



**Kairos Minerals Limited  
ACN 006 189 331**

## **Notice of General Meeting**

**The General Meeting of the Company will be held at  
The Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday,  
28 July 2020 at 11:00 am (WST).**

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

**Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 9226 1141**

Due to the ongoing COVID-19 pandemic, the Company is taking precautions to facilitate an in-person Meeting in accordance with COVID-19 restrictions. If the situation in relation to COVID-19 changes in a way affecting the ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by way of an announcement on the ASX market announcements platform.

**Shareholders are encouraged to vote by lodging the proxy form attached to the Notice.**

**Kairos Minerals Limited  
ACN 006 189 331  
(Company)**

## **Notice of General Meeting**

Notice is hereby given that the annual general meeting of Shareholders of Kairos Minerals Limited will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday, 28 July 2020 at 11:00 am (WST) (**Meeting**).

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday, 26 July 2020 at 5:00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

### **Agenda**

#### **Resolution 1 – Ratification of prior issue of Tranche 1 Placement Shares**

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

*'That the issue of:*

- (a) *129,499,988 Tranche 1 Placement Shares under Listing Rule 7.1; and*
- (b) *97,500,012 Tranche 1 Placement Shares under Listing Rule 7.1A,*

*at \$0.011 per Share to raise an aggregate total of approximately \$2.5 million is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'*

#### **Resolution 2 – Approval to issue Tranche 2 Placement Shares**

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

*'That the issue of up to 18,000,000 Tranche 2 Placement Shares at \$0.011 each to Mr Eric Sprott (or his nominee/s) is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'*

### **Resolution 3 – Approval to issue Placement Options**

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

*'That the issue of up to 122,500,000 free-attaching Placement Options exercisable at \$0.025 each on or before 31 December 2021 is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'*

### **Resolution 4 – Approval to issue JLM Options**

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

*'That the issue of up to a total of 20,000,000 JLM Options at \$0.00001 each, exercisable at \$0.025 each on or before 31 December 2021, to CPS Capital and Beer & Co (or their respective nominees) is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'*

### **Resolution 5 – Approval to issue CPS Securities**

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

*'That the issue of up to a total of 6,810,000 Shares and 3,405,000 Options, exercisable at \$0.025 each on or before 31 December 2021, to CPS Capital (or its nominee/s) is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'*

### **Resolution 6 – Approval to issue Incentive Options to Directors**

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

*'That the issue of:*

- (a) *up to 30,000,000 Incentive Options to Mr Terry Topping (or his nominee/s);*
- (b) *up to 15,000,000 Incentive Options to Mr Neil Hutchison (or his nominee/s); and*
- (c) *up to 25,000,000 Incentive Options to Mr Bruno Seneque (or his nominee/s),*

*is approved under and for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'*

## **Resolution 7 – Approval of Employee Securities Incentive Plan**

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

*'That the establishment of the employee incentive scheme of the Company known as the "Kairos Minerals Ltd Employee Securities Incentive Plan" and the issue of Securities under that plan, is approved under and for the purposes of exception 13(b) of Listing Rule 7.2 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'*

## **Resolution 8 – Approval of potential termination benefits under the Plan**

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

*'That, conditional on Resolution 7 being approved, for a period commencing from the date this Resolution is passed and ending upon the expiry of all Securities issued or to be issued under the Kairos Minerals Ltd Employee Securities Incentive Plan, the giving of benefits to any current or future person holding a managerial or executive office of the Company or a related body corporate in connection with that person ceasing to hold such office is approved under and for the purposes of Part 2D.2 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'*

## **Resolution 9 – Replacement of Constitution**

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

*'That the repeal of the existing Constitution and the adoption of a new constitution in its place in the form of the document tabled at the Meeting and signed by the Chair for the purposes of identification, with effect from the close of the Meeting, is approved under and for the purposes of section 136(2) of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'*

## **Resolution 10– Approval to increase Non-Executive Directors' Remuneration**

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

*'That the increase of the maximum total aggregate amount of fees payable to non-executive Directors to \$350,000 per annum is approved under and for the purposes of Rule 20.10 of the Constitution, Listing Rule 10.17 and for all other purposes, on the terms and conditions set out in the Explanatory Memorandum.'*

## Resolution 11– Removal of auditor

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

*'That the removal of BDO Audit Pty Ltd as the current auditor of the Company effective from the date of the Meeting is approved under and for the purposes of section 329(1) of the Corporations Act and for all other purposes.'*

## Resolution 12– Appointment of auditor

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

*'That, subject to Resolution 11 being passed, the appointment of Bentleys Audit & Corporate (WA) Pty Ltd, being qualified and having been nominated and consented in writing to act in the capacity of auditor of the Company, as auditor of the Company effective from the date of the Meeting is approved under and for the purposes of section 327D of the Corporations Act and for all other purposes and the Directors are authorised to agree the remuneration of Bentleys Audit & Corporate (WA) Pty Ltd.'*

## Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

- (a) **Resolution 1** by or on behalf of any person who participated in the issue of the Tranche 1 Placement Shares, or any of their respective associates;
- (b) **Resolution 2** by or on behalf of Mr Eric Sprott (or his nominee/s), any person who is expected to participate in or who will obtain a material benefit as a result of the proposed issue of Tranche 2 Placement Shares (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (c) **Resolution 3** by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Placement Options (except a benefit solely by reason of being a Shareholder) or any of their respective associates;
- (d) **Resolution 4** by or on behalf of CPS Capital or Beer & Co (or their respective nominees) and any person who will obtain a material benefit as a result of the proposed issue of JLM Options (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (e) **Resolution 5** by or on behalf of CPS Capital (or its nominee/s) and any person who will obtain a material benefit as a result of the proposed issue of the CPS Securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (f) **Resolution 6** by or on behalf of the person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the Incentive Options (except a benefit solely by reason of being a Shareholder), or any of their respective associates;

- (g) **Resolution 7** by or on behalf of a person who is eligible to participate in the Employee Securities Incentive Plan, or any of their respective associates; and
- (h) **Resolution 10** by or on behalf of a Director, or any of their respective associates.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shares held by or for an employee incentive scheme must only be voted on a Resolution under the Listing Rules if and to the extent that they are held for the benefit of a nominated participant in the scheme; the nominated participant is not excluded from voting on the Resolution under the Listing Rules; and the nominated participant has directed how the Shares are to be voted.

## Voting prohibitions

**Resolution 6:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on these Resolutions if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 224 of the Corporations Act, a vote on these Resolutions must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

**Resolution 8:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Further, in accordance with section 200E(2A) of the Corporations Act, a vote on this Resolution must not be cast by any participants or potential participants in the Employee Securities Incentive Plan and their associates, otherwise the benefit of this Resolution will be lost by such a person in relation to that person's future retirement.

However, a vote may be cast by such a person if:

- (a) the person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of the person or an associate of the person.

**Resolution 10:** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**BY ORDER OF THE BOARD**



Adrien Wing  
Company Secretary  
Kairos Minerals Limited  
Dated: 11 July 2020



**Kairos Minerals Limited**  
**ACN 006 189 331**  
**(Company)**

## Explanatory Memorandum

### 1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on Tuesday, 28 July 2020 at 11:00 am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Background to the Resolutions
Section 4	Resolution 1 – Ratification of prior issue of Tranche 1 Placement Shares
Section 5	Resolution 2 – Approval to issue Tranche 2 Placement Shares
Section 6	Resolution 3 – Approval to issue Placement Options
Section 7	Resolution 4 – Approval to issue JLM Options
Section 8	Resolution 5 – Approval to issue CPS Securities
Section 9	Resolution 6 – Approval to issue Incentive Options to Directors
Section 10	Resolution 7– Approval of Employee Securities Incentive Plan
Section 11	Resolution 8 – Approval of potential termination benefits under the Plan
Section 12	Resolution 9 – Replacement of Constitution
Section 13	Resolution 10 – Approval to increase Non-Executive Directors' Remuneration
Section 14	Resolutions 11 & 12 - Replacement of auditor
Schedule 1	Definitions
Schedule 2	Terms and conditions of Placement Options, JLM Options and CPS Options
Schedule 3	Summary of Employee Securities Incentive Plan

Schedule 4	Terms and conditions of Incentive Options
Schedule 5	Valuation of Incentive Options
Annexure A	Notice of Nomination

A Proxy Form is located at the end of the Explanatory Memorandum.

## 2. **Action to be taken by Shareholders**

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### 2.1 **Impact of COVID-19 on the Meeting**

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19.

