

Musgrave Minerals Limited

ABN 12 143 890 671

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**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY STATEMENT**

**PROXY FORM**

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**Date of Meeting**

21 November 2019

**Time of Meeting**

10.00am (WST)

**Place of Meeting**

The Kings Park Room  
Level 1, Quest West Perth  
54 Kings Park Road  
West Perth, Western Australia, 6005

**YOUR ANNUAL REPORT IS AVAILABLE ONLINE, SIMPLY VISIT:**

**<http://www.musgraveminerals.com.au>**

Please read this Notice of Annual General Meeting and Explanatory Statement carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions

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**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Shareholders of Musgrave Minerals Limited will be held at The Kings Park Room, Level 1, Quest West Perth, 54 Kings Park Road, West Perth, Western Australia on Thursday 21 November 2019 at 10.00am (WST), for the purpose of transacting the business referred to in this Notice of Annual General Meeting (“Notice”).

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and Proxy Form form part of this Notice of Meeting. Terms and abbreviations used in this Notice and Explanatory Statement are defined in Schedule 1 of the Explanatory Statement.

Shareholders are urged to vote by attending the Meeting in person or by returning a completed Proxy Form. Instructions on how to complete a Proxy Form are set out in the Explanatory Statement.

Proxy Forms must be received by no later than 10.00am (WST) on 19 November 2019.

## **AGENDA**

### **ANNUAL REPORT**

To receive and consider the financial statements of the Company and the reports of the Directors and Auditors for the financial year ended 30 June 2019.

### **RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING)**

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

*"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, Shareholders adopt the Remuneration Report set out in the Directors' Report for the year ended 30 June 2019."*

**Voting Exclusion:** In accordance with section 250R of the Corporations Act, a vote must not be cast on this Resolution (in any capacity) by or on behalf of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report or a Closely Related Party of such a member.

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

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

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## RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GRAHAM ASCOUGH

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

*"That, Graham Ascough, being a Director of the Company who retires in accordance with rule 6.1 of the Company's Constitution, be re-elected as a Director of the Company."*

## RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF EQUITY SECURITIES – LISTING RULE 7.1

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

*"That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 18,587,361 fully paid ordinary shares to Evolution Mining Limited as announced to ASX on 9 October 2019 on the terms and conditions set out in the Explanatory Statement."*

### **Voting Exclusion:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the issue or any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

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

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

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely in the capacity of a holder of ordinary securities), or any associates of those persons.

However, the Company will not disregard a vote if:

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

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## RESOLUTION 5 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

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

*“That for the purposes of Listing Rule 7.2, Exception 9 and for all other purposes, Shareholders of the Company approve the Musgrave Minerals Employee Share Option Plan and the issue of securities pursuant to that plan on the terms and conditions summarized in the Explanatory Statement.”*

### **Voting Exclusion:**

The Company will disregard any votes cast on this Resolution by any Director, except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

## RESOLUTION 6 –APPOINTMENT OF AUDITOR

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

*“That, pursuant to section 327B of the Corporations Act and for all other purposes, approval is given for the appointment of BDO Audit (WA) Pty Ltd as auditor of the Company effective from the conclusion of the Meeting.”*

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## RESOLUTION 7 – ISSUE OF OPTIONS TO DIRECTOR – MR ROBERT WAUGH

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

*“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue to Mr Robert Waugh or his nominee, up to 3,000,000 Director Options on the terms and conditions set out in the Explanatory Statement.”*

### **Voting Exclusion:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Robert Waugh (and his nominee) or any associates of Robert Waugh. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Restriction on proxy voting by Restricted Voters:** 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:
  - (i) a member of the Key Management Personnel or a Director of the Company; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

Where the Chair is the related party the subject of the Resolution or is an associate of the related party, the Chair cannot cast undirected proxies in respect of the Resolution.

## RESOLUTION 8 – AMENDMENT TO THE COMPANY’S CONSTITUTION

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

*“That with effect from the close of the Meeting and in accordance with section 136(2) of the Corporations Act and for all other purposes, the Company’s Constitution be modified by making the amendments described in the Explanatory Statement.”*

### **Other Business**

To transact any other business which may be properly brought before the meeting in accordance with the Company’s Constitution and the Corporations Act.

By Order of the Board.



