

Kasbah Resources Limited
ACN 116 931 705

Notice of Annual General Meeting

and

Explanatory Memorandum
to Shareholders

A Proxy Form is enclosed

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the Meeting, please complete and return the enclosed Proxy Form in accordance with the specified instructions.

Kasbah Resources Limited ACN 116 931 705

Notice of Annual General Meeting

Notice is given that the 2017 Annual General Meeting of Kasbah Resources Limited (the **Company**) will be held at HLB Mann Judd's offices located at Level 9, 575 Bourke St, Melbourne VIC 3000, on Friday, 24 November 2017 at 2.00pm AEDT.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

Agenda items

Ordinary Business

1 Financial report

To receive and consider the financial report of the Company and the reports of the Directors and Auditors for the year ended 30 June 2017.

Note: there is no vote on this item.

2 Resolution 1 – Non-binding resolution to adopt remuneration report

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

“That the remuneration report as set out in the Annual Report for the year ended 30 June 2017 be adopted.”

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

Voting exclusion statement

The Company will disregard any votes cast on Resolution 1:

- (in any capacity) by or on behalf of a member of the Key Management Personnel (which includes each of the Directors) named in the Company's 2017 remuneration report;
- (in any capacity) by or on behalf of a Closely Related Party of a member of the Key Management Personnel; or
- as a proxy by a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel,

unless the vote is cast as proxy for a person entitled to vote on Resolution 1:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

3 Resolution 2 – Re-election of Mr. Stephen Gill

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

“That Stephen Gill, having been appointed as a director of the Company since the last annual general meeting and who retires under rule 13.4 of the Company’s Constitution and Listing Rule 14.4, and being eligible, is elected as a director of the Company.”

4 Resolution 3 – Re-election of Mr. John Gooding

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

“That John Gooding, having been appointed as a director of the Company since the last annual general meeting and who retires under rule 13.4 of the Company’s Constitution and Listing Rule 14.4, and being eligible, is elected as a director of the Company.”

5 Resolution 4 – Re-election of Mr. Graham Freestone

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

“That Graham Freestone, having been appointed as a director of the Company since the last annual general meeting and who retires under rule 13.4 of the Company’s Constitution and Listing Rule 14.4, and being eligible, is elected as a director of the Company.”

6 Resolution 5 – Re-election of Mr. Hedley Widdup

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

“That Hedley Widdup, having been appointed as a director of the Company since the last annual general meeting and who retires under rule 13.4 of the Company’s Constitution and Listing Rule 14.4, and being eligible, is elected as a director of the Company.”

7 Resolution 6 – Ratification of appointment of auditor

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

“That, for the purpose of sections 327B and 327C of the Corporations Act and for all other purposes, the Shareholders of the Company approve the appointment of HLB Mann Judd (WA Partnership) as auditor of the Company.”

Special Business

8 Resolution 7 – Ratification of issue of Shares to Pala Investments Limited

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, the issue by the Company of 138,133,684 fully paid ordinary shares in the capital of the Company to Pala Investments Limited at an issue price of \$0.027 per share on 23 December 2016 pursuant to the share placement announced by the Company on 19 December 2016, as detailed in the Explanatory Memorandum, be ratified and approved.”

Voting exclusion statement

The Company will disregard any votes cast on Resolution 7 by:

- Pala Investments Limited; and
- any of its associates.

However, 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
- by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9 Resolution 8 – Approval of Long Term Incentive Plan

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

“That, for the purposes of Listing Rule 7.2, Exception 9 and for all other purposes, approval be given to, and for the issue of securities under, the Company’s Long Term Incentive Plan as described in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on Resolution 8:

- by the Directors, except one who is ineligible to participate in any employee incentive scheme in relation to the entity, and by any of their associates; and
- as a proxy by a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel,

unless the vote is cast as proxy for a person entitled to vote on Resolution 8:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

10 Resolution 9 – Approval of Non-Executive Director Share Rights Plan

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

“That, for the purposes of Listing Rule 10.14 and for all other purposes, the grant of Share rights under the Company’s Non-executive Director Share Rights Plan to Non-executive Directors in office from time to time be approved on the terms set out in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast on Resolution 9 by:

- any Director of the Company who is eligible to participate in the Company’s Non-executive Director Share Rights Plan, at present being Stephen Gill, John Gooding, Graham Freestone and Hedley Widdup, and by any associate of those persons; and
- as a proxy by a member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel,

unless the vote is cast as proxy for a person entitled to vote on Resolution 9:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy.

11 Resolution 10 – Approval of 10% placement facility

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

“That, for the purposes of 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 issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement

The Company will disregard any votes cast by:

- a person who may participate in the 10% placement facility contemplated by Resolution 10 and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of Shares, if Resolution 10 is passed; and
- any of their associates.

However, 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
- by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice.

Entitlement to vote

1 Snapshot date

It has been determined that under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the Meeting, Shares will be taken to be held by the persons who are the registered holders at 7:00pm (AEDT) on Wednesday, 22 November 2017. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

2 Voting thresholds

Other than Resolution 10, each resolution will be put to the Meeting as an ordinary resolution, meaning it must be passed by more than 50% of all the votes cast by Shareholders present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).

In accordance with the Listing Rules, Resolution 10 will be put to the Meeting as a special resolution, meaning it must be passed by not less than 75% of all the votes cast by Shareholders present and entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).

3 Proxies

A Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth); and
- provide satisfactory evidence of the appointment, as set out in the Company's Constitution, of its corporate representative by no later than **2.00pm AEDT on Wednesday, 22 November 2017** (being 48 hours prior to commencement of the Meeting).

If such evidence is not received by 2.00pm AEDT on 22 November 2017, then the body corporate (through its representative) will not be permitted to act as a proxy.

A Shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

Any directed proxies that are not voted on a poll at the Meeting by a Shareholder's appointed proxy will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed on a poll.

Members of the Key Management Personnel and Closely Related Parties of a member of the Key Management Personnel will not be able to vote as proxy on Resolutions 1, 8 and 9 unless the Shareholder tells them how to vote, or in the case of the Chairman of the Meeting, unless the Shareholder expressly authorises him to do so.

If a Shareholder intends to appoint a member of the Key Management Personnel (other than the Chairman) or a Closely Related Party of a member of the Key Management Personnel as their proxy, the Shareholder should ensure that they direct the member of the Key Management Personnel or a Closely Related Party of a member of the Key Management Personnel how to vote on Resolutions 1, 8 and 9.