Based on the best information available to the Board at the time of the Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the COVID-19 restrictions regarding gatherings. The Company, however, strongly encourages Shareholders to submit proxies prior to the Meeting.

If the situation in relation to COVID-19 were to change in a way that affects the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

### 2.2 **Voting in person**

Given the current COVID-19 circumstances and in the interests of public health and safety of our Shareholders, the Company will implement arrangements to allow Shareholders to physically attend the Meeting in accordance with COVID-19 protocols and government advice.

The Company will strictly comply with applicable limitations on indoor gatherings in force at the time of the Meeting. If you attend the Meeting in person, you will be required to adhere to COVID-19 protocols in place at the time of the Meeting.

### 2.3 **Voting by proxy**

Shareholders are encouraged to vote by completing a Proxy Form.

Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form to the Notice of Meeting.

Proxy Forms can be lodged:

Online:	<a href="http://www.advancedshare.com.au/investor-login">www.advancedshare.com.au/investor-login</a>
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For personal use only

By mail:	Advanced Share Registry Limited 110 Stirling Hwy, Nedlands WA 6009; or PO Box 1156, Nedlands WA 6909
By fax:	+61 8 6370 4203
By email:	admin@advancedshare.com.au
By mobile:	Scan the QR Code on your Proxy Form and follow the prompts

## 2.4 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

Subject to the following paragraph, if the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on any of the Resolutions by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

If the Chair is a person referred to in the voting prohibition statement applicable to a Resolution (under section 224 of the Corporations Act), the Chair will only be able to cast a vote as proxy for you on the relevant Resolution if you are entitled to vote and have specified your voting intention in the Proxy Form.

## 3. Background to the Resolutions

On 25 May 2020, the Company announced a capital raising comprising:

- (a) a two-tranche placement to raise up to approximately \$2.7 million before costs (**Placement**) by the issue to sophisticated and professional investors (**Placement Participants**) of up to 227 million Shares at 1.1 cents each (**Placement Shares**), together with one free-attaching Option, exercisable at 2.5 cents each and expiring 31 December 2021, for every two Shares subscribed for (**Placement Options**); and
- (b) a non-renounceable entitlement offer to eligible Shareholders to raise up to approximately \$1.7 million, on the basis of 1 new Share for every 8 Shares held at 1.1 cents each, together with one free-attaching Option, exercisable at 2.5 cents each and expiring 31 December 2021, for every two Shares subscribed for (**Entitlement Offer**).

Funds raised by the Placement and Entitlement Offer are intended to be used towards exploration field work programs across the Company's broader Pilbara Gold Project, including helicopter-supported field work as required, geochemistry programs and drilling programs across priority intrusive-related gold targets at Kangan and Skywell, and RC drilling at the large Fuego gold anomaly, as well as for costs of the Placement and Entitlement Offer, and general working capital.

On 25 May 2020, the Company issued a total of 227 million Placement Shares (**Tranche 1 Placement Shares**) to Placement Participants using the Company's placement capacity

under Listing Rules 7.1 and 7.1A to raise \$2,497,000 (before costs). The Company intends to issue a further 18 million Placement Shares (**Tranche 2 Placement Shares**), together with 9 million free-attaching Placement Options, to the Company's largest Shareholder, Eric Sprott, or his nominee/s. As the Company does not have the placement capacity available, the issue of the Tranche 2 Placement Shares and the Placement Options is subject to Shareholder approval.

The Placement was jointly conducted by CPS Capital and Beer & Co as joint lead managers (**Joint Lead Managers**). The Company has agreed to pay a fee of up to 6% on the Placement and, subject to Shareholder approval, to issue 10 million Options, exercisable at 2.5 cents each and expiring 31 December 2021, to each Joint Lead Manager at \$0.00001 per Option (**JLM Options**). CPS Capital has also elected to be issued 6,810,000 Shares and 3,405,000 Options, exercisable at 2.5 cents each and expiring 31 December 2021, (together, the **CPS Securities**) in lieu of its Placement fees, subject to Shareholder approval.

On 18 June 2020, the Company lodged a prospectus with ASIC and ASX for the Entitlement Offer, and the offer of the Placement Options and JLM Options, subject to the receipt of Shareholder approval. The subscribers for Tranche 1 Placement Shares will be eligible to participate in the Entitlement Offer, however Mr Sprott will not be able to participate in the Entitlement Offer with respect to the Tranche 2 Placement Shares. The Company intends to apply for Official Quotation of the Placement Options, JLM Options, Options issued pursuant to the Entitlement Offer, and existing Options on the same terms, subject to meeting the conditions for quotation (including that there are at least 50 holders of a marketable parcel of Options within the meaning of the Listing Rules).

The Company is seeking Shareholder approval to:

- (a) ratify the issue of the 227,000,000 Tranche 1 Placement Shares pursuant to Resolutions 1(a) and (b);
- (b) issue the 18,000,000 Tranche 2 Placement Shares to Mr Eric Sprott (or his nominee/s) pursuant to Resolution 2;
- (c) issue the 122,500,000 Placement Options to the Placement Participants pursuant to Resolution 3; and
- (d) issue the 20,000,000 JLM Options to the Joint Lead Managers pursuant to Resolution 4, and a further 6,810,000 Shares and 3,405,000 Options to CPS Capital pursuant to Resolution 5.

The Company is also seeking Shareholder approval to issue Options to the Directors as an incentive component of their remuneration packages (Resolutions 6(a), (b) and (c)), adopt a new Employee Securities Incentive Plan (Resolution 7) and issue any potential termination benefits pursuant to that Plan (Resolution 8), and to replace the Constitution (Resolution 9).

## 4. **Resolution 1 – Ratification of prior issue of Tranche 1 Placement Shares**

### 4.1 **General**

Refer to Section 3 for further details of the Placement.

On 25 May 2020, the Company issued 129,499,988 Tranche 1 Placement Shares under Listing Rule 7.1 and 97,500,012 Tranche 1 Placement Shares under Listing Rule 7.1A.

Resolutions 1(a) and (b) seek the approval of Shareholders to ratify the issues of the Tranche 1 Placement Shares under and for the purposes of Listing Rule 7.4.

#### 4.2 **Listing Rules 7.1, 7.1A and 7.4**

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%. The Company obtained this approval at its annual general meeting held on 28 November 2019.

The issues of Tranche 1 Placement Shares do not fit within any of the exceptions to Listing Rules 7.1 or 7.1A and, as they have not yet been approved by Shareholders, effectively use up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under those Listing Rules for the 12 month period following the issue of the Tranche 1 Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under Listing Rules 7.1 and 7.1A.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolutions 1(a) and (b) seek Shareholder approval to the issues of Tranche 1 Placement Shares under and for the purposes of Listing Rule 7.4.

If Resolution 1(a) is passed, the issue of 129,499,988 Tranche 1 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of those Tranche 1 Placement Shares.

If Resolution 1(a) is not passed, the issue of 129,499,988 Tranche 1 Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of the Tranche 1 Placement Shares.

If Resolution 1(b) is passed, the issue of 97,500,012 Tranche 1 Placement Shares will be excluded in calculating the Company's 10% limit in Listing Rule 7.1A, effectively increasing the number of Equity Securities it can issue without Shareholder approval under that rule.

If Resolution 1(b) is not passed, the issue of 97,500,012 Tranche 1 Placement Shares will be included in the Company's 10% limit in Listing Rule 7.1A, effectively decreasing the number of Equity Securities it can issue without Shareholder approval until the earlier of:

- (a) 28 November 2020;
- (b) the Company's next annual general meeting; or

- (c) the date Shareholders approve a transaction under Listing Rule 11.1.2 or 11.2.

#### 4.3 **Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Tranche 1 Placement Shares:

- (a) the Tranche 1 Placement Shares were issued to Placement Participants, being sophisticated and professional investors to whom a prospectus does not need to be provided under the Corporations Act, none of whom is a related party of the Company. CPS Capital and Beer & Co acted as joint lead managers to the Placement. The Placement Participants are existing contacts of the Company (including existing Shareholders) and clients of the Joint Lead Managers, with the Joint Lead Managers identifying investors through a bookbuild process, which involved the Joint Lead Managers seeking expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) a total of 227,000,000 Tranche 1 Placement Shares were issued on 25 May 2020 as follows:
- (i) 129,499,988 Tranche 1 Placement Shares were issued within the 15% annual limit permitted under Listing Rule 7.1, without the need for Shareholder approval; and
  - (ii) 97,500,012 Tranche 1 Placement Shares were issued within the 10% limit permitted under Listing Rule 7.1A, without the need for Shareholder approval;
- (c) the Tranche 1 Placement Shares were issued at \$0.011 per Share;
- (d) the Tranche 1 Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (e) the proceeds from the issue of the Tranche 1 Placement Shares are intended to be used towards exploration field work programs across the Company's broader Pilbara Gold Project, including helicopter-supported field work as required, geochemistry programs and drilling programs across priority intrusive-related gold targets at Kangan and Skywell, and RC drilling at the large Fuego gold anomaly, as well as for costs of the Placement and general working capital; and
- (f) a voting exclusion statement is included in the Notice.

