

ELEMENTOS

15 October 2020

Dear Shareholder

ANNUAL GENERAL MEETING

Elementos Limited ACN 138 468 756 (**Company or Elementos**) invites you to attend its 2020 Annual General Meeting of shareholders (**Shareholders**) (**AGM**) to be held at the offices of Piper Alderman, Level 26, Riparian Plaza, 71 Eagle Street, Brisbane, Queensland on Monday 16 November 2020 commencing at 10.30am (AEST).

Please be advised that in accordance with section 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No. 1) 2020 made by the Commonwealth Treasurer on 5 May 2020, the Company will not be sending hard copies of the notice of meeting in respect of the AGM (**Notice of Meeting**). Instead, the Notice of Meeting can be viewed and downloaded from the Company's website on its ASX announcements page: <https://www.elementos.com.au/asx-announcements/>

Elementos encourages those Shareholders who cannot attend the AGM to lodge their proxy forms prior to the AGM. A copy of your personalised proxy form is enclosed for your convenience. Please complete and return the attached proxy form to the Company's share registry:

Internet: <https://www.votingonline.com.au/elementosagm2020>
Post: Elementos Limited, C/- Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia
In Person: Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000
Fax: +61 2 9290 9655

Your proxy voting instructions must be received by 10:30am (AEST) on 14 November 2020 being not less than 48 hours before the commencement of the AGM. Any proxy voting instructions received after that time will not be valid for the AGM.

The Notice of Meeting is important and should be read in its entirety. If you are in doubt as to the course of action you should follow, you should consult your financial adviser, lawyer, accountant or other professional adviser. If you have any difficulties obtaining a copy of the Notice of Meeting please contact the Company's share registry Boardroom Pty Limited on 1300 737 760 (+61 2 9290 9600 from outside Australia) or via enquiries@boardroomlimited.com.au.

The Company will continue to closely monitor guidance from the Federal and State Government for any impact on the proposed arrangements for the AGM. If any changes are required, the details will be made available through an announcement to the ASX.

Elementos' Board has authorised the release of this announcement to the market.

For further information, please contact:

Mr Duncan Cornish
Company Secretary
Phone: +61 7 3221 7770
admin@elementos.com.au

Level 6, 10 Market Street
Brisbane Queensland 4000
Phone +61 (0)7 3221 7770
admin@elementos.com.au
[elementos.com.au](https://www.elementos.com.au)

ELEMENTOS

ELEMENTOS LIMITED

ACN 138 468 756

Notice of 2020 Annual General Meeting and Explanatory Memorandum

Date of Meeting: 16 November 2020

Time of Meeting: 10:30am

Place of Meeting: Piper Alderman
Level 26
Riparian Plaza
71 Eagle Street
Brisbane Qld 4000

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Elementos Limited ACN 138 468 756 (**Company**) will be held physically at **Level 26, Riparian Plaza, 71 Eagle Street, Brisbane, Qld 4000** on **Monday 16 November 2020 at 10:30am** (AEST).

Capitalised terms used in this Notice of Meeting and the Explanatory Memorandum have the meaning ascribed to them in the Explanatory Memorandum.

This Notice of Meeting should be read in its entirety, together with the Explanatory Memorandum and the enclosed proxy form.

Financial Reports

To receive and consider the Company's Annual Report comprising the Directors' Report and Auditor's Report, Directors' Declaration, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and notes to the Consolidated Financial Statements for the Company for the financial year ended 30 June 2020. The Company's reports can be accessed on the Company's website at <http://elementos.com.au/>.

1. Resolution 1 – Remuneration Report

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

“That, for the purposes of section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report for the year ended 30 June 2020 (as set out in the Directors' Report) be adopted.”

Note: The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting exclusion: The Company will disregard any votes cast on Resolution 1 by, or on behalf of, any person who is either a member of the Key Management Personnel or a Closely Related Party of such a member, unless:

- 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 Chair of 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.

For these reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and are encouraged to direct their proxy as to how to vote on all Resolutions. In particular, Shareholders who intend to appoint the Chair of the Meeting as their proxy (including an appointment by default) are encouraged to direct the Chair of the Meeting as to how to vote on all Resolutions.

If the Chair of the Meeting is appointed, or is taken to have been appointed, as your proxy, you can direct the Chair of the Meeting to vote for, against or abstain from voting on Resolution by marking the appropriate box opposite Resolution 1 on the Proxy Form.