**PATRICIA FARR**  
Company Secretary  
14 October 2019

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## **EXPLANATORY STATEMENT**

### **1. INTRODUCTION**

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 1, Quest West Perth, 54 Kings Park Road, West Perth, Western Australia on 21 November 2019 at 10.00am (WST). The purpose of this Explanatory Statement is to provide information to Shareholders in deciding how to vote on the Resolutions set out in the Notice.

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice, and includes the following:

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

Please contact the Company Secretary on +61 8 9324 1061 if you wish to discuss any matter concerning the meeting.

### **2. ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

#### **2.1 Voting in person**

A shareholder that is an individual may attend and vote in person at the meeting. If you wish to attend the meeting, please bring the enclosed proxy form to the meeting to assist in registering your attendance and number of votes. Please arrive 20 minutes prior to the start of the meeting to facilitate this registration process.

#### **2.2 Voting by proxy**

If you do not wish to attend the meeting, you may appoint a proxy to attend and vote on your behalf. A body corporate may also appoint a proxy. A proxy need not be a shareholder. If a representative of a corporate proxy is to attend the meeting, you must ensure that the appointment of the representative is in accordance with section 250D of the Corporations Act. The corporate representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed. A form of the certificate may be obtained from the Company's share registry.

You are entitled to appoint up to 2 proxies to attend the meeting and vote on your behalf and may specify the proportion or number of votes that each proxy is entitled to exercise. If you do not specify the proportion or number of votes that each proxy is entitled to exercise, each proxy may exercise half of the votes. If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry or you may copy the enclosed proxy form. To appoint a second proxy, you must follow the instructions on the proxy form.

Sections 250BB and 250BC of the Corporations Act took effect on 1 August 2011 and apply to voting by proxy. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the chairman of the meeting, who must vote the proxies as directed.

If the proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on that resolution on a show of hands.

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To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 10.00am (WST) on 19 November 2019. Any proxy form received after that time will not be valid for the scheduled meeting.

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|-------------------------|--|
| <b>Online</b>           | At <a href="http://www.investorvote.com.au">www.investorvote.com.au</a>  |
| <b>By mail</b>          | Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia  |
| <b>By fax</b>           | 1800 783 447 (within Australia)<br>+61 3 9473 2555 (outside Australia)   |
| <b>By mobile</b>        | Scan the QR Code on your proxy form and follow the prompts   |
| <b>Custodian voting</b> | For Intermediary Online subscribers only (custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions |

### **2.3 Corporate representatives**

Shareholders who are body corporate may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry ([www.computershare.com.au](http://www.computershare.com.au)).

### **2.4 Eligibility to vote**

The Directors have determined that, pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered holders of Shares at 4.00pm (WST) on 19 November 2019.

## **3. ANNUAL REPORT**

The first item of the Notice of Meeting deals with the presentation of the 2019 Annual Report, including the Financial Report for the year ended 30 June 2019 together with the Directors' Declaration and Report in relation to that financial year and the Auditor's Report on the Company's financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered. The reports are available on the Company's website at [www.musgraveminerals.com.au](http://www.musgraveminerals.com.au)

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company and ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

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The Chairman will also provide Shareholders a reasonable opportunity to ask the Company's auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about:

- the content of the Auditor's Report to be considered at the Meeting; and
- the conduct of the audit of the annual financial report to be considered at the Meeting, may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

#### **4. RESOLUTION 1 – REMUNERATION REPORT**

In accordance with section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2019 Annual Report. Section 250R(3) of the Corporations Act expressly provides that the vote is advisory only and is not binding on the Directors or the Company. The Remuneration Report is set out in the Company's 2019 Annual Report, a copy of which is available on the Company's website ([www.musgraveminerals.com.au](http://www.musgraveminerals.com.au)).

The Remuneration Report sets out the Company's remuneration arrangements for Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Company's 2019 Annual Report.

A reasonable opportunity will be provided at this Meeting for discussion of the Remuneration Report at the Annual General Meeting.

The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution that a further meeting is held at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

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

#### **5. RESOLUTION 2 – RE-ELECTION OF DIRECTOR**

##### **5.1 Introduction**

Resolution 2 seeks approval for the re-election of Mr Graham Ascough as a Director of the Company with effect from the end of the Meeting.

Mr Ascough is required to retire pursuant to the rotation of Directors' rule in clause 6.1 of the Company's Constitution. That clause provides that at each Annual General Meeting one-third of the Directors (other than the Managing Director), or, if their number is not a multiple of three, then the nearest to but not more than one-third of the Directors must retire from office.