#### 4.4 **Board recommendation**

Resolutions 1(a) and (b) are ordinary resolutions.

The Board recommends that Shareholders vote in favour of each of Resolutions 1(a) and (b).

### 5. **Resolution 2 – Approval to issue Tranche 2 Placement Shares**

#### 5.1 **General**

Refer to Section 3 for further details of the Placement.

Resolution 2 seeks the approval of Shareholders for the issue of up to 18 million Tranche 2 Placement Shares to the Company's largest Shareholder, Mr Eric Sprott (or his nominee/s) to raise approximately \$200,000 under and for the purposes of Listing Rule 7.1.

## 5.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 4.1 above.

The proposed issue of Tranche 2 Placement Shares does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 2 seeks the required Shareholder approval to the issue of the Tranche 2 Placement Shares under and for the purposes of Listing Rule 7.1.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares and raise up to \$198,000 to go towards exploration and drilling programs across the Pilbara Gold Project. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the proposed issue of the Tranche 2 Placement Shares as it will not have the mandate of Shareholders to do so and therefore will not be able to raise an additional \$198,000 under the Placement via the issue of the Tranche 2 Placement Shares to Mr Eric Sprott (or his nominee/s). However, the Company may still consider undertaking a placement of Shares to Mr Sprott (or his nominee/s) at a later date, subject to the Company's placement capacity under Listing Rules 7.1 or 7.1A and any required Shareholder approval.

The Company is separately seeking Shareholder approval under Resolution 3 for the issue of free-attaching Placement Options to Mr Sprott (or his nominee/s), on the basis of one Placement Option for every two Tranche 2 Placement Shares subscribed for. For the avoidance of doubt, in the event Resolution 2 is not passed, no Placement Options will be issued to Mr Sprott (or his nominee/s).

## 5.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Tranche 2 Placement Shares:

- (a) the Tranche 2 Placement Shares will be issued to Mr Eric Sprott (or his nominee/s), being an investors to whom a prospectus does not need to be provided under the Corporations Act and whom is not a related party of the Company. Mr Sprott is the Company's current largest Shareholder, holding a 10.88% interest in the Company prior to the Placement. The Tranche 2 Placement Shares currently comprise 1.44% of the Company's undiluted Share capital, and following the issue of such Shares (assuming the CPS Securities are issued, but prior to the Entitlement Offer), Mr Sprott and his associates are expected to hold an interest in 10.14% of the Company, on an undiluted basis. As noted in Section 4.3(a), CPS Capital and Beer & Co acted as joint lead managers to the Placement;
- (a) a maximum of 18,000,000 Shares are to be issued as Tranche 2 Placement Shares;

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- (b) the Tranche 2 Placement Shares will be issued as fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
  - (c) the Tranche 2 Placement Shares will be issued no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). It is intended that the Tranche 2 Placement Shares will be issued on or about the date of the Meeting;
  - (d) the Tranche 2 Placement Shares will be issued at \$0.011 per Share;
  - (e) the proceeds from the issue of the Tranche 2 Placement Shares are intended to be used towards exploration field work programs across the Company's broader Pilbara Gold Project, including helicopter-supported field work as required, geochemistry programs and drilling programs across priority intrusive-related gold targets at Kangan and Skywell, and RC drilling at the large Fuego gold anomaly, as well as for costs of the Placement and general working capital; and
  - (f) there is no formal agreement for the subscription of the Tranche 2 Placement Shares, but rather an offer by Mr Eric Sprott, via his representatives, which has been accepted by the Company; and
  - (g) a voting exclusion statement is included in the Notice.

#### 5.4 **Board recommendation**

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

### 6. **Resolution 3 – Approval to issue Placement Options**

#### 6.1 **General**

Refer to Section 3 for further details of the Placement.

Resolution 3 seeks the approval of Shareholders for the issue of up to 122,500,000 Placement Options to the Placement Participants, on the basis of one free-attaching Placement Option for every two Placement Shares subscribed for and issued, under and for the purposes of Listing Rule 7.1.

#### 6.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 4.1 above.

The proposed issue of Placement Options does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 3 seeks the required Shareholder approval to the issue of the Placement Options under and for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Placement Options to the Placement Participants in accordance with the terms of the Placement. In



addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

The Company is separately seeking Shareholder approval under Resolution 2 for the issue of Tranche 2 Placement Shares to Mr Sprott (or his nominee/s). For the avoidance of doubt, if Resolution 2 is not passed and Resolution 3 is passed, no Placement Options will be issued to Mr Sprott (or his nominee/s).

If Resolution 3 is not passed, the Company will not be able to proceed with the proposed issue of Placement Options as they are conditional on Shareholder approval. In this event, Placement Participants may view their investment in the Company unfavourably and may be less inclined to support the Company in its future endeavours.

### 6.3 **Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Placement Options:

- (a) the Placement Options will be issued to the Placement Participants, as described in Sections 4.3(a) and 5.3(a) above, on the basis of one Placement Option for every two Placement Shares subscribed for. Subject to the receipt of Shareholder approval pursuant to Resolution 2, up to 9 million Placement Options will be issued to the Company's largest Shareholder, Mr Eric Sprott (or his nominee/s). As noted in Section 4.3(a), CPS Capital and Beer & Co acted as joint lead managers to the Placement;
- (a) a maximum of 122,500,000 Options are to be issued as Placement Options;
- (b) the Placement Options will be exercisable at \$0.025 each on or before 31 December 2021 and will otherwise be issued on the terms and conditions set out in Schedule 2. The Company intends to apply for Official Quotation of the Placement Options, subject to meeting the conditions for quotation (including that there are at least 50 holders of a marketable parcel of Options within the meaning of the Listing Rules);
- (c) the Placement Options will be issued no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). It is intended that the Placement Options will be issued on the same date;
- (d) the Placement Options are free-attaching to the Placement Shares issued or to be issued and therefore will be issued at an issue price of nil;
- (e) no funds will be raised from the issue of the Placement Options as they are free-attaching to the Placement Shares;
- (f) the Placement Options are being issued under an offer letter regarding the Placement provided to the Placement Participants by the Joint Lead Managers on the terms set out in Sections 3 and 6, which are considered standard for such arrangements; and
- (g) a voting exclusion statement is included in the Notice.

### 6.4 **Board recommendation**

Resolution 3 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 3.

## 7. Resolution 4 – Approval to issue JLM Options

### 7.1 General

On 25 May 2020, the Company announced that the Placement was jointly conducted by CPS Capital and Beer & Co as joint lead managers (**Joint Lead Managers**). The Company entered into a mandate with the Joint Lead Managers for the provision of joint lead manager services, including coordination and management of the Placement and any shortfall under the Entitlement Offer, as well as marketing services (**JLM Mandate**).

Under the JLM Mandate, the Company has agreed to pay the Joint Lead Managers the following fees:

- (a) a management fee of 1% for each of the Joint Lead Managers (aggregate of 2%), plus GST, where applicable, on the total funds raised under the Placement as consideration for managing the Placement;
- (b) a placing fee of 4%, plus GST, where applicable, of the total funds raised under the Placement; and
- (c) by negotiation the Joint Lead Managers will be liable to pay a placing fee to certain parties, of up to 4%, plus GST, where applicable.

The above fees are to be paid in cash or equity (subject to any required Shareholder approvals) at each of the Joint Lead Managers' election within two business days following completion of the Placement. The Company is seeking separate Shareholder approval for the issue of Securities to CPS Capital in lieu of its portion of the above fees under Resolution 5.

In addition, the Company has agreed to issue a total of 20 million JLM Options to the Joint Lead Managers, subject to Shareholder approval, as consideration for assisting the Company to achieve the outcomes set out in the JLM Mandate. The JLM Options will be issued at \$0.00001 each and will exercisable at \$0.025 each on or before 31 December 2021.

The Joint Lead Managers shall be entitled to reimbursement of reasonable travel expenses as required to perform their role, provided that approval of the Chairman of the Company is obtained prior to incurring expenses above \$1,000.