If a Shareholder intends to appoint the Chairman of the Meeting as their proxy for Resolutions 1, 8 and 9, Shareholders can direct the Chairman how to vote by marking one of the boxes (to vote 'for', 'against' or to 'abstain' from voting) for each of Resolutions 1, 8 and 9.

If a Shareholder appoints the Chairman as their proxy and the Shareholder does not direct the Chairman how to vote on Resolutions 1, 8 and 9, please note that by completing and returning the Proxy Form, the Shareholder will be expressly authorising the Chairman of the Meeting to exercise its undirected proxy on Resolutions.

A Proxy Form accompanies this Notice and to be effective must be received at the company's Share Registrar: Link Market Services:

By mail to: Kasbah Resources Limited
C/- Link Market Services
Locked Bag A14,
Sydney South, New South Wales 1235 Australia;

In person to: Link Market Services
1A Homebush Bay Drive
Rhodes NSW 2138;

OR by facsimile to: +61 2 9287 0309.

OR online at: www.linkmarketservices.com.au

Select 'Investor Login' and enter Kasbah Resources Limited or ASX code 'KAS' in the 'Issuer Name' field, your Securityholder Reference Number ('SRN') or Holder Identification Number ('HIN') (which is shown on the front of your Proxy Form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts

by no later than 2.00pm AEDT on Wednesday, 22 November 2017 (being 48 hours prior to commencement of the Meeting).

By Order of the Board

16 October 2017

A handwritten signature in blue ink, appearing to read "Keesha Patel". The signature is written in a cursive style with a large initial 'K'.

Company Secretary

Kasbah Resources Limited ACN 116 931 705

Explanatory Memorandum to Shareholders

This Explanatory Memorandum has been prepared to help Shareholders understand the business to be put to Shareholders at the forthcoming Meeting.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decisions in respect of the Resolutions.

Certain terms and abbreviations used in this Explanatory Memorandum have defined meanings which are explained in the Glossary at the end of this Explanatory Memorandum.

Ordinary Business

1 Annual financial report

The Corporations Act requires:

- the reports of the Directors and Auditors; and
- the annual financial report, including the financial statements of the company for the year ended 30 June 2017,

to be laid before the Meeting. The Corporations Act does not require a vote of Shareholders on the reports or statements. However, Shareholders will be given ample opportunity to raise questions or comments on the management of the Company.

Also, a reasonable opportunity will be given to Shareholders as a whole at the meeting to ask the auditor of the Company's 2017 financial statements questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

2 Resolution 1 – Non-binding resolution to adopt remuneration report

In accordance with section 250R(2) of the Corporations Act, the remuneration report for the financial year ended 30 June 2017 will be put to Shareholders for adoption.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the discussion on this Resolution and the outcome of the vote into account when considering the Company's remuneration policy. In addition, Shareholders will be given a reasonable opportunity to ask questions about, and make comments on, the remuneration report at the Meeting.

Shareholders should note that if 25 per cent or more of the votes cast on this Resolution are voted against the Resolution (constituting a 'first strike') and 25 per cent or more of

the votes cast on a resolution at the 2018 annual general meeting (**2018 AGM**) to adopt the 2018 remuneration report are cast against the resolution, then, in accordance with the Corporations Act, a further resolution would be put to Shareholders at the 2018 AGM on whether to hold a further meeting to spill the Board (a 'spill resolution'). At that spill meeting, all of the Directors who were directors at the time of the 2018 AGM would be up for re-election.

Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 1.

3 Resolutions 2–5 – Re-election of Directors

All of the four current Directors were appointed during the 2017 financial year and are required to submit themselves for re-election. The structure of the Board is currently evenly divided between independent non-executive Directors (Messrs Gooding and Freestone) and non-independent Directors who are representatives of major shareholders (Mr Gill appointed by Pala Investments Limited and Mr Widdup appointed by African Lion 3 Limited).

The Board advises Shareholders that it intends to search for and appoint by early 2018 an additional independent director to the Board with appropriate skills to complement those of the current Directors and to address the key development activity that the Company is intending embarking upon in 2018.

3.1 Resolution 2 – Re-election of Mr. Stephen Gill

Stephen Gill was appointed a director since the last annual general meeting. In accordance with clause 13.4 of the Company's Constitution, Listing Rule 14.4 and for all other purposes, Mr Stephen Gill holds office only until this Meeting and, being eligible, offers himself for election.

The experience, qualifications and other information about Stephen Gill appears below:

Mr Stephen Gill MBA, MSc, BSc

Non-executive Director – appointed 23 December 2016

Stephen is currently Portfolio Manager at Pala Investments Ltd (**Pala**). Stephen has been at Pala since 2008, during which time he has been involved in many of Pala's principal investments covering a range of commodities, as well as mining services and consumables sectors. Stephen has also supported many of Pala's investee companies in defining and implementing strategic initiatives. Stephen is also involved in the oversight of Pala's liquid investments portfolio. Prior to joining Pala, Stephen was at AMEC Plc., an engineering consulting firm, where he advised on a range of natural resources transactions.

Stephen also acted as an advisor across a range of private equity transactions, including investments in businesses spanning mining, metals processing, and mining consumables manufacturing industries. Stephen holds an MBA from the IE Business School in Madrid. He also holds an MSc from the University of North Carolina and a BSc from the University of Wales.

Stephen is currently a director of Nevada Copper (TSX: NSU) and was previously a director of Sierra Rutile (AIM:SRX) (resigned 8 December 2016) and Asian Mineral Resources (TSX.V:ASN) (resigned 1 July 2015).

Stephen has not held any other publicly listed company directorships in the last three years.

Stephen is a member of the Remuneration Committee from 29 December 2017.

Recommendation

The Board (with Mr Gill abstaining) unanimously recommends that Shareholders vote in favour of Resolution 2.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

3.2 Resolution 3 – Re-election of Mr. John Gooding

John Gooding was appointed a director since the last annual general meeting. In accordance with clause 13.4 of the Company's Constitution and Listing Rule 14.4, Mr John Gooding holds office only until this Meeting and, being eligible, offers himself for election.

The experience, qualifications and other information about John Gooding appears below:

Mr John Gooding Assoc Dip. Mining Eng, FIE Aust, F.Aus. IMM, MAICD
Non-executive Chairman – appointed 8 February 2017

John is a mining engineer with over 40 years of experience in gold and base metals operations including mining, exploration, smelting and refining, sales and marketing and major capital expansion projects. He most recently served as the Managing Director and Chief Executive Officer of Highlands Pacific for nine and a half years until November 2016, and prior to this held executive management positions with Normandy Mining, MIM, Xstrata, Ok Tedi Mining and Roche Mining. He holds both NT and NSW Mine Managers Certificates, is a Fellow of both the Institute of Engineers and the Australasian Institute of Mining and Metallurgy and is a member of the Australian Institute of Company Directors.