However, if the Chair of the Meeting is your proxy and you do not direct the Chair of the Meeting how to vote, you will be deemed to have directed, and expressly authorised, the Chair of the Meeting to vote your proxy in favour of Resolutions 1. This express authorisation acknowledged that the Chair of the Meeting may vote your proxy even though:

- a) Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; or
- b) the Chair may have an interest in Resolution 1.

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ORDINARY BUSINESS

2. Resolution 2 – Ratification of 422,727,288 Unconditional Shares and 140,909,121 Unconditional Options

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

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of **422,727,288** Shares (**Unconditional Shares**) by way of private placement to sophisticated and professional investors at an issue price of \$0.0055 per Share, and the issue of **140,909,121** Options (**Unconditional Options**) issued to the same sophisticated and professional investors with an exercise price of \$0.009 and expiry date of 31 August 2022 (**Unconditional Placement**), in accordance with the terms set out in the Explanatory Memorandum, be ratified."*

Voting exclusion: The Company will disregard any votes cast on Resolution 2 by, or on behalf of, a person who received Unconditional Shares and Unconditional Options pursuant to the Unconditional Placement and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 it is cast by the Chair of the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair of the Meeting to vote as the Chair decides or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (a) 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 (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Resolution 3 – Approval of issue of 41,272,729 Conditional Shares and 13,757,578 Conditional Options

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

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, the issue of **41,272,729** Shares (**Conditional Shares**) by way of private placement to sophisticated and professional investors at an issue price of \$0.0055 per Share, and the issue of **13,757,578** Options (**Conditional Options**) issued to the same sophisticated and professional investors with an exercise price of \$0.009 and expiry date of 31 August 2022 (**Conditional Placement**), in accordance with the terms set out in the Explanatory Memorandum, be approved."*

Voting exclusion: The Company will disregard any votes cast on Resolution 3 by, or on behalf of, a person who is intended to be issued Conditional Shares and Conditional Options pursuant to the Conditional Placement and any other person who will obtain a material benefit as a result of the proposed issue, except a benefit arising solely from their capacity as a holder of Shares, if the resolution is passed, together with any of their respective Associates. However, the Company need not disregard a vote if it is cast by a person as a 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 it is cast by the Chair of the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair of the Meeting to vote as the Chair decides or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (a) 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 (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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4. Resolution 4 – Ratification of issue of up to 45,181,875 SPP Options

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the issue of up to **45,181,875** SPP Options to existing Shareholders under the share purchase plan announced to the ASX on 6 August 2020, having an exercise price of \$0.009 and expiry date of 31 August 2022, in accordance with the terms set out in the Explanatory Memorandum, be ratified.”*

Voting exclusion: The Company will disregard any votes cast on Resolution 4 by, or on behalf of, a person who received SPP Shares and SPP Options pursuant to the SPP and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 it is cast by the Chair of the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair of the Meeting to vote as the Chair decides or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (a) 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 (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. Resolution 5 – Approval to Issue up to 3,636,364 SPP Shares and 1,212,122 SPP Options to Mr Calvin Treacy

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of up to 3,636,364 SPP Shares and 1,212,122 SPP Options to Mr Calvin Treacy pursuant to the SPP, be approved.”

Voting exclusion: The Company will disregard any votes cast on Resolution 5 by, or on behalf of, Mr Treacy and any other person who will obtain a material benefit as a result of the issue of the SPP Shares and SPP Options to Mr Treacy, except a benefit arising solely from their capacity as a holder of Shares, and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a 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 it is cast by the Chairing of the Meeting as a proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair of the Meeting to vote as the Chair decides or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (a) 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 (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. Resolution 6 – Approval to Issue up to 1,363,637 SPP Shares and 454,546 SPP Options to Mr Corey Nolan

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of up to 1,363,637 SPP Shares and 454,546 SPP Options to Mr Corey Nolan pursuant to the SPP, be approved.”

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Voting exclusion: The Company will disregard any votes cast on Resolution 6 by, or on behalf of, Mr Nolan and any other person who will obtain a material benefit as a result of the issue of the SPP Shares and SPP Options to Mr Nolan, except a benefit arising solely from their capacity as a holder of Shares, and any of their respective Associates. However, the Company need not disregard a vote if it is cast by a person as a 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 it is cast by the person chairing the General Meeting as a proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair of the Meeting to vote as the Chair decides or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (a) 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 (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. Resolution 7 – Approval of Issue of Broker Options

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

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, the issue of **40,000,000** Options (**Broker Options**) to BW Equities Pty Ltd with an exercise price of \$0.009 and expiry date of 31 August 2022, in accordance with the terms set out in the Explanatory Memorandum, be approved."*