Mr Ascough retires from office in accordance with this requirement and, being eligible, has offered himself for re-election as a Director of the Company.



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## 5.2 Background

Details of this candidate are as follows:

Mr Graham Ascough  
Non-Executive Director  
Age 54

Graham Ascough is a senior resources executive with more than 30 years of industry experience evaluating mineral projects and resources in Australia and overseas. He has had broad industry involvement ranging from playing a leading role in setting the strategic direction for significant country-wide exploration programs to working directly with mining and exploration companies.

Mr Ascough is a geophysicist by training and was the Managing Director of ASX listed Mithril Resources Ltd from October 2006 until May 2019. Prior to joining Mithril in 2006, Mr Ascough was the Australian Manager of Nickel and PGM Exploration at the major Canadian resources house, Falconbridge Ltd (acquired by Xstrata Plc in 2006).

He is a Member of the Australian Institute of Mining and Metallurgy, and is a Professional Geoscientist of Ontario, Canada.

Mr Ascough was appointed a Director of Musgrave Minerals in 26 May 2010, is the Chairman and is also a member of the Audit Committee.

## 5.3 Director's Recommendation

The Directors unanimously support the re-election of Mr Graham Ascough as a Director of the Company (with Mr Ascough abstaining).

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

## 6. RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF EQUITY SECURITIES

### 6.1 General

As announced to ASX on 17 September 2019, the Company signed an \$18M earn-in Joint Venture with Evolution Mining Limited which included a placement to issue 18,537,361 Shares pursuant to the Company's available capacity under ASX Listing Rule 7.1. The Shares were issued at a price of \$0.0807 per Share (**Placement Shares**) to raise a total of \$1,500,000 (before costs) (**Placement**). The Shares were issued to Evolution Mining Limited on 9 October 2019 and are subject to a 12 month voluntary escrow.

ASX Listing Rule 7.1 broadly provides that a company may, during any 12 month period, issue equity securities up to 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without shareholder approval.

ASX Listing Rule 7.4 permits the ratification of securities issued without shareholder approval under ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1. The purpose of such ratification is to restore the Company's power to issue further securities without shareholder approval within the 15% limit under ASX Listing Rule 7.1.

Accordingly, Resolution 3 seeks Shareholder ratification of the issue of the Placement Shares under ASX Listing Rule 7.4 to provide flexibility for the Company to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

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## 6.2 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue of the Placement Shares the subject of Resolution 3:

- (a) a total of 18,587,361 Shares were issued under the Company's annual 15% placement capacity pursuant to ASX Listing Rule 7.1 at an issue price of \$0.0807 per Share;
- (b) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Shares were issued to Evolution Mining Limited who is not a related party of the Company;
- (d) the funds raised from the issue will be directed towards accelerating exploration of the Cue Project (which includes the Lena and Break of Day gold deposits), regional exploration and for additional working capital purposes; and
- (e) a voting exclusion statement for Resolution 3 is included in the Notice of Meeting preceding this Explanatory Statement.

## 6.3 Board recommendation

The Board recommends Shareholders vote in favour of Resolution 3.

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

## 7. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT FACILITY

### 7.1 General

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued share capital through placements over a 12 month period following shareholder approval by way of special resolution at the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity, as its market capitalisation based on a share price of \$0.074 (being the closing price of the Shares on ASX at 3 October 2019) is \$28,621,873.

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

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

Resolution 4 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 Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

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## **7.2 Description of Listing Rule 7.1A**

### **a) Shareholder approval**

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

### **b) Equity Securities**

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

As at the date of this Notice, the Company has one class of quoted Equity Securities, being fully paid ordinary Shares.

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

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

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

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

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

**D** is 10%;

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

### **d) Listing Rule 7.1 and Listing Rule 7.1A**

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

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 7.2(c)).

### **e) Minimum Issue Price**

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

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

- 
- (ii) If the Equity Securities are not issued within five Trading Days of the date referred to in section 7.2(e)(i), the date on which the Equity Securities are issued.

**f) 10% Placement Period**

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

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

**(10% Placement Period).**

**7.3 Listing Rule 7.1A**

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 6.1.