John is a Non-executive Chairman of Hillgrove Resources Limited.

John has not held any other publicly listed company directorships in the last three years.

John is a member of both the Audit Committee and the Remuneration Committee from 27 February 2017.

In the interim period between the resignation of Richard Hedstrom as CEO on 6 September 2017, and the commencement of employment by Russell Clark as CEO on 16 October 2017, John whilst remaining Non-executive Chairman of the Company performed executive functions on an interim basis.

Recommendation

The Board (with Mr Gooding abstaining) unanimously recommends that Shareholders vote in favour of Resolution 3.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 3.

3.3 Resolution 4 – Re-election of Mr. Graham Freestone

Graham Freestone was appointed a director since the last annual general meeting. In accordance with clause 13.4 of the Company's Constitution and Listing Rule 14.4, Mr Freestone holds office only until this Meeting and, being eligible, offers himself for election.

The experience, qualifications and other information about Graham Freestone appears below:

Mr Graham Freestone BEc (Hons)

Non-executive Director – appointed 8 February 2017

Graham has over 45 years' experience in the petroleum and natural resources industry. He has a broad finance, corporate and commercial background obtained in Australia and internationally through senior positions with the Shell Group, Acacia Resources and AngloGold. He served as Chief Financial Officer and Company Secretary of Acacia and AngloGold until 2001. Since 2001 he has held non-executive director roles with the Lion Selection Group (2001 to 2009) and Catalpa Resources (2009 to 2011). Whilst Graham's experience in senior mining roles has been finance and corporately focussed, he has been intimately involved in a number of development projects including the North West Shelf LNG project (Shell), Union Reefs and the Sunrise Dam Gold Mine (Acacia Resources), Edna May Gold Mine (Catalpa Resources) and Mt Carlton Gold/Copper Mine (Evolution Mining).

Graham is a Non-executive Director of Evolution Mining Limited (since 2011).

Graham has not held any other publicly listed company directorships in the last three years.

Graham is Chairman of both the Audit Committee and the Remuneration Committee from 27 February 2017.

Recommendation

The Board (with Mr Freestone abstaining) unanimously recommends that Shareholders vote in favour of Resolution 4.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 4.

3.4 Resolution 5 – Re-election of Mr. Hedley Widdup

Hedley Widdup was appointed a director since the last annual general meeting. In accordance with clause 13.4 of the Company's Constitution and Listing Rule 14.4, Mr Widdup holds office only until this Meeting and, being eligible, offers himself for election.

The experience, qualifications and other information about Hedley Widdup appears below:

Mr Hedley Widdup BSc (Hons Geology), MAusIMM

Alternate Non-executive Director for Mike Brook 8 February 2017 to 27 February 2017, appointed as Non-executive Director in his own right on 27 February 2017

Hedley graduated as a geologist with first class honours from the University of Melbourne in 2000 and has extensive experience across mine and resource geology having worked at Mt Keith (WMC), Olympic Dam (WMC), Mt Isa (Xstrata) and the St Ives Gold Mine (Gold Fields). Hedley joined Lion Manager Pty Limited in July 2007 as an analyst, providing investment management services to Lion Selection Group and the African Lion funds.

Hedley is a Non-executive Director of Egan Street Resources Limited and an Executive Director of Lion Manager Pty Limited.

Hedley has not held any other publicly listed company directorships in the last three years.

Hedley is a member of both the Audit Committee and the Remuneration Committee from 27 February 2017.

Recommendation

The Board (with Mr Widdup abstaining) unanimously recommends that Shareholders vote in favour of Resolution 5.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 5.

4 Resolution 6 – Ratification of resignation and appointment of auditor

On 15 February 2017, in accordance with section 327C of the Corporations Act, the Directors appointed HLB Mann Judd (WA Partnership) as auditor following ASIC's consent to the resignation of BDO Audit (WA) Pty Ltd in accordance with section 329(5) of the Corporations Act. In accordance with section 327C of the Corporations Act, HLB Mann Judd holds office until the Company's next annual general meeting, being the Meeting.

The Directors recommend that the appointment of HLB Mann Judd as auditor of the Company be ratified in accordance with section 327B of the Corporations Act.

The Board selected HLB Mann Judd as the Company's auditor based on the outcome of an audit tender process undertaken by the Company. HLB Mann Judd has conducted the audit of the financial statements for the financial year ended 30 June 2017.

In accordance with section 328B of the Corporations Act which requires a member of the Company to nominate the auditor, John Gooding has nominated HLB Mann Judd. A copy of the nomination of HLB Mann Judd is included in this Notice of Meeting as required by the Corporations Act at Attachment 2. HLB Mann Judd has given its consent to act as the Company's auditor.

Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 6.

Special Business

5 Resolution 7 – Ratification of issue of Shares to Pala Investments Limited

Background

On 19 December 2016, the Company announced a placement of 138,133,684 Ordinary Shares at \$0.027 per share to Pala Investments Limited to raise \$3,729,609 before costs. 83,400,815 Shares were issued without security approval under Listing Rule 7.1. The remaining 54,732,869 Shares were issued under the Company's Listing Rule 7.1A placement facility approved at the 2016 annual general meeting.

Approval sought

Listing Rule 7.1 provides that, without the approval of Shareholders, a listed company must not issue or agree to issue Equity Securities if those securities, when aggregated with the securities issued by the company without the approval and which were not

subject to an exemption during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12-month period (subject to certain rules and exemptions).

Listing Rule 7.1A further provides that a listed company that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period the approval is valid Equity Securities totalling up to an additional 10% of the number of securities on issue at the commencement of the 12-month period. The Company obtained the relevant Shareholder approval at its 2016 AGM to give it this additional capacity for the 12 months following the meeting.

The issue and allotment of Shares outlined in Resolution 7 did not exceed the Company's capacity under Listing Rules 7.1 and 7.1A. However, Listing Rules 7.1, 7.A and 7.4 provide that, where a company in general meeting ratifies an issue of Equity Securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby enabling the company to issue further equity securities in the following 12 months without the ratified Equity Securities counting towards the company's capacity under Listing Rules 7.1 and 7.1A.

Shareholder approval is sought in Resolution 7 so as to refresh the Company's capacity.

