

The Consolidation will not result in any change to the substantive rights and obligations of existing holders of Options.

9.4 Fractional entitlements

The consolidation ratio is 10:1. Fractional entitlements may arise where Shareholders or Optionholders hold a number of Shares or Options which cannot be evenly divided by 10. Where a fractional entitlement occurs, the Directors will round that fraction up to the nearest whole Share or Option (as applicable).

9.5 Taxation

The Company considers that no taxation implications will arise for Shareholders or Optionholders from the Consolidation. However, Shareholders and Optionholders are advised to seek their own taxation advice on the effect of the Consolidation and neither the Company nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation implications arising from the Consolidation.

9.6 Holding Statements and Option Certificates

From the date of the Consolidation:

- (a) all holding statements for the Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a pre-Consolidation basis; and
- (b) all certificates for the Options (if any) will cease to have any effect, except as evidence of entitlement to a number of Options on a pre-Consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Shares to be issued to holders of those securities and, to the extent required, new certificates for unlisted Options to be issued to Optionholders.

9.7 Effect on Capital Structure

The effect of the Consolidation on the capital structure of the Company will be as follows (ignoring the effect of fractional entitlements):

	Pre-Consolidation		Post-Consolidation	
	Shares	Options	Shares	Options
Current capital structure	975,319,405	26,950,000	97,531,940	2,695,000
Issue of Shares (Resolutions 6 and 7)	11,169,000	-	1,116,900	-
Issue of Options (Resolutions 5, 8 and 9)	-	15,000,000	-	1,500,000
Total	986,488,405	41,950,000	98,648,840	4,195,000

9.8 Expected timetable for consolidation

The Company will release a timetable in accordance with the Listing Rules if Shareholders approve the Consolidation. The Consolidation will become effective in accordance with this timetable.

Resolution 10 is an ordinary resolution.

The Directors do not have an interest in the outcome of Resolution 10 and recommend that Shareholders vote in favour of Resolution 10.

The chair intends to vote undirected proxies in favour of Resolution 10.

10. GLOSSARY

In this Explanatory Memorandum and Notice of Annual General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

10% Placement Facility has the meaning given in section 3.1;

10% Placement Period has the meaning given in section 3.2(f);

ASX means ASX Limited ACN 008 624 691;

Board means the board of directors of the Company;

Closely Related Party of a member of the Key Management Personnel for an entity 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 as such by the *Corporations Regulations 2001* (Cth);

Company means Mithril Resources Limited ACN 099 883 922;

Consolidation means the consolidation of the existing securities of the Company the subject of Resolution 10, being a consolidation on a 10 to 1 basis (round up to the nearest whole number);

Constitution means the existing constitution of the Company;

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

Director means a director of the Company;

Equity Securities has the same meaning as in the Listing Rules;

Key Management Personnel has the same meaning as in the accounting standards as defined in section 9 of the Corporations Act (so the term broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director, whether executive or otherwise, of the Company);

Listing Rules means the listing rules of ASX;

Meeting means the meeting of Shareholders convened by the Notice;

Notice means the notice of meeting to which this Explanatory Memorandum is attached;

Option means an option to acquire a Share;

Optionholder means the holder of an Option;

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

Shareholder means the 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 market price.

ANNEXURE A

TERMS AND CONDITIONS OF BROKER OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. Each of the options has an exercise price of \$0.01.
3. Each option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on 31 December 2020 (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
 - (i) elect to be registered as the new holder of the options;
 - (ii) whether or not he or she becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
 - (iii) if the deceased has already exercised options, pay the exercise price in respect of those options.
8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

11. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

ANNEXURE B

TERMS AND CONDITIONS OF MANAGING DIRECTOR AND GENERAL MANAGER-GEOLOGY OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. The exercise price of each option is the greater of:
 - (i) \$0.01; and
 - (ii) 40% above the volume weighted average market price (as defined in the ASX Listing Rules) of the Company's shares over the last 15 days on which sales in the Company's shares were recorded prior to the date on which the options are issued (rounded up to the next whole cent).
3. Each option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the third anniversary of the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
 - (i) elect to be registered as the new holder of the options;
 - (ii) whether or not he or she becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
 - (iii) if the deceased has already exercised options, pay the exercise price in respect of those options.
8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

11. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.



MITHRIL
RESOURCES LTD
ACN 099 883 922

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 556 161
(outside Australia) +61 3 9415 4000

Proxy Form

 Vote and view the annual report online • Go to www.investorvote.com.au or scan the QR Code with your mobile device. • Follow the instructions on the secure website to vote.	
Your access information that you will need to vote: Control Number: SRN/HIN: PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.	

 **For your vote to be effective it must be received by 10:00am (Adelaide time) Monday 13 November 2017**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark  to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Mithril Resources Ltd hereby appoint

☐ the Chairman of the Meeting **OR**

 **PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Mithril Resources Ltd to be held at HLB Mann Judd, 169 Fullarton Road, Dulwich, South Australia on Wednesday, 15 November 2017 at 10:00am (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Items 1, 6, 7, 8 & 9** (except where I/we have indicated a different voting intention below) even though **Items 1, 6, 7, 8 & 9** are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Items 1, 6, 7, 8 & 9** by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

		For	Against	Abstain			For	Against	Abstain
1	Adoption of Remuneration Report	☐	☐	☐	8	Issue of Options to David Hutton	☐	☐	☐
2	Re-election of Graham Ascough as Director	☐	☐	☐	9	Issue of Options to Jim McKinnon-Matthews	☐	☐	☐
3	Approval of 10% Placement Facility	☐	☐	☐	10	Capital Consolidation	☐	☐	☐
4	Subsequent Approval of the Issue of Shares	☐	☐	☐					
5	Issue of Options to Broker	☐	☐	☐					
6	Issue of Shares to Graham Ascough	☐	☐	☐					
7	Issue of Shares to Donald Stephens	☐	☐	☐					

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /