

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Nagambie Resources Limited (*Company*) will be held at the Institute of Chartered Accountants, at Level 18, Bourke Place, 600 Bourke Street Melbourne, Victoria 3000, at 11:00am (AEDT) on Friday, 29 November 2019.

BUSINESS:

A. ACCOUNTS AND REPORTS

Financial and related reports

To table the annual financial report of the Company and the related reports of the Directors and auditors for the year ended 30 June 2019 and to provide members with the opportunity to raise any issues or ask any questions generally of the Directors.

B. NON-BINDING RESOLUTION

To consider and, if thought fit, pass Resolution 1 as a non-binding resolution.

1. Adoption of Remuneration Report

'That for the purposes of section 250R(2) of the Corporations Act 2001 and for all other purposes, the Remuneration Report for the financial year ended 30 June 2019 be adopted.'

C. ORDINARY RESOLUTIONS

To consider and, if thought fit, pass Resolutions 2 and 3 as ordinary resolutions.

2. Election and Re-election of Directors

a. Election of Mr Gary Davison

'That Mr Gary Davison, being eligible and having signified his candidature for the Office, be and is hereby elected as a Director of the Company.'

b. Re-election of Mr Alfonso Grillo

'That Mr Alfonso Grillo, a Director retiring by rotation in accordance with the Company's Constitution and being eligible and having signified his candidature for the Office, be and is hereby re-elected a Director of the Company.'

3. Issue of Options to Directors

'That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act 2001 and all other purposes, approval be given in respect of the issue of options to the Directors of the Company as follows:

- a) **4,000,000** to Mr Michael Trumbull;
- b) **2,000,000** to Mr Gary Davison; and
- c) **2,000,000** to Mr Alfonso Grillo,

on the terms and conditions set out in the Explanatory Notes.'

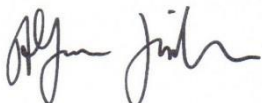
D. SPECIAL RESOLUTION

To consider, and if thought fit, pass Resolution 4 as a special resolution.

4. Approval of 10% Placement Capacity

'That pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval be given for the issue of equity securities of up to 10% of the issued capital of the Company (at the time of the issue or the agreement to issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.'

By Order of the Board



Alfonso Grillo
Company Secretary
28 October 2019

EXPLANATORY NOTES

These Explanatory Notes form part of the Notice of Annual General Meeting dated 28 October 2019 and should be read in conjunction with that Notice as these Explanatory Notes contain important information on the proposed Resolutions.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Company is required to include in its Directors' Report a detailed Remuneration Report relating to remuneration received by the Company's key management personnel. Section 300A of the *Corporations Act* sets out the information required to be included in the Remuneration Report. A copy of the Remuneration Report appears in the Company's Annual Report for the year ended 30 June 2019.

Sections 249L(2) and 250R(2) of the *Corporations Act* require that a resolution that the Remuneration Report be adopted be put to a vote of shareholders at the Company's annual general meeting. The vote on this resolution is advisory to the Company only, and does not bind the Board.

Under section 250SA of the *Corporations Act*, shareholders must be given a reasonable opportunity to ask questions about, and make comments on, the Remuneration Report. This is in addition to any questions or comments that shareholders may have in relation to the management of the Company.

1.1. Voting Prohibition

A vote on Resolution 1 must not be cast by or on behalf of either 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 (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with the direction on the proxy form.

2. RESOLUTION 2(a) – ELECTION OF MR GARY DAVISON

Under rule 13.2 of the Company's Constitution, shareholders must elect appointed directors at the Company's Annual General Meeting. Approval is sought that Mr Gary Davison, being eligible and having signified his candidature for the Office, be appointed and elected as a Director of the Company. Mr Davison has over 41 years' experience in the mining industry in Australia and overseas, and has previously been a non-executive director of Unity Mining Limited, Kasbah Resources Limited and Lightning Nickel Pty Ltd.