**7.4 Specific information required by Listing Rule 7.3A**

In accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk of economic and voting dilution to existing Shareholders in approving the 10% Placement Facility, including the risks that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

- c) The table below shows the potential dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table shows:

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

| Variable "A" in formula in Listing Rule 7.1A.2                          |                     | Issue Price                               |                        |  |
|---|---------------------|---|------------------------|--|
|   |                     | \$0.037<br>50% decrease<br>in issue price | \$0.074<br>issue price | \$0.148<br>100% increase<br>in issue price |
| <b>Current<br/>Variable "A"<br/>405,369,427 Shares</b>                  | 10% voting dilution | 40,536,942<br>Shares                      | 40,536,942<br>Shares   | 40,536,942<br>Shares                       |
|   | Funds raised        | \$1,499,866                               | \$2,999,733            | \$5,999,467                                |
| <b>50% increase in current<br/>Variable "A"<br/>608,054,140 Shares</b>  | 10% voting dilution | 60,805,414<br>Shares                      | 60,805,414<br>Shares   | 60,805,414<br>Shares                       |
|   | Funds raised        | \$2,249,800                               | \$4,499,600            | \$8,999,201                                |
| <b>100% increase in current<br/>Variable "A"<br/>810,738,854 Shares</b> | 10% voting dilution | 81,073,885<br>Shares                      | 81,073,885<br>Shares   | 81,073,885<br>Shares                       |
|   | Funds raised        | \$2,999,733                               | \$5,999,467            | \$11,998,934                               |

The table above has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - No Options are exercised into Shares before the date of the issue of the Equity Securities.
  - The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - The issue price is \$0.074 being the closing price of the Shares on ASX at 3 October 2019.
- d) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
  - e) The Company may seek to issue the Equity Securities for the following purposes:
    - (i) Cash consideration. In such circumstances, the Company intends to use the funds raised towards further exploration of its existing portfolio of base metal and gold exploration projects including the Cue Project in Western Australia and on new project acquisition, exploration and development and general working capital.
    - (ii) Non-cash consideration for the acquisition of new resources, assets, investments or for the payment of goods or services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard, but not limited to, the following factors:
- (i) The methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
  - (ii) The effect of the issue of the Equity Securities on the control of the Company;
  - (iii) The financial situation and solvency of the Company; and
  - (iv) Advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- g) In the 12 months preceding the date of the AGM, the Company has issued 78,369,970 Equity Securities. This represents approximately 20.26% of the total number of Equity Securities on issue at the commencement of that 12 month period.

Details of all issues of Equity Securities by the Company during the 12 months preceding the date of the AGM are as follows:

|  |  |
|--|--|
| Date of issue:   | 21 November 2018   |
| Number of equity securities issued:  | 7,500,000  |
| Class of equity security:  | Unlisted options exercisable at 12.75 cents and expiring 16/11/2021  |
| Summary of the terms of the class of equity security:  | Upon exercise of the options into ordinary fully paid shares, the issued shares will rank equally in all respects with an existing class of quoted securities  |
| Names of persons to whom the equity securities were issued or on the basis on which those persons were determined: | Unlisted options issued to R Waugh, G Ascough, K Ross, J Percival, N Bergin, B Crawford & P Farr following shareholder approval at 2018 Annual General Meeting |
| Price at which the equity securities were issued:  | Nil  |
| Discount of price to closing market price (if any):  | Nil  |
| Total cash consideration received:   | Nil  |
| Amount of cash consideration spent and its use:  | n/a  |
| Intended use of remaining cash consideration:  | n/a  |
| Non-cash consideration (if any):   | Performance based remuneration   |
| Current value of non-cash consideration <sup>1</sup> :   | \$112,698  |

<sup>1</sup> The value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

|  |  |
|--|--|
| Date of issue:   | 30 November 2018   |
| Number of equity securities issued:  | 2,950,000  |
| Class of equity security:  | Unlisted options exercisable at 12.75 cents and expiring 16/11/2021  |
| Summary of the terms of the class of equity security:  | Upon exercise of the options into ordinary fully paid shares, the allotted and issued shares will rank equally in all respects with an existing class of quoted securities |
| Names of persons to whom the equity securities were issued or on the basis on which those persons were determined: | Unlisted options issued to employees pursuant to the Company's existing employee share option plan   |
| Price at which the equity securities were issued:  | Nil  |
| Discount of price to closing market price (if any):  | Nil  |
| Total cash consideration received:   | Nil  |
| Amount of cash consideration spent and its use:  | n/a  |
| Intended use of remaining cash consideration:  | n/a  |
| Non-cash consideration (if any):   | Performance based remuneration for employees   |
| Current value of non-cash consideration <sup>1</sup> :   | \$44,328   |