Voting exclusion: The Company will disregard any votes cast on Resolution 7 by, or on behalf of, BW Equities Pty Ltd and any other person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue, except a benefit arising solely from their capacity as a holder of Shares, and any of their respective Associates. 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 directions given to the proxy or attorney to vote on the resolution in that way, or it is cast by the Chair of Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair of the Meeting to vote as the Chair decides or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (a) 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 (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. Resolution 8 – Approval of Conversion of Debt into Shares and Options Issued to Mr Andrew Greig

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

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of **90,909,091** Shares at an issue price of \$0.0055 per Share and **30,303,030** Options with an exercise price of \$0.009 and expiry date of 31 August 2022 to Mr Andrew Greig in accordance with the terms set out in the Explanatory Memorandum, be approved."*

Voting exclusion: The Company will disregard any votes cast on Resolution 8 by, or on behalf of, Mr Greig and any other person who will obtain a material benefit as a result of the issue of the Shares and Options pursuant to Resolution 8, except a benefit arising solely from their capacity as a holder of Shares, and any of their respective Associates. 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 directions given to the proxy or attorney to vote on the resolution in that way, or

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it is cast by the Chair of the Meeting as a proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair of the Meeting to vote as the Chair decides or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (a) 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 (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and are encouraged to direct their proxy as to how to vote on all Resolutions. In particular, Shareholders who intend to appoint the Chair of the Meeting as their proxy (including an appointment by default) are encouraged to direct the Chair of the Meeting as to how to vote on all Resolutions.

If the Chair of the Meeting is appointed, or is taken to have been appointed, as your proxy, you can direct the Chair of the Meeting to vote for, against or abstain from voting on Resolution by marking the appropriate the box opposite Resolution 8 on the Proxy Form.

However, if the Chair of the Meeting is your proxy and you do not direct the Chair of the Meeting how to vote, you will be deemed to have directed, and expressly authorised, the Chair of the Meeting to vote your proxy in favour of Resolutions 8. This express authorisation acknowledged that the Chair of the Meeting may vote your proxy even though the Chair may have an interest in Resolution 8 and that votes cast by the Chair for these Resolutions, other than as authorised proxy holder, will be disregarded because of that interest.

9. Resolution 9 – Re-Election of Brett Smith

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That Mr Brett Smith, who retires under the Company’s constitution and, being eligible, offers himself for re-election, is re-elected as a director.”

10. Resolution 10 – Re-Election of Calvin Treacy

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

“That Mr Calvin Treacy, who retires by rotation and, being eligible, offers himself for re-election, is re-elected as a director.”

11. Resolution 11 – Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

To consider and, if thought fit, pass the following Resolution, as a Special Resolution of the Company, with or without amendment:

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities in a number which is 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, over a 12 month period from the date of the Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Statement (**Placement Securities**).”*

Voting exclusion: The Company will disregard any votes cast on Resolution 11 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, except a benefit arising solely from their capacity as a holder of Shares, and any of their respective Associates. However, the Company need not disregard a vote if it is cast by a person as a 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 it is cast by the person Chair

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of the Meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair of the Meeting to vote as the Chair decides or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (a) 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 (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

12. Resolution 12 – Approval of the Issue of Securities in Lieu of Fees

To consider and, if thought fit, pass the following Ordinary Resolution, with or without amendment:

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, the issue of **2,540,866** Shares to Mr Brett Smith in accordance with the terms set out in the Explanatory Memorandum, be approved."*

Voting exclusion: The Company will disregard any votes cast on Resolution 12 by, or on behalf of, Mr Smith and any other person who will obtain a material benefit as a result of the issue of the Shares and Options to Mr Smith pursuant to Resolution 12, except a benefit arising solely from their capacity as a holder of Shares, and any of their respective Associates. 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 directions given to the proxy or attorney to vote on the resolution in that way, or it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction given to the Chair of the Meeting to vote as the Chair of the Meeting decides or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met: (a) 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 (b) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Additionally, the Company will disregard any votes cast on Resolution 12 by any person who is either a member of the Key Management Personnel or a Closely Related Party of such a member, unless:

- 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 Chair of 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.

For these reasons, Shareholders who intend to vote by proxy should carefully consider the identity of their proxy and are encouraged to direct their proxy as to how to vote on all Resolutions. In particular, Shareholders who intend to appoint the Chair of the Meeting as their proxy (including an appointment by default) are encouraged to direct the Chair of the Meeting as to how to vote on all Resolutions.