The term of the JLM Mandate shall be for a period of four months, or upon the Company successfully completing both the Placement and Entitlement Offer, whichever is sooner, unless terminated earlier in accordance with the terms of the JLM Mandate.

The JLM Mandate contains additional provisions, including warranties and indemnities in respect of the Company, which are considered standard for agreements of this nature.

Resolution 4 seeks Shareholder approval for the issue of the JLM Options to the Joint Lead Managers (or their respective nominees) under and for the purposes of Listing Rule 7.1.

### 7.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 4.1 above.

The proposed issue of JLM Options does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 4 seeks the required Shareholder approval to the issue of the JLM Options under and for the purposes of Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the issue of the JLM Options in accordance with the terms of the JLM Mandate. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed to issue the JLM Options pursuant to the current terms of the JLM Mandate. In this event, the Company will not be required to satisfy its obligations under the JLM Mandate by way of a cash payment in lieu of the issue of the JLM Options, however the Joint Lead Managers may be less inclined to assist the Company in its future capital raising endeavours. The Company may seek to negotiate an alternative commercial arrangement with the Joint Lead Managers in these circumstances.

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

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the JLM Options:

- (a) a maximum of 20,000,000 JLM Options will be issued to the Joint Lead Managers (or their respective nominees), none of whom is a related party of the Company, as follows:
  - (i) 10,000,000 JLM Options will be issued to CPS Capital (or its nominee/s); and
  - (ii) 10,000,000 JLM Options will be issued to Beer & Co (or its nominee/s);
- (b) the JLM Options will be exercisable at \$0.025 each on or before 31 December 2021 and will otherwise be issued on the terms and conditions set out in Schedule 2;
- (c) the JLM Options are intended to be issued on the same date, no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (d) the JLM Options will be issued at \$0.00001 each (for total consideration of \$200.00);
- (e) the proceeds from the issue of the JLM Options are intended to be used for general working capital;
- (f) a summary of the material terms of the JLM Mandate is set out in Section 7.1 above; and
- (g) a voting exclusion statement is included in the Notice.

### 7.4 **Board recommendation**

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

## 8. Resolution 5 – Approval to issue CPS Securities

### 8.1 General

Refer to Section 7.1 for further details of the JLM Mandate.

Resolution 5 seeks Shareholder approval for the issue of 6,810,000 Shares and 3,405,000 Options, exercisable at 2.5 cents each and expiring 31 December 2021, (**CPS Options**), (together, the **CPS Securities**) to CPS Capital (or its nominee/s) in lieu of joint lead manager fees under and for the purposes of Listing Rule 7.1.

### 8.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is contained in Section 4.1 above.

The proposed issue of the CPS Securities does not fall within any of the exceptions to Listing Rule 7.1 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

Resolution 5 seeks the required Shareholder approval to the issue of the CPS Securities under and for the purposes of Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to proceed with the issue of the CPS Securities in accordance with the terms of the JLM Mandate. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed to issue the CPS Securities pursuant to the current terms of the JLM Mandate, and the Company will be required to satisfy its obligations under the JLM Mandate by way of a cash payment of \$74,910 in lieu of the issue of the CPS Securities.

### 8.3 Specific information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the proposed issue of the CPS Securities:

- (a) a maximum of 6,810,000 Shares and 3,405,000 CPS Options will be issued to CPS Capital (or its nominee/s), none of whom is a related party of the Company;
- (b) the Shares will be issued as fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue, and the CPS Options will be exercisable at \$0.025 each on or before 31 December 2021 and will otherwise be issued on the terms and conditions set out in Schedule 2;
- (c) the CPS Securities are intended to be issued on the same date, no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (d) the CPS Securities will be issued for nil cash consideration, at a deemed issue price of \$0.011 per Share with the CPS Options free-attaching, in lieu of the payment of joint lead manager fees totalling \$74,910. Accordingly, no funds will be raised from the issue;

- (e) a summary of the material terms of the JLM Mandate is set out in Section 7.1 above; and
- (f) a voting exclusion statement is included in the Notice.

#### 8.4 **Board recommendation**

Resolution 5 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 5.

### 9. **Resolution 6 – Approval to issue Incentive Options to Directors**

#### 9.1 **General**

The Company is proposing, subject to obtaining Shareholder approval, to issue up to a total of 70,000,000 unquoted Options (**Incentive Options**) to the Directors (or their respective nominees) as follows:

<b>Director</b>	<b>Incentive Options</b>
Terry Topping	30,000,000
Neil Hutchison	15,000,000
Bruno Seneque	25,000,000
<b>TOTAL</b>	<b>70,000,000</b>

The Company is in an important stage of development with significant opportunities and challenges in both the near and long-term, and the proposed issue seeks to align the efforts of the Directors in seeking to achieve growth of the Share price and in the creation of Shareholder value. In addition, the Board also believes that incentivising with Incentive Options is a prudent means of conserving the Company's available cash reserves. The Board believes it is important to offer these Incentive Options to continue to attract and maintain highly experienced and qualified Board members in a competitive market.

The Incentive Options will be issued for nil cash consideration, with an exercise price equal to \$0.025 or the price that is a 30% premium to the volume weighted average market price of Shares calculated over the 5 Trading Days prior to Monday, 27 July 2020 (**5-Day VWAP**), whichever is the greater. The Incentive Options will expire on the date that is 2.5 years from the date of grant and will otherwise be issued on the terms and conditions set out in Schedule 4.

Resolution 6(a) to (c) (inclusive) seek the approval of Shareholders for the issue of up to a total of 70,000,000 Incentive Options to the Directors, or their respective nominees under and for the purposes of Listing Rule 10.11 and sections 195(4) and 208 of the Corporations Act.

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## 9.2 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The proposed issues of Incentive Options to Directors (or their respective nominees) fall within Listing Rule 10.11.1 and do not fall within any of the exceptions in Listing Rule 10.12. They therefore require the approval of Shareholders under Listing Rule 10.11.

Resolutions 6(a), (b) and (c) seek the required Shareholder approval to the proposed issues of Incentive Options under and for the purposes of Listing Rule 10.11.

If Resolutions 6(a), (b) and (c) are passed, the Company will be able to proceed with the issue of the Incentive Options to the Directors (or their respective nominees) and the Directors will be remunerated accordingly.

If Resolutions 6(a), (b) and (c) are not passed, the Company will not be able to proceed with the issue of the Incentive Options to the Directors (or their respective nominees) and the Company may need to consider other forms of incentive remuneration, including by the payment of cash.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Incentive Options will not be included under the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

## 9.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of Incentive Options:

- (a) the Incentive Options will be issued to Messrs Terry Topping, Neil Hutchison and Bruno Seneque (or their respective nominees);
- (b) Messrs Topping, Hutchison and Seneque are related parties of the Company by virtue of being Directors and fall into the category stipulated by Listing Rule 10.11.1. In the

event the Incentive Options are issued to a nominee of a Director, that person will fall into the category stipulated by Listing Rule 10.11.4;

- (c) the maximum number of Incentive Options proposed to be issued to the Directors (or their respective nominees) is 70,000,000, in the proportions set out in Section 9.1 above;
- (d) the Incentive Options will be issued with an exercise price equal to \$0.025 or the price that is a 30% premium to the 5-Day VWAP, whichever is the greater. The Incentive Options will expire on the date that is 2.5 years from the date of grant and will otherwise be issued on the terms and conditions set out in Schedule 4;
- (e) the Incentive Options will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (f) the Incentive Options will be issued for nil cash consideration as they will be issued as part of the Directors' remuneration packages, and therefore no funds will be raised as a result of the issues. Funds raised upon any exercise of the Incentive Options are intended to be used for general working capital purposes;
- (g) the current total remuneration package for each of the Directors as at the date of this Notice is set out below:

<b>Remuneration (per annum)</b>	<b>Terry Topping</b>	<b>Neil Hutchison<sup>1</sup></b>	<b>Bruno Seneque<sup>2</sup></b>
Salary and fees	\$282,750	\$39,000	\$39,000
Incentive payments	-	-	-
Leave entitlements	-	-	-
Superannuation	\$26,861	\$3,705	\$3,705
Share-based payments <sup>3</sup>	-	-	-
<b>TOTAL</b>	<b>\$309,611</b>	<b>\$42,705</b>	<b>\$42,705</b>

**Notes:**

1. Geolithic Pty Ltd is an entity associated with Mr Hutchison. Included in the fees paid to Geolithic Pty Ltd for the financial year ended 30 June 2020 are professional fees of \$39,319 for consulting services, including services provided by Mr Hutchison. All charges were on commercial terms.
2. Amber Corporate Pty Ltd and the Seneque Family Trust are entities associated with Mr Seneque. Included in the fees charged by Amber Corporate Pty Ltd and the Seneque Family Trust for the financial year ended 30 June 2020 are consulting fees of \$140,000 for CFO services provided by Mr Seneque. All charges were on commercial terms.
3. Directors were issued Performance Rights in November 2017 and also hold Shares, as set out in Section 9.5(e) below. The value of the Incentive Options the subject of Resolutions 6(a), (b) and (c) are not reflected above.

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- (h) the Incentive Options are not being issued under any agreement; and
- (i) a voting exclusion statement is included in the Notice.

#### 9.4 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

The grant of the Incentive Options constitutes giving a financial benefit and Messrs Topping, Hutchison and Seneque are related parties of the Company by virtue of being Directors.

It is the view of the Board that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the proposed issue of the Incentive Options pursuant to Resolutions 6(a), (b) and (c).

#### 9.5 Information requirements for Chapter 2E of the Corporations Act

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Incentive Options:

- (a) **Identity of the related parties to whom Resolutions 6(a), (b) and (c) permit financial benefits to be given**

The Incentive Options will be issued to Messrs Terry Topping, Neil Hutchison and Bruno Seneque or their respective nominees.

- (b) **Nature of the financial benefit**

Resolutions 6(a), (b) and (c) seek approval from Shareholders to allow the Company to issue the Incentive Options in the amounts specified in Section 9.1 above to the Director or their nominees. The Incentive Options are to be issued in accordance with the Plan and otherwise on the terms and conditions in Schedule 4.

The Shares to be issued upon conversion of the Incentive Options will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. If listed at the time, the Company will apply for official quotation of the Shares on ASX.



(c) **Valuation of financial benefit**

A Black & Scholes valuation of the Incentive Options is set out in Schedule 5, with a summary for each Director below:

Director	Value of Incentive Options
Terry Topping	\$341,100
Neil Hutchison	\$170,550
Bruno Seneque	\$284,250

(d) **Remuneration of Directors**

The current total remuneration package for each of the Directors as at the date of this Notice is set out in Section 9.3(g) above.

(e) **Existing relevant interests**

At the date of this Notice, the Directors hold the following relevant interests in Equity Securities of the Company:

Director	Shares	Performance Rights <sup>1</sup>
Terry Topping	4,393,255	6,000,000
Neil Hutchison	6,711,515	3,000,000
Bruno Seneque	2,115,309	3,000,000

**Notes:**

1. Existing performance rights held are comprised of three equal tranches of Series G, H and I performance rights issued on the terms and conditions set out in the notice of annual general meeting announced to the ASX on 13 October 2017.

Assuming that Resolutions 6(a), (b) and (c) are each approved by Shareholders, all of the Incentive Options are issued and exercised into Shares, and no other Equity Securities are issued or exercised, the respective interests of the Directors in the Company would be as follows:

- (i) Mr Topping's interest would represent approximately 2.61% of the Company's expanded capital;
- (ii) Mr Hutchison's interest would represent approximately 1.65% of the Company's expanded capital; and
- (iii) Mr Seneque's interest would represent approximately 2.06% of the Company's expanded capital.

(f) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

Highest: \$0.026 per Share on 10 June 2020

Lowest: \$0.005 per Share on 20, 23, 25 & 30 March 2020

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.026 per Share on 10 June 2020.

(g) **Dilution**

The issue of the Incentive Options will have a diluting effect of 5.61% on the percentage interest of existing Shareholders' holdings if the Incentive Options are exercised, assuming the current Share capital structure as at the date of this Notice (being 1,246,673,019 Shares on 11 June 2020) and that no Shares are issued other than the Shares issued on exercise of the Incentive Options.

The exercise of all of the Incentive Options will result in a total dilution of all other Shareholders' holdings of 4.46% on a fully diluted basis (assuming that all Options and Performance Rights currently on issue are exercised and no further Shares are issued).

The actual dilution will depend on the extent that additional Shares are issued by the Company (including the Tranche 2 Placement Shares and the CPS Securities, subject to Shareholder approval, and Shares under the Entitlement Offer etc).

(h) **Corporate governance**

Mr Terry Topping is an executive director of the Company and therefore the Board believes that the grant of the Incentive Options to him (or his nominee) is in line with Recommendation 8.2 of the 3rd and 4th editions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board notes that the Incentive Options to be issued to the non-executive Directors, Messrs Hutchison and Seneque, are not performance-based, which is in line with good corporate governance protocols. There are no vesting or employment conditions attached to the Incentive Options and the terms of the Incentive Options are comparable to the terms of the Options granted or to be granted to non-related parties (eg Placement Options, JLM Options and CPS Options). The Board considers the grant of Incentive Options to the non-executive Directors reasonable in the circumstances for the reasons set out in Section 9.1.

(i) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Incentive Options (including fringe benefits tax).

(j) **Director recommendations**

The Directors decline to make a recommendation to Shareholders in relation to Resolutions 6(a), (b) and (c) due to their material personal interests in the outcome of the Resolutions.

(k) **Other information**

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6(a), (b) and (c).

9.6 **Board recommendation**

Resolutions 6(a), (b) and (c) are ordinary resolutions.

The Board declines to make a recommendation to Shareholders in relation to Resolutions 6(a), (b) and (c) due to the Directors' material personal interests in the outcome of the Resolutions.

10. **Resolution 7– Approval of Employee Securities Incentive Plan**

10.1 **General**

The Company considers that it is desirable to adopt an employee incentive scheme pursuant to which the Company can issue Equity Securities to attract, motivate and retain key Directors, employees and consultants and provide them with the opportunity to participate in the future growth of the Company.

Resolution 7 seeks Shareholders' approval for the adoption of the employee incentive scheme titled 'Kairos Minerals Ltd Employee Securities Incentive Plan' (**Plan**) under and for the purposes of Listing Rule 7.2 exception 13(b).

Under the Plan, the Board may offer to eligible persons the opportunity to subscribe for such number of Equity Securities in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of the key terms and conditions of which is in Schedule 3. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

10.2 **Listing Rules 7.1 and 7.2, exception 13(b)**

A summary of Listing Rule 7.1 is contained in Section 4.1 above.

Listing Rule 7.2, exception 13(b) provides an exception to Listing Rule 7.1 such that issues of Equity Securities under an employee incentive scheme are exempt for a period of three years from the date on which shareholders approve the issue of Equity Securities under the scheme as an exception to Listing Rule 7.1.

If Resolution 7 is passed, the Company will be able to issue Equity Securities under the Plan to eligible participants over a period of three years up to a nominated maximum amount without using the Company's 15% annual placement capacity under Listing Rule 7.1.

However, any future issues of Equity Securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under Listing Rule 10.14 at the relevant time.

### 10.3 **Specific information required by Listing Rule 7.2, exception 13(b)**

Pursuant to and in accordance with Listing Rule 7.2, exception 13(b), the following information is provided in relation to the Plan:

- (a) the material terms of the Plan are summarised in Schedule 3;
- (b) the Plan is a new employee incentive scheme and has not previously been approved by Shareholders. No Equity Securities have previously been issued under the Plan;
- (c) the maximum number of Equity Securities proposed to be issued under the Plan following approval of Resolution 7 is 180,000,000 Equity Securities; and
- (d) a voting exclusion statement is included in the Notice.

### 10.4 **Board recommendation**

Resolution 7 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 7.

## 11. **Resolution 8 – Approval of potential termination benefits under the Plan**

### 11.1 **General**

The Corporations Act contains certain limitations concerning the payment of 'termination benefits' to persons who hold a 'managerial or executive office'. The Listing Rules also provides certain limitations on the payment of "termination benefits" to officers of listed entities.

As is common with employee incentive schemes, the Plan provides the Board with the discretion to, amongst other things, determine that some or all of the Equity Securities granted to a participant under the Plan (**Plan Securities**) will not lapse in the event of that participant ceasing their engagement with the Company before such Plan Securities have vested. This 'accelerated vesting' of Plan Securities may constitute a 'termination benefit' prohibited under the Corporations Act, regardless of the value of such benefit, unless Shareholder approval is obtained. Accordingly, the Board has resolved to seek Shareholder approval for the granting of such termination benefits in accordance with Resolution 8.

### 11.2 **Part 2D.2 of the Corporations Act**

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a 'managerial or executive office' (as defined in the Corporations Act) if an exemption applies or if the benefit is approved by shareholders in accordance with section 200E of the Corporations Act.