Information required by Listing Rule 7.5

As required by Listing Rule 7.5, the following further information is provided in relation to Resolution 7:

- (a) **Number of securities issued under Listing Rule 7.1** – 138,133,684 Ordinary Shares.
- (b) **Price at which the securities were issued** - \$0.027 per Share.
- (c) **Terms of the securities** – The Shares are fully paid ordinary shares on the same terms as existing fully paid ordinary shares on issue and ranking equally in all respects with the existing fully paid ordinary shares on issue. Pala has agreed to hold the Shares subject to voluntary escrow until 23 December 2017.
- (d) **Names of allottees or basis on which the allottees were determined** – The Shares were issued to Pala Investments Limited.
- (e) **Use or intended use of the funds raised** – The funds raised are to be used for pre-project activities, to progress project financing options, working capital and to advance the Achmmach Tin Project.

Recommendation

The Directors (with Mr Gill electing to abstain as he was nominated by Pala) unanimously recommend that Shareholders vote in favour of Resolution 7 to ratify the placement described above.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 7.

6 Resolution 8 – Approval of Long Term Incentive Plan

Background

The Company has introduced an employee long term incentive plan (**LTIP**) which is presented to Shareholders for approval at the Meeting.

As part of its remuneration package for senior employees, the Company has developed a structure which includes the provision of long term incentives to ensure that, by directly linking employee remuneration to total shareholder return, senior executives and other employees are driven to maximising Shareholder value.

Additionally, offering such incentives allows the Company to attract senior executives and employees of a high calibre, and ensure that those employees remain with the Company. It is vital that employees of the Company have a high level of knowledge, experience and capability to help deliver business objectives and maximise the value of the Company.

The LTIP will allow the Board to issue Options, Performance Rights and Restricted Shares (**LTI Securities**) so that the Board can appropriately incentivise particular individuals in a manner that reflects their particular level of influence and control over the Company's strategy and direction. It is intended that Performance Rights will be the main tool for long term incentivisation.

A summary of the key terms of the LTIP is set out in Attachment 1, and a copy of the rules of the LTIP is available upon request from the Company. The Company's existing option plan will continue while options remain outstanding, but will then be discontinued by the Company.

LTIP terms generally

The LTIP is a new umbrella employee equity plan developed to meet contemporary equity design standards and to provide the flexibility in the design and offer choices available in respect of various new equity schemes.

The type of LTI Security that may be offered to employees will be determined by a number of factors, including:

- the remuneration or incentive purpose of the award;
- the tax jurisdiction that the participating employee lives and/or works in;
- the laws governing equity incentives where the participating employee lives and/or works; and
- the logistics and compliance costs associated with offering equity incentives where the participating employee lives and/or works.

The key terms of the LTIP include that:

- unless specified otherwise by the Board, on the occurrence of a change of control, pro-rata vesting will apply to LTI Securities that have not yet vested and all vested LTI securities will be exercisable for 3 months; and
- unless the Board determines otherwise, if an employee ceases employment as a 'good leaver', the participant's LTI Securities will continue to be held by the participant (or their estate) in accordance with their terms (and, if as a bad leaver, the securities will lapse or be forfeited as applicable).

Further details are set out in the summary of the LTIP in Attachment 1.

Regarding the terms of grant, initially it is envisaged that incentives under this plan will be in the form of an annual issue of Performance Rights which will vest 3 years after issue date, after testing against predetermined performance hurdles reflecting achievement of the Company's key strategic targets and achieving targeted improvements in shareholder return over each period.

The proposed initial grant of Performance Rights in 2017 is intended to be tested over the period to 30 June 2020 based on the relative performance of the following metrics (as assessed by the Board):

- the Company's relative share price benchmarked against the S&P/ASX Small Ordinaries Resources Index over the 3-year period to 30 June 2020;

- the Company's absolute share price growth over the 3-year period to 30 June 2020; and
- Achmmach Tin Project actual performance assessed against delivery, commissioning and functioning as intended (measures CAPEX, OPEX, throughput tonnes and recoveries) against the Definitive Feasibility Study.

Approvals sought

Shareholders are asked to approve the LTIP for all purposes including Listing Rule 7.2, Exception 9.

Further information on the LTIP and these approvals are provided below.

Approval under ASX Listing Rule 7.2, Exception 9

Shareholder approval of the LTIP is being sought for the purposes of Listing Rule 7.2, Exception 9 so that securities issued in accordance with the LTIP will be excluded from the calculation of the maximum number of new Equity Securities that can be issued by the Company under Listing Rule 7.1 for a period of three years from the date of approval.

If Resolution 8 is approved by Shareholders, it will have the effect of enabling the securities issued by the Company under the LTIP to be automatically excluded from the formula to calculate the number of securities which the Company may issue within the 15% in 12 months limit under Listing Rule 7.1 during the next three year period.

Initial offers

No offers have been made under the LTIP as at the date of this Notice or will have been made at the date of the Meeting.

Should Shareholders approve Resolution 8, the Board currently intends to issue Performance Rights to the following employees for the financial year beginning 30 June 2017 (to be tested over the period to 30 June 2020):

- Russell Clark (CEO): the value of Performance Rights that does not exceed \$300,000;
- Evan Spencer (COO): the value of Performance Rights that does not exceed 60% of Mr Spencer's total fixed remuneration of \$340,000; and
- Keith Pollocks (CFO): the value of Performance Rights that does not exceed 60% of Mr Pollocks' total fixed remuneration of \$310,000.

Recommendation

The Directors (who are not entitled to participate in the LTIP) unanimously recommend that Shareholders vote in favour of Resolution 8.

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

7 Resolution 9 – Approval of Non-Executive Director Share Rights Plan

Shareholders are being asked to approve the grants of share rights in FY2018, FY2019 and FY2020 to any Non-executive Directors (**NEDs**) in office from time-to-time under the Company's Non-executive Director Share Rights Plan (**NED Share Rights Plan**).

The Board has decided that annual remuneration paid to NEDs should be delivered partially in cash and partially in equity. As NEDs are not entitled to participate in the LTIP, the proposed NED Share Rights Plan is intended to help facilitate NEDs develop a “meaningful” shareholding in the Company through the diversion of current and future cash fees to equity .

There is no current intention to increase the total limit of current director remuneration. However, the NED Share Rights Plan will facilitate delivery of increased remuneration (within the NED remuneration limit) when it becomes justified. The key element of the NED Share Rights Plan for current NEDs is that it provides the opportunity for NEDs to sacrifice part or all of their cash fees in favour of equity rights under this plan to build their shareholding in the Company. The introduction of the NED Share Rights Plan is also intended to allow flexibility to remunerate individual NEDs for any Board approved material additional efforts that individual NEDs are required to deliver in progressing the Company’s goals. The NED Share Rights Plan does not attach any performance measures to vesting.