3. RESOLUTION 2(b) – RE-ELECTION OF MR ALFONSO GRILLO

Rule 16 of the Constitution requires at least one third of the Directors to retire each year (by rotation). Mr Alfonso Grillo retires this year in accordance with this rule, and is permitted to seek re-election. Personal particulars for Mr Grillo are set out in the Directors information included in the Company's Annual Report.

4. RESOLUTION 3 – ISSUE OF OPTIONS TO DIRECTORS

4.1. ASX Listing Rule 10.11

Approval is sought pursuant to ASX Listing Rule 10.11 for the issue of **8,000,000** Options to Directors of the Company. Pursuant to Listing Rule 10.11 the Company may not issue securities to a related party without the prior approval of the shareholders.

Resolution 3 seeks shareholder approval in accordance with ASX Listing Rule 10.11. If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

4.2. Issue of Options

The following information is provided in accordance with ASX Listing Rule 10.13:

(a) **Name of the person**

The Options will be issued to the existing Directors of the Company (or their nominees).

(b) **Number of securities to be issued**

8,000,000 Options are to be divided among the Directors as follows:

- (i) 4,000,000 Options to Mr Michael Trumbull (or nominee);
- (ii) 2,000,000 Options to Mr Gary Davison (or nominee); and
- (iii) 2,000,000 Options to Mr Alfonso Grillo (or nominee).

(c) **Maximum number of securities to be issued upon exercise of Options**

Upon exercise, the Options may be converted into a maximum of 8,000,000 fully paid ordinary shares ranking equally in all respects with the existing fully paid ordinary shares in the Company.

(d) **Date of issue and allotment**

Subject to obtaining shareholder approval, the Company will issue and allot the Options within one month of the date of the Meeting.

(e) **Issue price and terms of issue**

The Options will be issued without consideration. The Options are exercisable at the greater of 150% of the Company's last share price immediately preceding the date of issue or \$0.10 before the fifth anniversary of their date of issue.

Full terms and conditions of the Options are detailed in Annexure A.

(f) **Intended use of the funds raised**

Any funds raised from the exercise of the Options will be applied towards the Company's working capital requirements.

(g) **Voting exclusion statement**

The Company will disregard any votes cast in favour of Resolution 3 by:

- (i) a person who is to receive securities in relation to the Company; and
- (ii) an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- (iii) 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
- (iv) 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.

4.3. Chapter 2E of the Corporations Act 2001

Chapter 2E of the Act prohibits a public company from giving a financial benefit to any of its related parties unless a relevant exception applies.

The term *financial benefit* is widely defined and includes the issue of securities such as options. The term *related party* includes a director of the Company.

The prohibition does not apply where a resolution is passed by the Company permitting the benefit to be given. Accordingly Resolution 3 is being proposed for the purpose of obtaining shareholder approval for the purposes of Chapter 2E of the Act.

Section 219 of the Act requires the following information to be provided to shareholders:

(a) **Related Party**

The following persons are Directors of the Company and are therefore the related parties to whom a financial benefit will be given under Resolution 3:

- (i) Mr Trumbull;
- (ii) Mr Davison; and
- (iii) Mr Grillo.

(b) **Nature of the Financial Benefit**

The financial benefit to be given to the Directors of the Company pursuant to Resolution 3 is as follows:

- (i) Mr Trumbull – the issue of 4,000,000 Options;
- (ii) Mr Davison – the issue of 2,000,000 Options; and
- (iii) Mr Grillo – the issue of 2,000,000 Options.

The terms and conditions of the Options are described under item 4.2 above.

The purpose of the issue is to remunerate Directors as an incentive for future services. The Directors consider it important that the Company is able to attract and retain people of the highest calibre.

The Directors consider that the most appropriate means of achieving this is to provide the directors with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

The issue of options as part of the remuneration packages of directors is a well-established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst rewarding directors.

In determining the number of options to be granted, consideration was given to the relevant experience of the Directors, the respective overall remuneration and the terms of the options.