Subject to Shareholder approval of Resolution 7, Shareholder approval is sought for the purposes of Part 2D.2 of the Corporations Act to approve the giving of benefits under the Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Memorandum.

As noted above, under the terms of the Plan and subject to the Listing Rules, the Board possesses the discretion to vary the terms or conditions of the Plan Securities.

Notwithstanding the foregoing, without the consent of the participant in the Plan, no amendment may be made to the terms of any granted Plan Security which reduces the rights of the participant in respect of that Plan Security, other than an amendment introduced primarily to comply with legislation, to correct any manifest error or mistake or to take into consideration possible adverse tax implications.

As a result of the above discretion, the Board has the power to determine that some or all of a participant's Plan Securities will not lapse in the event of the participant ceasing employment or office before the vesting of their Plan Securities. The Board's current intention is to only exercise this discretion where the person leaves employment or office without fault on their part.

The exercise of this discretion by the Board may constitute a 'benefit' for the purposes of section 200B of the Corporations Act. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the Plan who holds:

- (a) a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Plan Securities at the time of their leaving.

### 11.3 **Value of the termination benefits**

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying section 200F(2)(b) or section 200G(1)(c) of the Corporations Act (ie the approved benefit will not count towards the statutory cap under the legislation).

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's Share price at the time of vesting and the number of Plan Securities that will vest or otherwise be affected. The following additional factors may also affect the benefit's value:

- (a) the participant's length of service and the status of the vesting conditions attaching to the relevant Plan Securities at the time the participant's employment or office ceases; and
- (b) the number of unvested Plan Securities that the participant holds at the time they cease employment or office.

In accordance with Listing Rule 10.19, the Company will ensure that no officer of the Company or any of its child entities will, or may be, entitled to termination benefits if the value of those benefits and the terminations benefits that are or may be payable to all officers together exceed 5% of the equity interests of the Company as set out in the latest accounts given to ASX under the Listing Rules.

### 11.4 **Board recommendation**

Resolution 8 is conditional on the passing of Resolution 7. If Resolution 7 is not approved at the Meeting, Resolution 8 will not be put to the Meeting.

Resolution 8 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 8.

## 12. Resolution 9 – Replacement of Constitution

### 12.1 General

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 9 seeks the approval of Shareholders to repeal the Company's existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares.

The Proposed Constitution incorporates amendments to the Corporations Act and the Listing Rules since the current Constitution was adopted in 2007. The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (eg references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Memorandum, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary.

Shareholders are invited to contact the Company if they have any queries or concerns.

### 12.2 Summary of material proposed changes

#### (a) **Restricted Securities (article 2.7)**

ASX introduced a number of changes to the escrow regime in the Listing Rules in December 2019 to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient for issuers and for ASX.

Amongst these, ASX introduced a two-tier escrow regime where ASX can and will require certain more significant holders of Restricted Securities (as defined by the Listing Rules) and their controllers to execute a formal escrow agreement in the form of Appendix 9A, than was previously the case. However, for less significant holdings, ASX will instead permit entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holder of Restricted Securities and to simply

give a notice to the holder of Restricted Securities in the form of a new Appendix 9C advising them of those restrictions.

Under article 2.7 of the Proposed Constitution, holders of Restricted Securities will be taken to have agreed in writing that those Securities are to be kept on the Company's issuer sponsored sub-register and are to have a holding lock applied for the duration of the applicable escrow period. Holders of Restricted Securities will also not be entitled to participate in any return of capital on those Securities during the applicable escrow period, except as permitted by the Listing Rules or ASX.

(b) **Dividends (article 13)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (i) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (ii) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

(c) **Fee for registration of off-market transfers (article 4.4)**

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may now charge a 'reasonable fee' for registering paper-based transfers, sometimes referred to 'off-market transfers'.

Article 4.4 of the Proposed Constitution enables the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

(d) **Deemed notice to uncontactable Shareholders (article 14.5)**

Article 14.5 provides that a document will be deemed to have been served to a Shareholder if the document is exhibited in the registered office of the Company for 48 hours in the event that:

- (i) a Shareholder does not have an address in the register of Shareholders, and has not nominated an alternative address; or
- (ii) the Company reasonable believes that a Shareholder is not known at the Shareholder's address in the register of Shareholders or any alternative address provided.

(e) **Partial (proportional) takeover provisions (article 4.9 and schedule 5)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

12.3 **Information required by section 648G of the Corporations Act**

(a) **Effect of proposed proportional takeover provisions**

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

(b) **Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

(c) **Knowledge of any acquisition proposals**

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.



(d) **Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (i) proportional takeover bids may be discouraged;
- (ii) lost opportunity to sell a portion of their Shares at a premium; and
- (iii) the likelihood of a proportional takeover bid succeeding may be reduced.

(e) **Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 9.

12.4 **Board recommendation**

Resolution 9 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Board recommends that Shareholders vote in favour of Resolution 9.

## 13. **Resolution 10 – Approval to increase Non-Executive Directors' Remuneration**

### 13.1 **General**

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Rule 20.10 of the current Constitution provides that the Company may remunerate a Director, with such remuneration fixed by the Directors, subject to any resolution of a general meeting.

Similarly, Article 7.8(a) of the Proposed Constitution requires that the amount of the remuneration payable to the non-executive Directors is a yearly sum not exceeding the aggregate sum from time to time determined by the Company in general meeting.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$220,000. This level was approved by Shareholders at the annual general meeting held on 25 November 2004 and has not been increased.

Resolution 10 seeks the approval of Shareholders to increase the total aggregate fixed sum per annum to be paid to the non-executive Directors to \$350,000 under and for the purposes of Listing Rule 10.17 and Rule 20.10 of the Constitution.

### 13.2 **Rationale for the increase**

The maximum aggregate amount of fees proposed to be paid to the non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year, rather the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate both existing and any new non-executive Directors joining the Board;
- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) has the ability to attract and retain non-executive Directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

### 13.3 **Specific information required by Listing Rule 10.17**

Pursuant to and in accordance with Listing Rule 10.17, the following information is provided in relation to the proposed increase in the aggregate amount payable to non-executive Directors:

- (a) the Company is proposing to increase the total aggregate fixed sum per annum to be paid to the non-executive Directors by \$130,000;

- (b) the maximum aggregate amount per annum to be paid to all non-executive Directors is \$350,000, and includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine 'special exertion' fees paid in accordance with the Constitution, or securities issued to a non-executive Director under Listing Rules 10.11 or 10.14 with approval of Shareholders;
- (c) in the past three years, the Company has issued Equity Securities to non-executive Directors, or their nominees, pursuant to Listing Rules 10.11 and 10.14 as follows:

Non-Executive Director	Shareholder approval	Equity Securities	Date of issue
Bruno Seneque	Listing Rule 10.14: Participation in Performance Rights Plan	4,000,000 Performance Rights <sup>1</sup>	17 November 2017
Neil Hutchison	Listing Rule 10.14: Participation in Performance Rights Plan	4,000,000 Performance Rights <sup>1</sup>	17 November 2017

Notes:

1. Performance Rights issued to each non-executive Director consisted of:
  - (a) 1,000,000 Series G Performance Rights which vest into Shares upon the Company achieving a market capitalisation of \$60 million or more within 3 years of the date of issue;
  - (b) 1,000,000 Series H Performance Rights which vest into Shares upon the Company achieving a market capitalisation of \$70 million or more within 3 years of the date of issue;
  - (c) 1,000,000 Series I Performance Rights which vest into Shares upon the Company achieving a market capitalisation of \$80 million or more within 3 years of the date of issue; and
  - (d) 1,000,000 Series J Performance Rights which vest into Shares upon the Company raising at least \$5 million in additional funds within 3 years of the date of issue. The Series J Performance Rights vested into Shares on 22 November 2017.

- (d) a voting exclusion statement is included in the Notice.

#### 13.4 Board recommendation

Resolution 10 is an ordinary resolution.

Given the material personal interests of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

## 14. Resolutions 11 & 12 - Replacement of auditor

### 14.1 Background

On 8 January 2020, the Company announced that BDO Audit Pty Ltd (**BDO Audit**) had been appointed as auditor of the Company, following the resignation of BDO East Coast Partnership (**BDO ECP**) and ASIC's consent to the resignation in accordance with section 329(5) of the Corporations Act.

The change of auditor arose as a result of BDO ECP restructuring its audit practice whereby audits will be conducted by BDO Audit, an authorised audit company, rather than BDO ECP.