<sup>1</sup> The value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

|  |  |
|--|--|
| Date of issue:   | 19 December 2018   |
| Number of equity securities issued:  | 59,782,609   |
| Class of equity security:  | Fully paid ordinary shares   |
| Summary of the terms of the class of equity security:  | The Shares rank equally in all respects with existing ordinary shares of the Company                           |
| Names of persons to whom the equity securities were issued or on the basis on which those persons were determined: | Shares issued pursuant to a share placement as announced to ASX on 13 December 2018                            |
| Price at which the equity securities were issued:  | 9.2 cents per share  |
| Discount of price to closing market price (if any):  |  |
| Total cash consideration received:   | \$5,500,000  |
| Amount of cash consideration spent and its use:  | \$2.797M of which \$2.44M was spent on exploration activities and \$0.357M on general working capital          |
| Intended use of remaining cash consideration:  | For further drilling of the Cue Project and development studies on the project and for general working capital |
| Non-cash consideration (if any):   | n/a  |
| Current value of non-cash consideration:   | n/a  |

|  |  |
|--|--|
| Date of issue:   | 9 October 2019   |
| Number of equity securities issued:  | 18,587,361   |
| Class of equity security:  | Fully paid ordinary shares   |
| Summary of the terms of the class of equity security:  | The Shares rank equally in all respects with existing ordinary shares of the Company                           |
| Names of persons to whom the equity securities were issued or on the basis on which those persons were determined: | Shares issued pursuant to a share placement as announced to ASX on 17 September 2019                           |
| Price at which the equity securities were issued:  | 8.07 cents per share   |
| Discount of price to closing market price (if any):  | Nil  |
| Total cash consideration received:   | \$1,500,000  |
| Amount of cash consideration spent and its use:  | \$Nil  |
| Intended use of remaining cash consideration:  | For further drilling of the Cue Project and development studies on the project and for general working capital |
| Non-cash consideration (if any):   | n/a  |
| Current value of non-cash consideration:   | n/a  |

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

Resolution 4 is a **special resolution**.

## 7.5 Board recommendation

The Board recommends Shareholders vote in favour of Resolution 4.

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

## 8. RESOLUTION 5 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

### 8.1 General

At the Company's 2016 Annual General Meeting shareholder approval was received to adopt a new Employee Share Option Plan (ESOP).

ASX Listing Rule 7.1 prohibits an entity from issuing or agreeing to issue Equity Securities in any 12 month period which amount to more than 15% of its ordinary securities without the approval of holders of its ordinary securities.

However ASX Listing Rule 7.2, exception 9(b) provides that ASX Listing Rule 7.1 does not apply in relation to, among other things, an issue under an employee incentive scheme if within 3 years before the date of the issue the holders of the entity's ordinary securities approve the issue of securities under the scheme as an Exception to Listing Rule 7.1.



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The ASX Listing Rules define “employee incentive scheme” as:

- (a) a scheme for the issue or acquisition of Equity Securities in an entity to be held by, or for the benefit of, participating employees or non-executive directors of the entity or a related entity; or
- (b) a scheme which, in ASX’s opinion, is an employee incentive scheme.

Under the ASX Listing Rules, Equity Securities include options over issued or unissued shares in an entity. The ESOP is therefore an employee incentive scheme for the purposes of the ASX Listing Rules.

If this Resolution is passed, Options issued under the ESOP during the next 3 years will be excluded in determining the 15% limit under Listing Rule 7.1. This would assist the Company should it require additional fundraising flexibility.

The following information is provided for the purposes of Listing Rule 7.2 Exception 9(b):

- (a) a summary of the terms of the ESOP is outlined in Annexure A and a full copy of the ESOP is available for inspection at the Company’s registered office until the date of the Annual General Meeting; and
- (b) a total of 5,200,000 Options have been issued under the Company’s existing ESOP since the date of its approval in November 2016; and
- (c) A voting exclusion statement is included in the Notice.