(c) **Directors' Recommendation, Reasons for Recommendation and Directors' Interests**

The Directors of the Company are unable to make a recommendation as to whether Shareholders should approve Resolution 3 as each Director of the Company has an interest in the outcome of Resolution 3.

(d) **Independent Valuer Report**

The Company has commissioned HLB Mann Judd to provide an independent valuation in relation to the issue of Options proposed by Resolution 3.

These Explanatory Notes aim to provide Shareholders with all information that is reasonably required by Shareholders to decide whether or not it is in the Company's interests to pass Resolution 3. In particular,

key findings and assumptions of the HLB Mann Judd valuation of the Options to be issued pursuant to Resolution 3 are set out below.

The Independent Valuer has assessed the value of each Option at \$0.028479, or \$113,916.00 for the parcel of 4,000,000 Options to be issued to Mr Trumbull, and \$56,958.00 for the parcels of 2,000,000 Options to be issued to each of Mr Davison and Mr Grillo. The options have been valued using the Binomial Option Valuation Model. This valuation is based on the following variables and assumptions being considered:

Assumption/Variable	Description
The current share price of the underlying shares	By reviewing the volume weighted average share price of the Company's shares over specified periods, the Independent Valuer determined that the current market value of the Company's shares on 11 September 2019 was \$0.0550.
The exercise price of the Options	The exercise price of the options will be at the greater of 150% of the Company's last share price immediately preceding the date of issue, or \$0.10.
The volatility of the share price	The Independent Valuer has reviewed a 5 year period of the Company's trading history in assessing the volatility of the Company's share price. The Independent Valuer has estimated the volatility of the Company's shares by using the long run forecast volatility based on 12 months. The Independent Valuer concluded that a share price volatility of 79.50% is appropriate.
The vesting conditions	The options vest immediately upon issue.
Time to maturity	The options expire five years after the date of issue.
The risk free rate of interest	The Independent Valuer used the 5 year Australian Government Bond benchmark yield as of 11 September 2019 to determine the risk free rate of interest. The rate used was 0.90%.

(e) **Trading History**

At the close of trading on the date preceding the date that this Notice was sent for printing, the Share price of the Shares in the Company was \$0.064. In the 12 months prior to the date of this Notice, the Shares in the Company traded at a high of \$0.081 on 26 February 2019 and a low of \$0.030 on 4 and 5 June 2019.

(f) **Opportunity Cost**

The Directors do not consider that there are any material opportunity costs to the Company or benefits foregone by the Company in issuing the Options pursuant to Resolution 3.

(g) **Taxation Consequences**

The Directors are not aware of any taxation consequences that will arise from the issue of Options pursuant to Resolution 3.

(h) **Director's interest in the Shares of the Company**

The table below illustrates the following:

- (i) the first column sets out each Director in the Company;
- (ii) the second column sets out the relevant interest of each Director in fully paid ordinary shares of the Company;
- (iii) the third column sets out the relevant interest of each Director in options convertible into ordinary shares in the Company;
- (iv) the fourth column sets out the number of Options to be issued to each Director pursuant to Resolution 3;
- (v) the sixth column sets out the relevant interest in fully paid ordinary shares held by each Director if the Options issued to that Director pursuant to Resolution 3 and the Directors' existing options are exercised;
- (vi) the seventh column sets out that if the Options are issued to that Director and that Director exercises all of their Options (including the existing Options held by that Director) but none of the Options held by the other Directors are exercised, the total Shares on issue in the Company; and
- (vii) the eighth column sets out the Director's relevant interest percentage in the Shares of the Company if the Director exercises all of their Options but none of the Options held by the other Directors are exercised.