If the Chair of the Meeting is appointed, or is taken to have been appointed, as your proxy, you can direct the Chair of the Meeting to vote for, against or abstain from voting on Resolution by marking the appropriate box opposite Resolution 12 on the Proxy Form. However, if the Chair of the Meeting is your proxy and you do not direct the Chair of the Meeting how to vote, you will be deemed to have directed, and expressly authorised, the Chair of the Meeting to vote your proxy in favour of Resolutions 12. This express authorisation acknowledged that the Chair of the Meeting may vote your proxy even though:

- a) Resolution 12 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; or
- b) the Chair may have an interest in Resolution 12.

By order of the Board

Notice of Annual General Meeting

Mr Duncan Cornish
Company Secretary
Elementos Limited
15 October 2020

Explanatory Memorandum

The following notes and the Explanatory Memorandum form part of the Notice of Meeting.

Voting and Attendance Entitlement

The Board has determined that those persons who are registered as holding Shares as at 10:30am (AEST) on 14 November 2020, will be entitled to attend and vote at the Meeting.

Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If more than one joint holder of a Share is present at the Meeting (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Action to be Taken by Shareholders

A Shareholder who is entitled to attend and vote at the Meeting may appoint a person, who need not be a Shareholder of the Company, as the Shareholder's proxy to attend and vote on behalf of the Shareholder.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If in respect of any of the items of business you do not direct your proxy how to vote, you are directing your proxy to vote as he or she decides.

If you mark the abstain box for a particular item you are directing your proxy to not vote on your behalf and your Shares will not be counted in computing the required majority in the event of a poll.

For proxies without voting instructions that are exercisable by the Chair of the Meeting, the Chair of the Meeting intends to vote those proxies in favour of the Resolutions. The Chair of the Meeting will be deemed to be appointed where a signed proxy form is returned that does not contain the name of the proxy or where the person appointed on the form is absent from the Meeting.

A proxy form accompanies this Notice of Meeting. Should you wish to appoint a proxy, please complete the proxy form and return it at

least 48 hours before the Meeting, being no later than **10:30am (AEST) on 14 November 2020** to:

- (a) if online:
<https://www.votingonline.com.au/elementosagm2020>
- (b) if by fax: on +61 2 9290 9655; or
- (c) if by mail:
Elementos Limited
C/- Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

If the appointment is signed by an attorney, the power of attorney or a certified copy of it must be sent with the proxy form.

Corporate Representatives

A Shareholder which is a corporation may appoint an individual to act as its representative to attend and vote at the Meeting. The appointment must comply with section 250D of the Corporations Act, meaning that Company will require a Certificate of Appointment of Corporate Representative executed in accordance with section 250D of the Corporations Act. The completed certificate should be lodged with Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Polls

In the event that a poll is demanded, every Shareholder shall have one vote for every Share registered in their name as at 7pm (AEST) on 14 November 2020.

Required Majority

Resolution 11 is a Special Resolution, requiring at least 75% of the votes cast by Shareholders entitled to vote on Resolution 11.

Each of Resolutions 2 to 12 (inclusive, excluding resolution 11) are Ordinary Resolutions, requiring a simple majority of the votes cast by Shareholders entitled to vote on them.

General

All Shareholders are invited to attend the Meeting or, if they are unable to attend in person, to sign and return the proxy form to the Company in accordance with the instructions set out on the proxy form.

Shareholders, their proxy or corporate representatives who plan on attending the Meeting are asked to arrive at the venue at least 30 minutes prior to the time the Meeting is scheduled to commence, so that Shareholders can be checked against the Company's share

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register, or appointment as proxy, attorney or corporate representative can be verified and their attendance noted.

If the situation surrounding the global COVID-19 pandemic changes materially between the date of this Notice of Meeting, and the date of the Meeting, the Company may need to change the location of the Meeting, including hosting the meeting entirely virtually. If so, the Company will inform Shareholders of any such change as soon as reasonably practicable prior to the date of the Meeting. Accordingly, Shareholders are encouraged to vote on the resolutions set out in this Notice of Meeting by proxy to ensure their participation.

This Explanatory Memorandum contains an explanation of, and information about, the Resolutions to be considered at the General Meeting. Shareholders should read this Explanatory Memorandum in full. This Explanatory Memorandum forms part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. If you are in any doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

Capitalised words used in the Notice of Meeting and in this Explanatory Memorandum are defined in the Glossary section at the end of this Explanatory Memorandum. Unless otherwise stated, all references to sums of money, '\$' and 'dollars' are references to Australian currency.