## **8.2 Board recommendation**

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

## **9. RESOLUTION 6 –APPOINTMENT OF AUDITOR**

### **9.1 Background**

As announced to ASX on 30 April 2019 and in accordance with section 327C of the Corporations Act, the Company appointed BDO Audit (WA) Pty Ltd (**BDO**) as auditor following receipt of ASIC’s consent to the resignation of Grant Thornton in accordance with section 329(5) of the Corporations Act. The change of auditor was made following a review of the of the Company’s external audit arrangements undertaken by the Company’s Audit Committee in accordance with the Company’s corporate governance practices.

Following the above appointment, BDO holds office until the Company’s next AGM, being the Meeting the subject of this Notice.

The Company now seeks Shareholder approval for the appointment of BDO as Auditor of the Company and its controlled entities in accordance with section 327B of the Corporations Act.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for BDO to be appointed as the Company’s auditor. A copy of this nomination is attached to this Explanatory Statement at Annexure C.

BDO has given its written consent to act as the Company’s auditor in accordance with section 328A(1) of the Corporations Act subject to Shareholder approval of this resolution.

Resolution 6 is a **special resolution**.

### **9.2 Board recommendation**

The Board recommends that Shareholders vote in favour of Resolution 6.

The Chair intends to vote undirected proxies in favour of Resolution 6.

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## 10. RESOLUTION 7 – ISSUE OF OPTIONS TO DIRECTOR – MR ROBERT WAUGH

### 10.1 General

The Company is proposing to issue Options to Mr Robert Waugh (Managing Director) as a component of his remuneration, in order to keep cash payments to a minimum and to provide incentives linked to the performance of the Company.

The Board has resolved, subject to obtaining Shareholder approval, to issue Mr Waugh a total of 3,000,000 Director Options on the terms and conditions set out below.

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

The offer of Director Options to Mr Waugh forms part of the Company's long term incentive objectives to encourage Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership.

The number of Director Options to be issued is determined based on factors such as length of service, continuity of executive management, significant contribution to the Company's success and to provide ongoing equity incentives to advance the Company and its assets. Furthermore, the grant of Director Options, is viewed as a cost effective and efficient reward and incentive of the Company as opposed to alternative forms of incentive, such as the payment of additional cash compensation to Directors.

### 10.2 Information required pursuant to ASX Listing Rule 10.11

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) The name of the allottee is Mr Robert Waugh, who is a related party by virtue of being a Director.
- (b) The maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to Mr Robert Waugh is set out below:

| Related Party   | Maximum number | Exercise Price                                       | Expiry date |
|-----------------|----------------|--|-------------|
| Mr Robert Waugh | 3,000,000      | 50% greater than the 5 day VWAP prior to the Meeting | 21/11/2022  |

- (c) The Director Options will be granted to Mr Robert Waugh no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date.
- (d) The Director Options will be granted for nil cash consideration, accordingly no funds will be raised.
- (e) The terms and conditions of the Director Options are set out in Annexure B.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to Mr Robert Waugh as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to Mr Robert Waugh will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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### **10.3 Board recommendation**

The Directors (with Mr Waugh abstaining) recommend that shareholders vote in favour of Resolution 7.

The Chair intends to vote undirected proxies in favour of Resolution 7.

## **11. RESOLUTION 8 – AMENDMENT TO THE COMPANY’S CONSTITUTION**

### **11.1 General**

Resolution 8 is a special resolution proposing to modify the Constitution by deleting the current clause 163 and inserting a new clause 163 in its place. Clause 163 concerns restricted securities and holding locks.

Section 136 of the Corporations Act allows a company to modify its constitution by a special resolution passed at a general meeting of the Company a Special resolution must be passed by at least 75% of the votes cast by Shareholders who are entitled to vote on the resolution.

### **11.2 Reasons for the proposed amendments**

ASX is proposing a number of rule changes to make aspects of the listing process and ongoing compliance with the listing rules more efficient for issuers and for ASX.

ASX is proposing to introduce a two-tier escrow regime where ASX can (and will) require certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A, as is currently 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.

Once the new listing rules come into effect, which is expected on 1 December 2019, a company cannot issue restricted securities unless the constitution is amended to include the wording below. Given the Company is already admitted to the official list of ASX, the circumstances in which the Company may issue restricted securities is limited, and would most likely relate to transactions requiring approval under ASX Listing Rule 10.1 or if the Company was required to re-comply with Chapters 1 and 2 of the ASX Listing Rules because of the application of ASX Listing Rule 11.1.3 (i.e. a significant change to the Company’s nature or scale of activities).