Director	Current Relevant Interest			Options to be issued pursuant to Resolution 3	Value of Options to be issued pursuant to Resolution 3	Total Shares if Options exercised [1]		% Relevant interest if all Options exercised [1]
	Shares	Existing Options	Existing Convertible Notes			Director's Shares	Total Shares on Issue	
Mr Trumbull	20,602,454	20,000,000	Nil	4,000,000	\$113,916	44,602,454	461,407,802	9.67%
Mr Davison	20,000	2,000,000	750,000	2,000,000	\$56,958	4,020,000	441,407,802	0.91%
Mr Grillo	1,371,935	7,000,000	Nil	2,000,000	\$56,958	10,371,935	446,407,802	2.32%

[1] Assumes that none of the Options issued to other Directors are exercised, and no existing convertible notes are converted.

(i) **Directors' Remuneration**

As at the date of the Notice of Meeting, the remuneration in respect of the 2019/2020 fiscal year, (inclusive of superannuation and director fees where applicable and the value of options granted) to the Directors, or companies controlled by those individuals is as follows:

Director	Remuneration
Mr Trumbull	\$320,178
Mr Davison	\$123,954
Mr Grillo	\$123,954

It is anticipated that the remuneration to be paid to Directors for the 2019/2020 fiscal year, or deferred in the event of cashflow not reaching required levels (inclusive of superannuation and director's fees where applicable), will be similar to the fees set out in the table above.

4.4. Voting Exclusion Statement

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

- (a) Mr Trumbull, Mr Davison and Mr Grillo; and
- (b) an associate of Mr Trumbull, Mr Davison or Mr Grillo.

However the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of each of Resolutions 3(a)-(c), except where the Chair has a direct or indirect interest in the outcome of a Resolution, in which case the Chair will not vote undirected proxies in respect of that Resolution. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 3, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against Resolution 3 or to abstain from voting.

4.5. Voting Prohibition

A person appointed as a proxy must not vote on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the key management personnel; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

The above prohibition does not apply if:

- (c) the proxy is the chair; and
- (d) the appointment expressly authorises the chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

5.1. ASX Listing Rule 7.1A

ASX Listing Rule 7.1A enables an eligible entity to issue equity securities up to 10% of its issued share capital (at the time of the issue or the agreement to issue) through placements over a 12 month period after the annual general

meeting (*10% Placement Capacity*). The 10% Placement Capacity is in addition to the Company's 15% placement capacity pursuant to Listing Rule 7.1.

The effect of Resolution 4 will be to allow the Directors to issue equity securities under Listing Rule 7.1A during the period of 12 months following the Annual General Meeting without using the Company'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 hereby seeks shareholder approval by way of a special resolution to have the ability to issue equity securities under the 10% Placement Capacity.

The exact number of equity securities that may be issued pursuant to the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 which provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of equity securities calculated as follows:

(A x D) – E

Where:

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

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid shares under the Company's 15% placement capacity without shareholder approval;
- less the number of fully paid shares cancelled in the 12 months;

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

D is 10%

E is the number of equity securities issued or agreed to be issued under rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are *not* issued with the approval of holders of ordinary securities under rule 7.1 or 7.4.

Any equity securities issued under the 10% Placement Capacity must be in an existing quoted class of the Company's equity securities. The Company presently has only one class of quoted securities being fully paid ordinary shares.

If the Company issues any equity securities under the 10% Placement Capacity, the entity must, pursuant to Listing Rules 7.1A(4) and 3.10.5A:

- (a) give to the ASX a list of the allottees of the equity securities and the number of equity securities to be allotted to each (but this list is not required to be released to the market); and
- (b) disclose to the market the details of the dilution to the existing holders of ordinary securities caused by the issue; where the equity securities are issued for cash consideration, a statement of the reasons why the eligible entity issued the equity securities as a placement rather than as a pro rata issue; the details of any underwriting arrangements and fees payable to the underwriter; and any other fees or costs incurred in connection with the issue.

5.2. Minimum Price

The issue price of each such security must be no less than 75% of the volume weighted average price for securities in that class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed; or
- (b) if the securities are not issued within 5 trading days of the date in paragraph (a), the date on which the securities are issued.