Overview of the NED Share Rights Plan

Under the NED Share Rights Plan, NEDs will be invited to elect to:

- (a) be granted Rights as part of their remuneration (where the NED does not elect to participate, the offered Rights will be forgone); and/or
- (b) to sacrifice part of their fees for their services as NEDs to acquire Rights.

The number of Rights that the NEDs will be entitled to will be the percentage of their fees for the relevant financial year that they are granted as a part of their remuneration and/or they elect to sacrifice, divided by the daily volume-weighted average market price of the Shares traded on the ASX during the thirty trading days prior to the date of grant.

Share Rights will vest and automatically be exercised on the date specified by the Board in the invitation to participate in respect of a particular year. If a participating NED ceases to hold office, the Rights granted to NEDs under the NED Share Rights Plan as part of their remuneration will lapse if they have not been exercised, unless the Board determines otherwise. If they were granted in sacrifice of all or part of the fees for the NEDs services, the Rights will automatically be exercised. Shares allocated on exercise of Rights under the NED Share Rights Plan will cease to be subject to dealing restrictions.

Exercised Rights will be satisfied by either issuing Shares or arranging for Shares to be acquired on-market on a one-for-one basis, subject to the Company’s Securities Trading Policy and the Corporations Act, or otherwise setting aside Shares for the relevant NED.

Upon the transfer to the relevant NED, the Shares will be subject to disposal restrictions under the earlier of:

- the NED ceasing to be a Director of the Company; and
- the 15th anniversary of the Allocation Date of the underlying Rights in respect of which the Shares were allocated on exercise, unless an earlier time is specified in the invitation to participate,

(the **Restricted Shares**).

There are no dividend or voting rights with respect to Rights until they are exercised. Restricted Shares will rank equally (in relation to dividend and other rights) with other fully paid ordinary shares.

In the event of a change of control:

- Rights will vest on a pro rata basis from the date of allocation, and vested Rights will be automatically exercised and Shares allocated; and

- all restrictions in respect of Restricted Shares end.

Prior to the allocation of Shares to a participating NED on the exercise of Rights, and subject to the Listing Rules, in the event of a capital reconstruction or other corporate action (**Capital Event**), the Board may determine that the Rights be exercised immediately to facilitate the NEDs participation in the Capital Event, or make any adjustments appropriate to minimise any material advantage or disadvantage of a participating NED resulting from the Capital Event (and in accordance with the Listing Rules as applicable).

If at any time the Board determines that the allocation of Rights or Restricted Shares would result in the Company breaching its Constitution, any policy, any law, the Listing Rules or is otherwise inappropriate in the circumstances, the Board may defer the allocation of Rights or Shares until a more suitable time or, in the case of Rights, pay a NED their fee in an equivalent cash amount.

Additional information

The Company provides the following additional information in respect of the proposed grant of equity to current NEDs under the NED Share Rights Plan for FY2018, FY2019 and FY2020.

The maximum number of securities that may be acquired by current and future NEDs cannot be precisely calculated as it depends on:

- the amount of remuneration the Board determines to be paid in the form of Rights and, if applicable, any additional amount a NED elects to sacrifice to acquire Rights;
- the Share price at the time when Rights are granted to NEDs; and
- the number of NEDs in office from time to time.

There have been no prior awards made under the NED Share Rights Plan.

All Non-executive Directors being Mr Gill, Mr Gooding, Mr Freestone and Mr Widdup are entitled to participate in the Plan.

No loans will be made available in relation to the acquisition of Rights or Restricted Shares under the NED Share Rights Plan.

Details of any securities issued under the NED Shares Rights Plan will be published in each annual report of the Company relating to a period in which securities have been issued and that approval for the issue of securities was obtained under Listing Rule 10.14.

If Resolution 9 is approved, it is anticipated that NEDs will be able to participate in the NED Share Rights Plan from the time Shareholder approval is granted. New securities will only be issued under the NED Share Rights Plan up until 24 November 2020, unless Shareholder approval for the issue of securities under the NED Share Rights Plan is refreshed prior to that date.

If approval is given by Shareholders under Listing Rule 10.14, approval will not be required under Listing Rule 7.1.

If approval is given by Shareholders under Listing Rule 10.14, any securities issue to a NED will not be calculated as a "directors' fee" for the purposes of the total agreement amount of Directors fees payable in accordance with Listing Rule 10.17.

Recommendation

As the Directors may have an interest in Resolution 9, the Board makes no recommendation as to how Shareholders should vote on Resolution 9.

The Chairman of the Meeting intends to vote all available proxies in favour of Resolution 9.

8 Resolution 10 – Approval of 10% placement facility

Listing Rule 7.1A permits eligible entities to seek shareholder approval by special resolution at an annual general meeting to issue Equity Securities equivalent to an additional 10% of the number of ordinary shares on issue by way of placements over the 12-month period following the annual general meeting (**10% Placement Facility**). This 10% Placement Facility is in addition to the 15% placement capacity permitted by Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that, as at the date of the relevant annual general meeting:

- (a) has a market capitalisation of A\$300 million or less; and
- (b) is not included in the S&P/ASX300 Index.

As at the date of this Explanatory Memorandum, the Company satisfies both the above criteria. The Company anticipates that it will satisfy both these criteria at the date of the Meeting.

Resolution 10 seeks the approval of Shareholders by special resolution of the 10% Placement Facility on the terms set out in this Explanatory Memorandum. As a special resolution, Resolution 10 requires approval by 75% of the votes cast by Shareholders entitled to vote at the Meeting (in person or by proxy or attorney or, in the case of a corporate Shareholder, by corporate representative).

While the Board has no immediate intention to issue shares under the 10% Placement Facility, should Resolution 10 be approved by Shareholders, the Company will have additional flexibility in its funding options for the 12 months following the meeting. The Board believes this is important particularly as it approaches a development decision regarding the Achmmach Tin Project.

The Board of Directors believes that Resolution 10 is in the best interests of the Company and its Shareholders, and unanimously recommends that Shareholders vote in favour of Resolution 10.

Listing Rules 7.1 and 7.1A

As noted above, the 10% Placement Facility permitted under Listing Rule 7.1A (subject to approval by special resolution of Shareholders) is in addition to the 15% placement capacity permitted by Listing Rule 7.1.