In accordance with section 327C of the Corporations Act, BDO Audit will hold office until the Company's next annual general meeting, at which time Shareholder will be asked to confirm BDO Audit's appointment.

Subsequent to this change of auditor, the Company's management assessed the Company's cost of auditing services, and the Directors are now of the view that for commercial reasons, the Company should change its auditor to Bentleys Audit & Corporate (WA) Pty Ltd (**Bentleys**).

Resolution 11 seeks the approval of Shareholders to remove BDO Audit as the Company's auditor and Resolution 12 seeks the approval of Shareholders to appoint Bentleys as the Company's auditor.

The approval of both Resolutions 11 and 12 is necessary for the replacement of auditor to occur.

### 14.2 Removal of auditor

Under section 329 of the Corporations Act, an auditor of a company may be removed from office by resolution at a general meeting of which 2 months' notice of intention to move the resolution has been given.

The notice of intention to remove BDO Audit was served on the Company and the Company has sent a copy of the notice of intention to BDO Audit and ASIC in accordance with section 329(2) of the Corporations Act.

It should be noted that under section 329 of the Corporations Act, if a company calls a meeting after the notice of intention has been given, the meeting may pass the resolution even though the meeting is held less than 2 months after the notice of intention is given.

Resolution 11 seeks the approval of Shareholders to remove BDO Audit as the Company's auditor under and for the purposes of section 329 of the Corporations Act. If this Resolution is passed, the removal of BDO Audit as the Company's auditor will take effect at the close of the Meeting. If this Resolution is not passed, BDO Audit will remain as the Company's auditor until the Company's 2020 annual general meeting, at which time Shareholder will be asked to approve the appointment of BDO Audit as the Company's auditor.

### 14.3 Appointment of auditor

Under section 327D of the Corporations Act, the Company in a general meeting may appoint an auditor to replace an auditor removed under section 329 of the Corporations Act, provided

that a copy of the notice of nomination of the auditor has previously been sent to the proposed replacement auditor and to each person entitled to receive a notice of meeting.

Further, section 328A of the Corporations Act provides that a company must not appoint an auditor unless the auditor has first consented to act as auditor and has not withdrawn that consent before the appointment is made.

The Company has received a nomination from one of the Company's members for Bentleys to be appointed as the new auditor of the Company, and a copy of the nomination has been sent to Bentleys. A copy of the nomination is also attached to this Notice of Meeting at Annexure A.

Bentleys is a registered company auditor, has had previous experience in conducting audits of public listed companies, and is a well-known and respected firm. Bentleys has given its written consent to act as the Company's auditor pursuant to section 328A(1) of the Corporations Act, subject to this resolution being approved by Shareholders at the Meeting. As at the date of this Notice, Bentleys has not withdrawn that consent.

The Company does not believe that the audit quality will be diminished as a result of changing auditors.

The purpose of Resolution 12 is to appoint Bentleys as the Company's auditor, under and for the purposes of section 327D(2) of the Corporations Act. Resolution 12 is conditional on Resolution 11 also being passed. Accordingly, the proposed appointment of Bentleys will only occur if BDO Audit is removed as auditor under Resolution 11.

If this Resolution is passed, the appointment of Bentleys as the Company's auditor will take effect at the close of the Meeting.

#### 14.4 **Board recommendations**

Resolution 11 is an ordinary resolution.

Resolution 12 is a special resolution and as such requires approval of at least 75% of the votes cast by Shareholders present and eligible to vote at the Meeting (by proxy, attorney or otherwise).

The Board recommends Shareholders vote in favour of each of Resolution 11 and Resolution 12.

## Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

<b>\$ or A\$</b>	means Australian Dollars.
<b>5-Day VWAP</b>	means the volume weighted average market price of Shares calculated over the 5 Trading Days prior to Monday, 27 July 2020.
<b>ASX</b>	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>Beer &amp; Co</b>	means Beer & Co Pty Ltd (ACN 158 837 186).
<b>Bentleys</b>	means Bentleys Audit & Corporate (WA) Pty Ltd (ACN 121 222 802).
<b>Board</b>	means the board of Directors.
<b>BDO Audit</b>	means BDO Audit Pty Ltd (ACN 134 022 870).
<b>BDO ECP</b>	means BDO East Coast Partnership (ABN 83 236 985 726).
<b>Chair</b>	means the person appointed to chair the Meeting of the Company convened by the Notice.
<b>Closely Related Party</b>	means: <ul style="list-style-type: none"><li>(a) a spouse or child of the member; or</li><li>(b) has the meaning given in section 9 of the Corporations Act.</li></ul>
<b>Company</b>	means Kairos Minerals Limited (ACN 006 189 331).
<b>Constitution</b>	means the constitution of the Company as at the date of the Meeting.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>CPS Capital</b>	means CPS Capital Group Pty Ltd (ACN 088 055 636).
<b>CPS Options</b>	means Options to be issued to CPS Capital on the terms and conditions set out in Schedule 2.
<b>CPS Securities</b>	means up to 6,810,000 Shares and 3,405,000 CPS Options to be issued to CPS Capital in lieu of joint lead manager fees, which are the subject of Resolution 5.
<b>Director</b>	means a director of the Company.
<b>Entitlement Offer</b>	means the non-renounceable entitlement offer to eligible Shareholders to raise up to approximately \$1.7 million, on the basis of 1 new Share for every 8 Shares held at 1.1 cents each, together with one free-attaching Option, exercisable at 2.5 cents each and expiring 31 December 2021, for every two Shares subscribed for, on the terms and conditions set out

	in the Prospectus.
<b>Equity Security</b>	has the same meaning as in the Listing Rules.
<b>Explanatory Memorandum</b>	means the explanatory memorandum which forms part of the Notice.
<b>Incentive Options</b>	means up to 70,000,000 Options to be issued to the Directors (or their respective nominees) on the terms and conditions set out in Schedule 4, which are the subject of Resolution 6(a) to (c) (inclusive).
<b>Joint Lead Managers</b>	means CPS Capital and Beer & Co.
<b>JLM Mandate</b>	means the mandate entered into between the Company and the Joint Lead Managers for the provision of joint lead manager services in relation to the Placement and any shortfall under the Entitlement Offer.
<b>JLM Options</b>	means up to 20,000,000 Options to be issued to the Joint Lead Managers at \$0.00001 each on the terms and conditions set out in Schedule 2, which are the subject of Resolution 4.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Meeting</b>	has the meaning given in the introductory paragraph of the Notice.
<b>Notice</b>	means this notice of general meeting.
<b>Official Quotation</b>	means official quotation by ASX in accordance with the Listing Rules.
<b>Option</b>	means an option to acquire a Share.
<b>Placement</b>	has the meaning given in Section 3(a).
<b>Placement Options</b>	means up to 122,500,000 Options to be issued as free-attaching to the Placement Shares on a 1 for 2 basis on the terms and conditions set out in Schedule 2, which are the subject of Resolution 3.
<b>Placement Participants</b>	means the sophisticated and professional existing Shareholders and new investors introduced to the Company by the Joint Lead Managers, who participated in the Placement.
<b>Placement Shares</b>	means the Tranche 1 Placement Shares and/or the Tranche 2 Placement Shares, as the context requires.
<b>Plan</b>	means the Company's Employee Securities Incentive Plan which is the

subject of Resolution 7, a summary of which is set out in Schedule 3.

<b>Proposed Constitution</b>	means the proposed new constitution of the Company, a copy of which may be sent to Shareholders upon request to the Company Secretary, which is the subject of Resolution 9.
<b>Prospectus</b>	means the prospectus lodged by the Company with ASIC and ASX on 18 June 2020.
<b>Proxy Form</b>	means the proxy form attached to the Notice.
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Rule</b>	means a rule of the Constitution.
<b>Schedule</b>	means a schedule to the Notice.
<b>Section</b>	means a section of the Explanatory Memorandum.
<b>Securities</b>	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a Share.
<b>Trading Day</b>	has the same meaning as in the Listing Rules.
<b>Tranche 1 Placement Shares</b>	means the 227,000,000 Shares issued on 25 May 2020 at \$0.011 each to the Placement Participants under the Placement, which are the subject of Resolution 1.
<b>Tranche 2 Placement Shares</b>	means up to 18,000,000 Shares to be issued at \$0.011 each to Mr Eric Sprott (or his nominee/s) under the Placement, which are the subject of Resolution 2.
<b>WST</b>	means Western Standard Time, being the time in Perth, Western Australia.