5.3. Risk of economic and voting dilution of existing ordinary security holders

Number of Shares		.032	.064	.128
437,407,802 being	10% Voting Dilution	43,740,780 Shares	43,740,780 Shares	43,740,780 Shares
Variable A				
	Funds Raised	\$1,399,705	\$2,799,410	\$5,598,820
656,111,703 being	10% Voting Dilution	65,611,170 Shares	65,611,170 Shares	65,611,170 Shares
a 50% increase in				
Variable A				
	Funds Raised	\$2,099,557	\$4,199,115	\$8,398,230
874,815,604 being	10% Voting Dilution	87,481,560 Shares	87,481,560 Shares	87,481,560 Shares

a 100% increase in				
Variable A				
	Funds Raised	\$2,799,410	\$5,598,820	\$11,197,640

If Resolution 4 is approved and the Company issues equity securities under the 10% Placement Capacity, there is a risk that:

- (a) the market price for the Company's equity securities may be significantly lower on the date of the issue of the equity securities than on the date of the Annual General Meeting; and
- (b) the equity securities may be issued at a price that is at a discount to the market price for the Company's equity securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the equity securities.

The above table shows the potential dilution of existing ordinary security holders on the basis of the current market price of Shares and the current number of ordinary securities 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 two examples of:

- (a) the dilution effects where variable 'A' is the number of Shares on issue, and where variable 'A' is increased by 50% and 100% based on the number of Shares on issue; and
- (b) the dilution effects where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the market price at the close of trade on 16 October 2019.

The table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of equity securities available under the 10% Placement Capacity.
- (b) No options are exercised into shares or convertible notes are converted into shares before the date of the issue of equity securities.
- (c) 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%.
- (d) The table does not show examples of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Capacity based on that shareholder's holding at the date of the Annual General Meeting.
- (e) The table shows only the effect of issue of equity securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (f) The issue of equity securities under the 10% Placement Capacity consists only of shares.

5.4. Timing

The Company may only issue equity securities pursuant to the 10% Placement Capacity within 12 months of the date of this Annual General Meeting. Further, the approval will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

5.5. Use of Funds

The Company may use the funds raised from the issue of equity securities pursuant to the 10% Placement Capacity for working capital, for further gold exploration in central Victoria, and to identify and assess potential growth opportunities. The Company is also looking to diversify from the development of various non-gold assets on its freehold land at the Nagambie Mine.

Subject to satisfaction of any other applicable regulatory requirements, the Company may also issue securities for non-cash consideration for the acquisition of new resources assets and investments. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

5.6. Allocation Policy

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

- (a) the methods of raising funds that are available to the Company including but not limited to rights issues or other issues in which existing securityholders can participate;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Capacity have not been determined as at the date of this Notice of Meeting, 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 resources assets or investments, it is likely that the allottees under the 10% Placement Capacity will be the vendors of the new resources assets or investments.

5.7. Requirements for entities which have previously obtained Rule 7.1A approval

The total number of equity securities issued by the Company in the 12 months preceding the date of this Annual General Meeting is 21,130,000, which represents 4.85% of the equity securities on issue at the commencement of the 12 month period.

5.8. Number, class and terms of securities issued

- (a) 10,500,000 options were issued on 23 November 2018 exercisable at \$0.108 per option, on or before 23 November 2023;
- (b) 1,630,000 fully paid ordinary shares were issued on 30 November 2018 at \$0.10 per share, on exercise of options issued 3 December 2013;
- (c) 7,000,000 convertible notes were issued on 27 February 2019, convertible within a 5 year term into fully paid ordinary shares on a 1 for 1 basis or redeemable at \$0.10 per note on 27 February 2024; and
- (d) 2,000,000 options were issued on 27 February 2019 exercisable at \$0.12 per option, on or before 27 February 2024.