Number of Equity Securities that may be issued under the 10% Placement Facility

The exact number of Equity Securities which may be issued, or the Company may agree to issue, under the 10% Placement Facility will be calculated in accordance with the formula set out in Listing Rule 7.1A.2, being:

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

Where:

A = The number of fully paid ordinary shares on issue 12 months before the issue date or date of agreement to issue:

- 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 Rule 7.1 and 7.4; and
- 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 = 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 issue date or date of agreement to issue that are not issued with the approval of holders of ordinary shares under Listing Rule 7.1 or 7.4.

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. As at the date of this Explanatory Memorandum, the Company has only one class of quoted Equity Securities on issue – its ordinary shares.

Information required by Listing Rule 7.3A

For the purposes of Listing Rule 7.3A, the following information is provided in respect of the 10% Placement Facility:

(a) Minimum price

The minimum price at which the Equity Securities may be issued will be no less than 75% of the volume weighted average price of the Equity Securities calculated over the 15 trading days on which trades were recorded immediately before:

- (1) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (2) if the Equity Securities are not issued within 5 trading dates of the date in paragraph (1) above, the date on which the Equity Securities are issued.

(b) Risk of economic and voting dilution

If Resolution 10 is passed by Shareholders at the Meeting and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders face the risk of economic and voting dilution as a result of the issue of Equity Securities under the 10% Placement Facility, including the following:

- (1) the market price for the Equity Securities may be significantly lower on the issue date than on the date on which this approval is sought; and
- (2) the Equity Securities may be issued at a price that is at a discount to the market price for the Equity Securities on the issue date 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 the Equity Securities.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Shares on issue as at the date of this Notice.

The table shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes

in the issue price of Shares issued under the 10% Placement Facility. Specifically, the table shows two examples where Variable A has increased, by 50% and 100%. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval. The table also shows two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

Number of Shares on issue (Variable A under Listing Rule 7.1A.2)		Dilution		
		\$0.0065 (50% decrease in issue price)	\$0.013 ¹ (Current issue price)	\$0.026 (100% increase in issue price)
1,044,412,042 (current)	Shares issued (10% voting dilution)	104,441,204	104,441,204	104,441,204
	Funds raised	\$678,867	\$1,357,735	\$2,715,471
1,566,618,063 (50% increase)	Shares issued (10% voting dilution)	156,661,806	156,661,806	156,661,806
	Funds raised	\$1,018,301	\$2,036,603	\$4,073,206
2,088,824,084 (100% increase)	Shares issued (10% voting dilution)	208,882,408	208,882,408	208,882,408
	Funds raised	\$1,357,735	\$2,715,471	\$5,430,942

The table above has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- The current Shares on issue are the Shares on issue as at 13 October 2017.
- The current issue price set out above is the closing price of the Shares on the ASX on 13 October 2017.
- The table shows only the effect of the issue of Equity Securities under Listing Rule 7.1A, not under the 15% capacity under Listing Rule 7.1.

¹ Price at the close of market on Friday 13 October 2017.

- Assuming that Resolution 7 is passed by Shareholders at the AGM and the 3,203,176 Shares issued to senior executives in satisfaction of a net Short Term Incentive Bonus for the financial year ended 30 June 2017 were issued under an exception in Listing Rule 7.2, in the 12 months prior to the Meeting, the Company has not issued any Shares that were not either under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
- The calculations above do not show the dilution to which any one particular Shareholder will be subject. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- All numbers shown have been rounded down to the nearest whole number.

(c) Date of issue

Equity Securities may only be issued under the 10% Placement Facility during the period commencing on the date of the Meeting, if the facility is approved by Shareholders, and expiring on the first to occur of the following:

- (1) 12 months after the date of the Meeting; and
- (2) the date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

or such longer period as allowed by ASX.

(d) Purpose of issue under 10% Placement Facility

The Company may issue Equity Securities under the 10% Placement Facility for:

- (1) cash consideration for the purpose of funds for continued exploration expenditure on the Company's current assets, project financing, ongoing project administration, acquisition of new resources, assets and investments (including expenses associated with such acquisition) and general working capital;
- (2) for non-cash consideration for the acquisition of new businesses or assets (in which case the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3).

(e) Allocation policy under the 10% Placement Facility

The allottees of the Equity Securities to be issued under the 10% Placement Facility have not yet been determined. However, the allottees may include current Shareholders or new investors (or both), who are not related parties or associated of related parties of the Company.

The Company will determine the allottees at the time of any issue under the 10% Placement Facility, having regard to the following factors:

- (1) the purpose of the issue;
- (2) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (3) the effect of the issue of the Equity Securities on the control of the Company;
- (4) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (5) prevailing market conditions; and

(6) advice from corporate, financial and broking advisers (if applicable).

Also, if the Company uses the 10% Placement Facility in the acquisition of new businesses or assets, then it is likely that the allottees will be the vendors of the businesses or assets.

(f) Previous approval under Listing Rule 7.1A

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 30 November 2016 (**Previous Approval**).

During the 12 months preceding the date of this Explanatory Memorandum, the Company has issued 497,406,607 Equity Securities in total (being 488,406,607 Ordinary Shares, of which 347,069,747 were issued under the Company's pro rata accelerated entitlement offer, and 9,000,000 unquoted options) representing approximately 89% of the total number of equity securities on issue at the commencement of that 12 month period.

Details of all Equity Securities issued during the 12 months preceding the date of this Explanatory Memorandum are set out below;

Date of issue	No. of Equity Securities	Class of Equity Securities	Recipient of securities	Issue price and discount to market price²	Consideration, use of consideration and the intended use of the remaining cash (if any) or Non-cash consideration paid and the current value of that non-cash consideration
23 December 2016	138,133,684 ³	Shares	Pala (see the explanatory notes regarding Resolution 7 above for further details of the placement).	\$0.027 per Share, representing a 12.5% premium to the closing market price on the day before the placement was announced. Trading in Shares closed at \$0.027 on the date of issue under	Consideration: \$3,729,601 All of the funds raised have been used to recommence pre-project activities, progress project financing options, working capital and to advance the Achmmach Tin Project.

² The discount is to be the discount that the issue price represented to the closing market price on the date of issue.

³ Note that the Company is seeking ratification of the issue of these Shares under Listing Rule 7.4 in Resolution 7.

Date of issue	No. of Equity Securities	Class of Equity Securities	Recipient of securities	Issue price and discount to market price ²	Consideration, use of consideration and the intended use of the remaining cash (if any) or Non-cash consideration paid and the current value of that non-cash consideration
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the placement.