### **11.3 Proposed amendment to the Constitution**

It is proposed that clause 163 of the Constitution be amended to read as follows:

#### **163.1 Restricted Securities**

The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:

- (a) a holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;

- 
- (b) if the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those securities;
  - (c) the Company will refuse to acknowledge any disposal (including, without limitation, to registering any transfer), assignment or transfer of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or the ASX;
  - (d) a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and
  - (e) if a holder of Restricted Securities breaches a restriction deed or a provision of this constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.

To assist Shareholders, a mark-up version of the Constitution showing the proposed amendments will be available on the Company's website at: [www.musgraveminerals.com.au](http://www.musgraveminerals.com.au) Shareholders are invited to contact the Company if they have any queries or concerns.

Resolution 8 is a **special resolution**.

#### **11.4 Board recommendation**

The Directors unanimously recommend that shareholders vote in favour of Resolution 8.

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

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## SCHEDULE 1 DEFINITIONS

In this Notice and Explanatory Statement:

|   |  |
|---|--|
| <b>10% Placement Facility</b>                   | has the meaning given in section 7.1 of this Explanatory Statement.  |
| <b>10% Placement Period</b>                     | has the meaning given in section 7.2(f) of this Explanatory Statement.   |
| <b>Annual General Meeting or Meeting or AGM</b> | Annual General Meeting of Shareholders or any meeting adjourned thereof, convened by the Notice.   |
| <b>Annual Report or 2019 Annual Report</b>      | the Company's annual report including the reports of the Directors and the auditor and the financial statements of the Company of the year ended 30 June 2019 which can be downloaded from the Company's website at <a href="http://www.musgraveminerals.com.au">www.musgraveminerals.com.au</a>   |
| <b>ASX</b>                                      | means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.  |
| <b>ASX Listing Rules or Listing Rules</b>       | the Listing Rules of the ASX.  |
| <b>Board</b>                                    | means the board of Directors.  |
| <b>Business Day</b>                             | means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.   |
| <b>Chairman</b>                                 | means the Chairman of the Meeting.   |
| <b>Closely Related Party</b>                    | means a spouse or child of the member, a child of the member's spouse, a dependent of the member or the member's spouse, anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity; company the member controls; or a person prescribed by the Corporations Regulations 2001 (Cth). |
| <b>Company</b>                                  | means Musgrave Minerals Limited ABN 12 143 890 671.  |
| <b>Constitution</b>                             | means the constitution of the Company as amended.  |
| <b>Corporations Act</b>                         | means the <i>Corporations Act 2001</i> (Cth) as amended.   |
| <b>Director</b>                                 | means a director of the Company.   |
| <b>Equity Securities</b>                        | has the same meaning given in the Listing Rules.   |
| <b>Explanatory Statement</b>                    | means this explanatory statement.  |

|                                 |  |
|---------------------------------|--|
| <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 the ASX.  |
| <b>Notice</b>                   | means this notice of meeting.  |
| <b>Option</b>                   | means an option to acquire a Share.  |
| <b>Proxy Form</b>               | means the proxy form attached to this Notice.  |
| <b>Remuneration Report</b>      | means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.   |
| <b>Resolution</b>               | means a resolution set out in the Notice.  |
| <b>Securities</b>               | means a Share or an Option.  |
| <b>Share</b>                    | means a fully paid ordinary share in the capital of the Company.   |
| <b>Shareholder</b>              | means a holder of a Share.   |
| <b>Trading Days</b>             | means a day determined by ASX to be a trading day in accordance with the Listing Rules.  |
| <b>VWAP</b>                     | means volume weighted average price as defined in the Listing Rules.   |
| <b>WST</b>                      | means Western Standard Time.   |

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## ANNEXURE A

### Summary of terms of Employee Share Option Plan

The Board has adopted the Option Plan to allow eligible participants to be granted Options to acquire Shares in the Company. The principal terms of the Option Plan are summarised below.