5.9. Allottees

- (a) **Fully paid ordinary shares** were issued on exercise of options on 30 November 2018, to the entities set out below:
 - (i) 230,000 to Wato Holdings Pty Ltd (an entity nominated by Mr Alfonso Grillo) as trustee for the Grillo Discretionary Trust; and
 - (ii) 1,400,000, to Cypron Pty Ltd (an entity nominated by Mr Mike Trumbull) as trustee for the M W Trumbull Super Fund.
- (b) **Options** were issued to persons and entities as set out below:
 - (i) Options issued as follows on 23 November 2018, to Directors and service providers of the Company:
 - (A) 2,000,000 to Wato Holdings Pty Ltd (an entity nominated by Mr Alfonso Grillo);
 - (B) 4,000,000, to Cypron Pty Ltd (an entity nominated by Mr Mike Trumbull); and
 - (C) 2,000,000 to Adare Manor Pty Ltd (an entity nominated by Mr Kevin Perrin);
 - (D) 2,000,000 to Mr James Earle (Chief Executive Officer of the Company);
 - (E) 250,000 to Preston Hill Pty Ltd; and
 - (F) 250,000 to Mr Harry Pratt; and
 - (ii) 2,000,000 options issued to Mr Gary Davison on 27 February 2019.
- (c) **Convertible notes** were issued to entities on 27 February 2019 as set out below:
 - (i) 3,250,000 to PPT Nominees Pty Ltd;
 - (ii) 500,000 to WIL Nominees Pty Ltd as trustee for FTGTP&R Super Fund;
 - (iii) 2,000,000 to JMH Super Pty Ltd as trustee for J & M Hannan Superannuation Fund;
 - (iv) 750,000 to G& M Davison Superfund Pty Ltd as trustee for Davison Superannuation Fund; and
 - (v) 500,000 to Richard Ellis and Margaret Ellis.

5.10. Price

- (a) All convertible notes were issued at the price of \$0.10 per note (being a 25.00% premium to the closing share price of the Company's shares on the date of issue).
- (b) All options were issued for no consideration.
- (c) Shares issued on 30 November 2018 were issued at the price of \$0.10 per share (being a 51.52% premium to the closing share price of the Company's shares on 30 November 2018).

5.11. Total Consideration and Use of Funds

- (a) The Company raised \$700,000 from the issue of 7,000,000 convertible notes. The funds were applied to increasing working capital and increasing the Company's flexibility to take advantage of opportunities that may arise and increasing the working capital of the Company and to expenditure related to the Company's operations. As at the date of this Notice, all of these funds had been spent.
- (b) All options were issued for no consideration.
- (c) The Company raised \$163,000 from the issue of a total of 1,630,000 shares on exercise of options. The funds raised were applied towards increasing the working capital of the Company and to expenditure related to the Company's operations. As at the date of this Notice, all of these funds had been spent.
- (d) No shares were issued by the Company for consideration other than cash.

5.12. Voting Exclusion Statement

The Company will disregard any votes cast in favour of this Resolution 4 by a person (and any associates of such a person) who is expected to participate in issues made under the 10% Placement Capacity and a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

At the date of this Notice, the Company has not approached any particular existing Shareholder or Securityholder or an identifiable class or existing Securityholder to participate in the issue of the equity securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

GENERAL NOTES

Entitlement to Vote

The Company has determined in accordance with Part 7.11 of the Corporations Regulations that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register as at 7:00pm (AEDT) on 27 November 2019.

Corporate Representatives

For a corporate representative to vote, they will require a Certificate of Appointment of Corporate Representative executed in accordance with the *Corporations Act*.

Voting

On a show of hands, every member present in person or by proxy or by attorney or, in the case of a corporation, by duly appointed representative, shall have one vote and on a poll one vote for every share held provided that if a member appoints two proxies or two attorneys, neither proxy nor attorney shall be entitled to vote on a show of hands.

Proxies

A member entitled to attend and vote at the Annual General Meeting may appoint one or two persons to attend and vote at the meeting as the member's proxy. If you wish to appoint a second proxy you will need to complete a second form. Advanced Share Registry Limited will provide additional proxy forms upon request.

A proxy need not be a member. If two proxies are appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. If the vote split is not specified, it is deemed to be equally divided between the two proxies.