4 May 2017	6,000,000 ⁴	Unquoted employee options ⁵	Employees pursuant to the Company's Incentive Options Scheme approved by Shareholders at the 2016 Meeting.	N/A	The options were issued for nil cash consideration as part of employee remuneration for services provided to the Company. The remaining options on issue have a current value of \$11,317. ⁶
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7 July 2017	203,670,242	Shares	Sophisticated and institutional investors pursuant to institutional component of the fully underwritten pro rata	\$0.015 per Share. Trading in Shares closed at \$0.015 on the date of issue to sophisticated and	Consideration: \$3,055,053 As at 12 October 2017, only approximately \$700,000 of the funds raised have been spent. The
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⁴ 3,000,000 of these options were issued to the Company's previous CEO, Richard Hedstrom, and were cancelled on 11 September 2017 following Mr Hedstrom's departure.

⁵ Exercisable at \$0.033 within 3 years from the date of issue subject to the following vesting conditions being met: 50% of the options vest 4 May 2018 and 50% of the options vest 4 May 2019.

⁶ The option values is based on the closing price of the Shares \$0.013 on the ASX on 12 October 2017. In respect to the Options, the value has been measured using the Black-Scholes pricing model that takes into account the exercise price, the term of option, the impact of dilution, the share price and expected volatility of the underlying shares, the expected dividend yield and the risk-free interest rate for the term of the option at measurement date.

Date of issue	No. of Equity Securities	Class of Equity Securities	Recipient of securities	Issue price and discount to market price²	Consideration, use of consideration and the intended use of the remaining cash (if any) or Non-cash consideration paid and the current value of that non-cash consideration
			accelerated entitlement offer as announced to ASX on 22 June 2017.	institutional under the entitlement offer.	Board intends to use the remaining funds for pre-project activities, progress project financing options, working capital and to advance the Achmmach Tin Project.
25 July 2017	3,000,000	Unquoted employee options ⁷	Keith Pollocks pursuant to the Company's Incentive Options Scheme approved by shareholders at the 2016 Meeting.	N/A	The options were issued for nil cash consideration as part of employee remuneration for services provided to the Company. The options have a current value of \$15,263. ⁸

⁷ Exercisable at \$0.022 within 3 years from the date of issue subject to the following vesting conditions being met: 50% of the options vest 25 July 2018 and 50% of the options vest 25 July 2019.

⁸ The option values is based on the closing price of the Shares \$0.013 on the ASX on 12 October 2017. In respect to the Options, the value has been measured using the Black-Scholes pricing model that takes into account the exercise price, the term of option, the impact of dilution, the share price and expected volatility of the underlying shares, the expected dividend yield and the risk-free interest rate for the term of the option at measurement date.

Date of issue	No. of Equity Securities	Class of Equity Securities	Recipient of securities	Issue price and discount to market price²	Consideration, use of consideration and the intended use of the remaining cash (if any) or Non-cash consideration paid and the current value of that non-cash consideration
4 August 2017 and 9 August 2017 ⁹	143,399,505	Shares	Retail investors pursuant to retail component of the fully underwritten pro rata accelerated entitlement offer as announced to ASX on 22 June 2017.	\$0.015 per Share, representing a 6.25% discount to the closing market price on the date of issue.	Consideration: \$2,150,992 As at 12 October 2017, the funds raised had not yet been spent. The Board intends to use the funds for pre-project activities, progress project financing options, working capital and to advance the Achmmach Tin Project.
6 September 2017	3,203,176	Shares	Senior executives in satisfaction of net Short Term Incentive Bonus for the financial year ended 30 June 2017.	\$0.0151 per Share, representing a 7.8% premium to the closing market price on the date of issue.	Consideration: \$48,367, being the STI amount issued as Shares based on a 30-day VWAP price of \$0.0151.

The above table includes statements of the Board's intentions as at the date of this Explanatory Memorandum. The allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

⁹ Note that of the 143,399,505 Shares, 61,744,517 of the Shares were issued on 4 August 2017 to Shareholders who applied for Shares and shortfall as part of the retail entitlement offer and 81,654,988 Shares were issued on 9 August 2017 to the underwriter and sub-underwriter of the retail entitlement offer.

(g) Voting Exclusion

A voting exclusion statement in relation to Resolution 10 is included in the Notice of Meeting. As at the date of the Notice, the Company has not approached any existing Shareholder or security holder, or any identifiable class of existing security holders, to participate in an issue of Equity Securities under Listing Rule 7.1A. However, as previously disclosed, Pala has certain rights to maintain its Shareholding in the Company. Therefore, Pala will be excluded from voting on Resolution 10 but no other existing Shareholders will be excluded from voting on Resolution 10.

Glossary

In the Notice of Meeting and this Explanatory Memorandum (including the Attachments), the following terms have the meaning set out below:

Term	Meaning
\$	Australian dollars.
AEDT	Australian Eastern Daylight Time, being the time in Melbourne, Victoria.
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by it, as the context requires.
Board	the board of directors of the Company.
Closely Related Party	has the meaning as defined in section 9 of the Corporations Act and includes in respect of a member of the Key Management Personnel: <ul style="list-style-type: none">• a spouse or child of the member or a child of the member's spouse,• a dependant of the member or of the member's spouse,• 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 Company, or• a company the member controls.
Constitution	the constitution of the Company.

Term	Meaning
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.
Equity Securities	equity securities as defined in the Listing Rules.
Explanatory Memorandum	this Explanatory Memorandum accompanying the Notice of Meeting.
Index	the S&P ASX 300 Metals and Mining Index.
Key Management Personnel or KMP	the key management personnel of the Company as defined in AASB Standard 124 (and includes each of the Directors).
Listing Rules	the Listing Rules of the ASX.
LTIP	the Company's Long Term Incentive Plan.
Meeting	the annual general meeting of the Company convened by the Notice of Meeting.
Non-executive Director or NED	a Director of the Company who is not a member of the executive management team.
Notice of Meeting or Notice	the notice convening the Meeting that accompanies this Explanatory Memorandum.
Proxy Form	the proxy form included with the Notice of Meeting.
Shares or Ordinary Shares	fully paid ordinary shares in the Company.
Shareholder	the holder of Shares.

Attachment 1 – Summary of LTIP Key Terms

Eligibility

The Board has the discretion to determine which employees are eligible to participate in the LTIP. The definition of eligible employee under the rules of the LTIP includes an employee of the Group (including a Director employed in an executive capacity) or any other person who is declared by the Board to be eligible.

Vesting conditions

The vesting of any LTI Security issued under the LTIP may be made conditional on the satisfaction of performance and/or service or other conditions as determined by the Board and advised to the employee in the individual's offer documents (**Vesting Conditions**).