## Schedule 2 Terms and conditions of Placement Options, JLM Options and CPS Options

The terms of the Placement Options, JLM Options and CPS Options are as follows:

1. **(Entitlement)**: Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. **(Exercise Price)**: The amount payable upon exercise of each Option will be \$0.025.
3. **(Expiry Date)**: Each Option will expire at 5.00pm (WST) on 31 December 2021. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
4. **(Exercise Period)**: The Options are exercisable at any time on or prior to the Expiry Date.
5. **(Notice of Exercise)**: The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
6. **(Exercise Date)**: A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds.
7. **(Quotation)**: The Options are unquoted. An application for quotation of the Options may be made by the Company in the future at the sole discretion of the Company.
8. **(Quotation of Shares issued on exercise)**: Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
9. **(Timing of issue of Shares on exercise)**: Within 5 Business Days after the Exercise Date, the Company will:
  - (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (c) if admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 9(a) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things

necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

10. **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
11. **(Reconstruction of capital):** In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.
12. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options. However, the Company will give the holders of Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.
13. **(Change in exercise price):** There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
14. **(Adjustment for bonus issues):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
  - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
  - (b) no change will be made to the Option exercise price.
15. **(Transferability):** The Options are transferable.

## Schedule 3 Summary of Employee Securities Incentive Plan

A summary of the key terms of the Plan is set out below:

1. **(Eligible Participant):** Eligible Participant means a person that:
  - (a) is an 'eligible participant' (as that term is defined in ASIC Class Order [CO 14/1000]) in relation to the Company or an Associated Body Corporate (as that term is defined in ASIC Class Order [14/1000]); and
  - (b) has been determined by the Board to be eligible to participate in the Plan from time to time.
2. **(Purpose):** The purpose of the Plan is to:
  - (a) assist in the reward, retention and motivation of Eligible Participants;
  - (b) link the reward of Eligible Participants to Shareholder value creation; and
  - (c) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.
3. **(Plan administration):** The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.
4. **(Eligibility, invitation and application):** The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides. On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part. If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.
5. **(Grant of Securities):** The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.
6. **(Terms of Convertible Securities):** Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.
7. **(Vesting of Convertible Securities):** Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant

by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

8. **(Exercise of Convertible Securities and cashless exercise):** To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time prior to the earlier of any date specified in the vesting notice and the expiry date as set out in the invitation. At the time of exercise of the Convertible Securities, subject to Board approval at that time, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

'Market Value' means, at any given date, the volume weighted average price per Share traded on the ASX over the five trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

9. **(Delivery of Shares on exercise of Convertible Securities):** As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.
10. **(Forfeiture of Convertible Securities):** Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest. Where the Board determines that a Participant has acted fraudulently or dishonestly, or wilfully breached his or her duties to the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (a) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
  - (b) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation.
11. **(Change of control):** If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in

and/or benefit from any transaction arising from or in connection with the change of control event.

12. **(Rights attaching to Plan Shares):** All Shares issued under the Plan, or issued or transferred to a Participant upon the valid exercise of a Convertible Security, **(Plan Shares)** will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

13. **(Disposal restrictions on Plan Shares):** If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (a) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

14. **(Adjustment of Convertible Securities):** If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation. If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an allotment of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised. Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

15. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

16. **(Amendment of Plan):** Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

17. **(Plan duration):** The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

## Schedule 4 Terms and conditions of Incentive Options

The terms of the Incentive Options are as follows:

1. **(Entitlement)**: Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. **(Issue Price)**: No cash consideration is payable for the issue of the Options.
3. **(Exercise Price)**: The Options have an exercise price per Option equal to:
  - (a) \$0.025; or
  - (b) the price that is a 30% premium to the volume weighted average market price of Shares calculated over the 5 Trading Days (as defined in the Listing Rules) prior to Monday, 27 July 2020,

whichever is the greater **(Exercise Price)**.

4. **(Expiry Date)**: The Options expire at 5.00 pm (WST) on the date that is 2.5 years after the date of grant of the Options **(Expiry Date)**. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
5. **(Exercise Period)**: The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
6. **(Quotation of the Options)**: The Company will not apply for quotation of the Options on ASX.
7. **(Transferability of the Options)**: Subject to the Listing Rules, Corporations Act and other applicable laws, the Options are transferable with the prior written consent of the Board, which consent may be withheld in its sole discretion.
8. **(Notice of Exercise)**: The Options may be exercised by notice in writing to the Company in the manner specified on the Option certificate **(Notice of Exercise)** and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds **(Exercise Date)**.

9. **(Timing of issue of Shares on exercise)**: Within 5 Business Days after the later of the following:
  - (a) the Exercise Date; and
  - (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

the Company will:

- (c) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
  - (d) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (e) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
10. **(Restrictions on transfer of Shares):** If the Company is required but unable to give ASX a notice under paragraph 9(d), or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, Shares issued on exercise of Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
11. **(Shares issued on exercise):** Shares issued on exercise of the Options will rank equally with the then Shares of the Company.
12. **(Quotation of Shares on exercise):** If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options in accordance with the Listing Rules.
13. **(Reconstruction of capital):** If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
14. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
15. **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
- (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (b) no change will be made to the Exercise Price.
16. **(Cessation of employment):** For the avoidance of doubt, where the holder (or the person who is entitled to be registered as the holder) of the Options is no longer employed, or their engagement is discontinued (for whatever reason), with the Company, any unexercised Options will continue to be held by the holder, unless the Board otherwise determines in its discretion.



17. **(Change of Control):** Upon the occurrence of:

- (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
  - (i) having received acceptances for greater than 50% of the Company's shares on issue; and
  - (ii) having been declared unconditional by the bidder;
- (b) any person acquires a Relevant Interest (as defined in the Corporations Act) more than 50% of the Shares by any other means; or
- (c) any merger transaction or scheme of arrangement is recommended by the Board and where such transaction would have the effect contemplated in paragraph 17(b) above,

**(Change of Control Event)** or the Board determines that such an event is likely to occur, the Board may in its absolute discretion determine:

- (d) that the Options may be exercised at any time and in any number from the date of such determination until the date determined by the Board acting bona fide so as to permit the holder to participate in the Change of Control Event provided that the Board will advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- (e) to use its reasonable endeavours to procure that an offer is made to holders on like terms (having regard to the nature and value of the Options) to the terms proposed under the Change in Control Event, in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer, and if the holder has not so elected at the end of that period, the Options shall lapse if not exercised within 10 days.

## Schedule 5 Valuation of Incentive Options

The Incentive Options to be issued to the Directors pursuant to the resolutions which form part of Resolution 6 have been valued according to the Black & Scholes valuation model on the following assumptions:

Assumption	Details
Valuation date	8 June 2020
Share price (closing price)	\$0.0210
Exercise price	\$0.0250
Expiry period	2.5 years
Expected volatility (annualised)	101.39%
Risk free interest rate (RBA 3 year Australian government bond rate)	0.28%
Annualised dividend yield	0%
Value of each Incentive Option	\$0.01137
Aggregate value of Incentive Options	\$795,680

### Notes:

The valuations took into account the following matters:

1. The valuation of Incentive Options assumes that the exercise of an option does not affect the value of the underlying asset.
2. Given that the Incentive Options are to be issued for no cash consideration, the value of the Incentive Options is reflected in the underlying Share price at the valuation date. The Share price used is based on the closing price on 8 June 2020, being \$0.021.
3. The exercise price of the Incentive Options is equal to the greater of \$0.025 or the price that is a 30% premium to the 5-Day VWAP calculated prior to Monday, 27 July 2020. For the purposes of the valuation, the floor price of \$0.025 was used.

## Annexure A Notice of Nomination

8 June 2020

The Directors  
Kairos Minerals Limited  
Level 1, 14 Outram Street  
WEST PERTH WA 6005

Dear Sirs

**Notice of Nomination of Auditor under section 328B(1) of the *Corporations Act 2001* (Cth)**

For the purposes of section 328B(1) of the *Corporations Act 2001* (Cth), I Brian Naylor of 12 Quince Way, Coolbellup, WA, 6163, as sole director and shareholder of Exonym Pty Ltd trading as Digimaps, being a member of Kairos Minerals Limited (ACN 006 189 331) (**Company**), hereby nominate Bentleys Audit & Corporate (WA) Pty Ltd of London House, Level 3, 216 St Georges Terrace, Perth, Western Australia for appointment as auditor of the Company at the Company's general meeting.

Yours faithfully,



Brian Naylor  
Sole director and shareholder of Exonym Pty Ltd trading as Digimaps

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