The Proxy Form must be deposited at the share registry of the Company, Automic Pty Ltd, located at Level 5, 126 Phillip Street, Sydney, NSW, 2000 or by mail to GPO Box 5193, Sydney NSW 2000 by no later than 11:00am (AEDT) on 27 November 2019.

Shareholders and their proxies should note that sections 250BB and 250BC of the Corporations Act apply to voting by proxy. In particular:

- (a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed;
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- (c) if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll and must vote as directed; and
- (d) if the proxy is not the chair, the proxy need not vote on a poll, but if the proxy does so, the proxy must vote as directed.

If a proxy is also a member, this subsection does not affect the way that the person can cast any votes they hold as a member.

If an appointment of a proxy specifies the way the proxy is to vote on a particular resolution and

- (a) the appointed proxy is not the chair of the meeting;
- (b) at the meeting, a poll is duly demanded on the resolution and either of the following applies:
 - (i) the proxy is not recorded as attending the meeting;
 - (ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

ANNEXURE A - OPTION TERMS

1. Interpretation

- (a) *ASX* means ASX Limited (ACN 008 624 691);
- (b) *Board* means the board of directors of the Company;
- (c) *Business Day* means a day not being a Saturday, Sunday or public holiday, on which banks are generally open for business in Victoria;
- (d) *Corporations Act* means the Corporations Act 2001 (Cth) as amended from time;
- (e) *Listing Rules* means the official listing rules of the ASX;
- (f) *Official List* has the meaning given to that term in the Listing Rules;
- (g) *Option* and *Options* means the options to be issued to the Optionholder on the terms detailed in these Terms of Options;
- (h) *Quotation* has the meaning given to that term in the Listing Rules;
- (i) *Shareholder* and *Shareholders* means a person who owns shares in the capital of the Company, notwithstanding that those shares may not be fully paid; and
- (j) *Shares* means fully paid ordinary shares in the capital of the Company.

Terms of Options

2. Entitlement

- 2.1. Each Option entitles the Optionholder to subscribe for, and be allotted, one ordinary Share in the capital of the Company.
- 2.2. Shares issued on the exercise of Options will rank equally with all existing Shares on issue, as at the exercise date, and will be subject to the provisions of the Constitution of the Company and any escrow restrictions imposed on them by the ASX.

3. Exercise of Option

- 3.1. The Options are exercisable at any time from the date of issue.
- 3.2. The final date and time for exercise of the Options is 5pm on the five year anniversary date of the issue of the Options. If such date falls on a day that is not a Business Day, the final date will be the next Business Day.
- 3.3. The exercise price of each Option is the greater of 150% of the Company's last share price immediately preceding the date of issue or \$0.10.
- 3.1. The Options may be exercised in parcels of no less than 100,000 at a time.
- 3.2. Each Option is exercisable by the Optionholder signing and delivering a notice of exercise of Option together with the exercise price in full for each Share to be issued upon exercise of each Option to the Company's share registry.
- 3.3. Remittances must be made payable to 'Nagambie Resources Limited' and cheques should be crossed 'Not Negotiable'.
- 3.4. All Options will lapse on the earlier of the:
 - (a) receipt by the Company of notice from the Optionholder that the Optionholder has elected to surrender the Options;
 - (b) expiry of the final date and time for exercise of the Option as set out in paragraph 7.2;
 - (c) the termination of the Optionholder's engagement with the Company in circumstances which the Board considers to involve fraud, dishonesty or other serious misconduct which would constitute sufficient cause for an employer to dismiss an employee without notice; or
 - (d) unless otherwise determined by the Board, the expiration of 30 days after termination of the Optionholder's engagement with the Company for any other reason other than those detailed in paragraph 3.4(c).
- 3.5. In the event of liquidation of the Company, all unexercised Options will lapse.