Exercise of securities

Vested LTI Securities (other than shares) granted under the LTIP will not automatically trigger the exercise of the securities (except, in the case of performance rights, if advised in the offer documents for a grant), but a participant will be entitled to exercise in accordance with the terms contained in the invitation to the individual.

On exercise of such LTI Securities, the Board may issue, or procure the transfer of, Shares to the participant, or otherwise set aside Shares for the participant.

Price

LTI Securities issued under the LTIP may be issued at no cost to the participants. Options may be subject to payment of an exercise price by the participant which is determined by the Board and advised to the participant in the individual's offer documents. Performance rights will not require payment of an exercise price.

Lapse/forfeiture

Performance rights granted under the LTIP will lapse on the earliest of:

- if the manner of exercise requires action by the participant, 15 years or any other nominated date in the offer documents;
- in accordance with the provisions of the LTIP (including fraud or other misconduct); or
- failure to meet a Vesting Condition or other condition applicable to the performance rights.

Options granted under the LTIP will lapse on the earliest of:

- 15 years or any other nominated date in the offer documents;
- in accordance with the provisions of the LTIP (including fraud or other misconduct); or
- failure to meet a Vesting Condition or other condition applicable to the option.

A restricted share will be forfeited on the earliest of its forfeiture in accordance with the LTIP or a failure to meet a Vesting Condition or other condition applicable to the restricted share. Shares that are forfeited may be bought-back or transferred to the Company's nominee for nominal consideration.

Board may elect to settle in cash

Except in relation to restricted shares, the Board may determine to satisfy its obligations under the LTIP in regards to options and performance rights by making a cash payment to the participant in accordance with the terms of the LTIP for equivalent value.

Waiving the restricted period

The Board may waive in whole or part any terms or conditions applicable to any LTI Security issued under the LTIP, as contained in the offer to the participant.

Change of control

Unless specified otherwise by the Board in the invitation to the participant, on the occurrence of a change of control, pro-rata vesting will apply to LTI Securities that have not yet vested, and the Board may determine that additional securities also vest.

In regards to vested LTI Securities, unless specified otherwise by the Board in the participant's offer documents, all vested options (and vested performance rights not resulting in the automatic allocation of Shares on vesting) will be exercisable for a period of three months unless the Board determines a longer period should apply.

Cessation of employment

Unless the Board determines otherwise, if a participant ceases to be an employee of the Company (or a subsidiary) by reason of his or her death, disablement, redundancy, termination by agreement or other reason approved by the Board, the participant's LTI Securities will continue to be held by the participant (or their estate) in accordance with their terms.

Unless the Board determines otherwise, if a participant ceases to be an employee of the Group for any other reason, all LTI Securities held by the participant will lapse or be forfeited.

No dealing or hedging

Dealing restrictions apply to LTI Securities issued under the LTIP in accordance with the rules of the LTIP and the Company's Securities Trading Policy. Participants are prohibited from hedging or otherwise protecting the value of unvested securities issued under the LTIP.

Rights attaching to Shares

Shares issued under the plan will rank equally for voting, dividends and other entitlements, be subject to any restrictions imposed under these rules and otherwise rank equally with the existing Shares on issue at the time of allotment.

Adjustments

Prior to the allocation of Shares to a participant upon vesting Rights or exercise of Options issued under the LTIP, the Board may make any adjustment it considers appropriate to the terms of securities in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action such as a capital raising or capital reconstruction (and in accordance with the Listing Rules as applicable).

Limits on securities issued

The number of Shares that may be issued under the LTIP will be set with regard to the limits prescribed under ASIC Class Order 14/1000 with respect to employee Share scheme offers made without a prospectus. Currently these limits provide that the number of Shares that may be issued, when aggregated with the number of shares issued during the previous three years from Share issues under all employee Share schemes established by the Company (including as a result of exercise of options to acquire

Shares granted to in the previous three years under any such employee Share scheme), must not exceed 5% of the total number of Shares on issue, disregarding certain unregulated offers.

Attachment 2 – Auditor nomination

14 September 2017

The Company Secretary
Kasbah Resources Limited
11 Moreau Mews
Applecross WA 6153

Dear Sir

Re Nomination of Auditor

I am a member of Kasbah Resources Limited.

For the purposes of Section 328B(1) of the *Corporations Act 2001 (Cth)*, I hereby nominate HLB Mann Judd (WA Partnership) of Level 4, 130 Stirling Street, Perth Western Australia to be appointed as auditor of the Company at the Annual General Meeting of the Company to be held on 24 November 2017.

I also consent to the distribution of a copy of this notice of nomination as an annexure to the Notice of Meeting and Explanatory Statement for the 2017 Annual General Meeting to be held on 24 November 2017 as required by section 328B (3) of the *Corporations Act 2001 (Cth)*.

Yours sincerely


A handwritten signature in black ink, appearing to read 'John Gooding', enclosed within a large, loopy oval scribble.

John Gooding


LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Kasbah Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

 **ALL ENQUIRIES TO**
Telephone: +61 1300 554 474

LODGE MENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **2:00pm (AEDT) on Wednesday, 22 November 2017**, 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:

 **ONLINE**
www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the Company.

PROXY VOTING BY THE CHAIRMAN

If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the meeting sees fit. If the Chairman of the meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP.

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 securities 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 securities 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 security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities 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
- 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 security-holder 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 security registry or online at www.linkmarketservices.com.au.

**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.**

NAME SURNAME
 ADDRESS LINE 1
 ADDRESS LINE 2
 ADDRESS LINE 3
 ADDRESS LINE 4
 ADDRESS LINE 5
 ADDRESS LINE 6



X99999999999

PROXY FORM

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

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 you are appointing as your proxy

STEP 1

or 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 act generally on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **2:00pm (AEDT) on Friday, 24 November 2017 at HLB Mann Judd's offices located at Level 9, 575 Bourke St, Melbourne VIC 3000** (the Meeting) and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 8 and 9: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 8 and 9, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

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

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Non-binding resolution to adopt remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Approval of Non-Executive Director Share Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr. Stephen Gill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Approval of 10% placement facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr. John Gooding	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Re-election of Mr. Graham Freestone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Re-election of Mr. Hedley Widdup	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Ratification of appointment of auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Ratification of issue of Shares to Pala Investments Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Approval of Long Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

STEP 2



* 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.

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Joint Securityholder 2 (Individual)

Joint Securityholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

STEP 3

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder'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).

KAS PRX1701D