- (a) **Eligibility and Grant of Options:** The Board may grant Options to any Director, full or part time employee, or casual employee, consultant or contractor who falls within ASIC Class Order 14/1000, of the Company or an associated body corporate (**Eligible Participant**). The Board may also offer Options to a prospective Eligible Participant provided the Offer can only be accepted if they become an Eligible Participant. Options may be granted by the Board at any time.
- (b) **Consideration:** Each Option granted under the Plan will be granted for nil or no more than nominal cash consideration.
- (c) **Conversion:** Each Option is exercisable into one Share in the Company ranking equally in all respects with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Options granted under the Plan will be determined by the Board prior to the grant of the Options.
- (e) **Exercise Restrictions:** The Options granted under the Plan may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options (**Vesting Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Options.
- (f) **Lapsing of Options:** An unexercised Option will lapse:
  - (i) on its Expiry Date;
  - (ii) if any Vesting Condition is unable to be met and is not waived, as determined by the Board; or
  - (iii) subject to the Board's discretion, where the Eligible Participant ceases to be an Eligible Participant.
- (g) **Disposal of Options:** Options will not be transferable except to the extent the Plan or any offer provides otherwise.
- (h) **Quotation of Options:** Options will not be quoted on the ASX, except to the extent provided for by the Plan or unless an offer provides otherwise.
- (i) **Trigger Events:** Upon certain trigger events, being a change in control of the Company (including by takeover or entry into a scheme of arrangement), the Board may determine that any Option which has not at that time become exercisable or lapsed, becomes exercisable.
- (j) **Participation in Rights Issues and Bonus Issues:** There are no participating 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.
- (k) **Reorganisation:** The terms upon which Options will be granted will not prevent the Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.

- 
- (l) **Limitations on Offers:** The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Options offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under an employee incentive scheme covered by ASIC Class Order 14/1000 or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.



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## ANNEXURE B – DIRECTOR OPTIONS TERMS AND CONDITIONS

The Director Options (Director Options) entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share.
- (b) The Director Options will expire at 5.00pm (WST) on 21 November 2022 (Expiry Date). Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Director Option will be set at the price that is 50% greater than the 5 day VWAP of the Shares on ASX 5 days prior to the day that Shareholder approval is obtained for the grant of the Director Options.
- (d) The Director Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Director Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised,(Exercise Notice).
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice.
- (h) The Director Options may be transferable subject to Board approval and compliance with the Corporations Act and the ASX Listing Rules (where applicable).
- (i) All Shares issued upon the exercise of Director Options will upon issue rank pari passu in all respects with other Shares.
- (j) The Company will not apply for quotation of the Director Options on ASX. However, the Company will apply for quotation of all Shares issued pursuant to the exercise of Director Options on ASX on or before the issue date of those Shares. To the extent any Shareholder or regulatory approval is required by the Company for the issue of any Shares the subject of any exercise notice (Approval), the Company shall use its best endeavours to seek the Approval and upon receipt, the Company will issue the relevant Shares within five (5) Business Days following Approval.
- (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

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- (l) There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 5 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
  - (m) A Director Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Director Option can be exercised.

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**ANNEXURE C – NOMINATION OF AUDITOR**

8 October 2019

The Board of Directors  
Musgrave Minerals Limited  
Ground Floor  
5 Ord Street  
WEST PERTH WA 6005

**RE: NOMINATION OF AUDITOR**

Robert Waugh, being a member of Musgrave Minerals Limited (**Company**), nominates BDO Audit (WA) Pty Ltd in accordance with section 328B(1) of the *Corporations Act 2001* (Cth) (**Act**) to fill the office of auditor of the Company.

Please distribute copies of this notice of nomination as required by section 328B(3) of the Act.

Signed and dated 8 October 2019:

A handwritten signature in black ink, appearing to read 'Robert Waugh', with a stylized flourish at the end.

For and on behalf of  
Mr Robert Waugh

*This page has been left blank intentionally.*

MGV

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (WST) Tuesday, 19 November 2019.**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

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

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

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

**A proxy need not be a securityholder of the Company.**

### SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

### ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

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

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

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



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Musgrave Minerals Limited hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Musgrave Minerals Limited to be held at the Kings Park Room, Level 1, Quest West Perth, 54 Kings Park Road, West Perth, Western Australia on Thursday, 21 November 2019 at 10:00am (WST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 5 and 7 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 5 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 5 and 7 by marking the appropriate box in step 2.

## Step 2 Items of Business

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

|   | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| 1 Remuneration Report (Non-Binding)                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Re-election of Director - Graham Ascough                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Ratification of prior issue of Equity Securities - Listing Rule 7.1 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Approval of 10% Placement Facility                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Approval of Employee Share Option Plan                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 Appointment of Auditor  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 Issue of Options to Director - Mr Robert Waugh                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 8 Amendment to the Constitution                                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