4. Quotation

- 4.1. The Company will not apply to the ASX for official quotation of the Options.
- 4.2. If the Shares of the Company are quoted on the ASX, the Company will apply to the ASX for, and will use its best endeavours to obtain, quotation of all Shares issued on the exercise of any Options within 10 business days (as defined in the Listing Rules) of issue. The Company gives no assurance that such quotation will be granted.

5. Participation in Securities Issues

Subject to paragraph 10 below, the holder is not entitled to participate in new issues of securities without exercising the Options.

6. Participation in a Reorganisation of Capital

- 6.1. In the event of any reconstruction or reorganisation (including consolidation, sub-division, reduction or return of the capital of the Company), the rights of an Optionholder will be changed in accordance with the Listing Rules of the ASX applying to a restructure or reorganisation of the capital at the time of that restructure or reorganisation, provided always that the changes to the terms of the Options do not result in any benefit being conferred on the Optionholder which is not conferred on shareholders of the Company.

- 6.2.** In any reorganisation as referred to in paragraph 6.1, Options will be treated in the following manner:
- (a) in the event of a consolidation of the share capital of the Company, the number of Options will be consolidated in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
 - (b) in the event of a subdivision of the share capital of the Company, the number of Options will be subdivided in the same ratio as the ordinary share capital of the Company and the exercise price will be amended in inverse proportion to that ratio;
 - (c) in the event of a return of the share capital of the Company, the number of Options will remain the same and the exercise price will be reduced by the same amount as the amount returned in relation to each ordinary share;
 - (d) in the event of a reduction of the share capital of the Company by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled the number of Options and the exercise price of each Option will remain unaltered;
 - (e) in the event of a pro-rata cancellation of shares in the Company, the number of Options will be reduced in the same ratio as the ordinary share capital of the Company and the exercise price of each Option will be amended in inverse proportion to that ratio; and
 - (f) in the event of any other reorganisation of the issued capital of the Company, the number of Options or the exercise price or both will be reorganised (as appropriate) in a manner which will not result in any benefits being conferred on the Optionholder which are not conferred on shareholders.

7. Adjustments to Options and Exercise Price

7.1. Adjustments to the number of Shares over which Options exist and/or the exercise price may be made as described in paragraph 7.2 to take account of changes to the capital structure of the Company by way of pro-rata bonus and cash issues.

7.2. The method of adjustment for the purpose of paragraph 7.1 shall be in accordance with the Listing Rules of the ASX from time to time, which, under Listing Rules 6.22.2 and 6.22.3, currently provide:

(a) **Pro Rata Cash Issues**

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the exercise price of an Option may be reduced according to the following formula:

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

where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying securities into which one Option is Exercisable.
- P = the average market price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex-rights date or ex entitlements date.
- S = the subscription price for a security under the pro-rata issue.
- D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

(b) **Pro-Rata Bonus Issues**

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The exercise price will not change.

8. Takeovers and Schemes of Arrangement

8.1. If during the currency of any Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the Corporations Act) is made to holders of Shares then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying the Optionholder of the offer and from the date of such notification, the Optionholder has 60 days within which to exercise the Options notwithstanding any other terms and conditions applicable to the Options or arrangement. If the Options are not exercised within 60 days after notification of the offer, the Options may be exercised at any other time according to their terms of issue.

8.2. If an offer for shares in the Company is made to Shareholders pursuant to a scheme of arrangement which has been approved in accordance with the Corporations Act, the Optionholder will be entitled to exercise Options held by him/her within the period notified by the Company.

9. Transfers not permitted

The Options are not transferable.

10. Notices

Notices may be given by the Company to the Optionholder in the manner prescribed by the Constitution of the Company for the giving of notices to Shareholders and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Optionholder.

11. Rights to Accounts

The Optionholder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, however, if the Optionholder is not a Shareholder, it will not have any right to attend or vote at these meetings.

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: NAG

Your proxy voting instruction must be received by **11:00am (AEDT) on Wednesday, 27 November 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

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. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions 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 marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

Joint holding: Where the holding is in more than one name, all of the Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