Resolution 1 – Remuneration Report

In accordance with section 250R of the Corporations Act, the Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out on pages 19 to 25 of the Directors' Report section of the Annual Financial Report for the period ending 30 June 2020. The Annual Report is available to download on the Company's website, www.elementos.com.au.

The Remuneration Report:

- (a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company;
- (b) explains the relationship between the Board's remuneration policy and the Company's performance;
- (c) sets out remuneration details for each member of Key Management Personnel of the Company; and
- (d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

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

In the interests of good corporate governance, the Directors abstain, from making a recommendation in relation to this Resolution 1.

A vote on this Resolution 1 is advisory only and does not bind the Directors or the Company.

Capital Raising Background

On the 6th of August 2020, the Company announced a private share placement of new Shares and Options to raise \$2,552,000 (**Placement**), which comprised:

- (a) the initial issue of:
 - (i) **422,727,288** Unconditional Shares by way of a private placement to sophisticated and professional investors at an issue price of \$0.0055 per Share, raising \$2,325,000; and
 - (ii) **140,909,121** Unconditional Options to the same sophisticated and professional investors with an exercise price of \$0.009 and an expiry date of 31 August 2022,

(together, **Unconditional Placement**); and

- (b) an agreement to subsequently issue a further:
 - (i) **41,272,729** Conditional Shares by way of private placement to sophisticated and professional investors at an issue price of \$0.0055 per Share, raising \$227,000; and
 - (ii) **13,757,578** Conditional Options to the same sophisticated and professional investors with an exercise price of \$0.009 and an expiry date of 31 August 2022,

which was conditional on Shareholder approval being obtained for that issue (**Conditional Placement**).

In conjunction with the Placement, the Company announced the SPP to raise \$300,000, which subsequently closed on the 9th of September oversubscribed with the Company accepting applications totalling \$745,500, at the Placement issue price (together, the SPP and the Placement referred to herein as the **Capital Raising**). Participants in the SPP will also receive the opportunity to subscribe for SPP Options on the same terms as those offered under the Placement.

The funds raised from the Capital Raising will be applied to the following activities:

- (a) *Resource Conversion*: Drilling will target conversion of near surface Inferred Resources to Indicated Resources. This will aim to improve the waste-to-ore stripping ratio by incorporating additional mineral resources into an updated mineral resource.
- (b) *Fault Controlled Mineralisation*: Drilling will aim to confirm interpreted near-surface fault controlled mineralisation that has been identified from historical exploration data. This has the potential to significantly expand the resource, especially at shallow levels.
- (c) *Wider Tenement Potential*: Drilling will target the geophysical and geochemical anomalies that have been identified lying both north and south of the Oropesa orebody. Drilling will aim to identify the presence of tin in these structures, with the potential to significantly expand the resource.
- (d) *Incorporating a tin halo*: Drilling will target tin mineralisation that sits within a low-grade tin halo that is currently excluded from the JORC geological resource that was issued in the Oropesa Economic Study released by the Company to the ASX on 7 May 2020. The outcome of this drilling may be an increase in tin production at no additional mining cost.
- (e) Advancing the resubmission of the project's environmental application. This involves the final completion of a number of studies, resubmission to the relevant governmental authority, and associated statutory obligations.
- (f) Progressing with engineering of the plant and infrastructure, including tailings dam design, water management design and infrastructure design.
- (g) Geological reinterpretation of the Oropesa orebody following drilling.

The table below illustrates the effect of the Capital Raising on the Company's share capital, assuming that Resolutions 3, 5 and 6 are passed:

| | Securities currently on issue | Securities issued under Unconditional Placement | Securities proposed to be issued under Conditional Placement | Securities issued under SPP |
|---------------------------|--------------------------------------|--|---|------------------------------------|
| Shares | 2,548,330,961 | 422,727,288 | 41,272,729 | 135,545,486 |
| Options (Unlisted) | -Nil | 140,909,121 | 13,757,875 | 45,181,875 |

The total dilutionary effect of the Unconditional Placement was 16.6%, the total dilutionary effect of the Conditional Placement will, if Resolutions 3, 5 and 6 are passed, will be 1.8%, and the dilutionary effect of the SPP will be 5.3%.

Resolution 2 – Ratification of 422,727,288 Unconditional Shares and 140,909,121 Unconditional Options

As noted in the background section of this Explanatory Memorandum, on 6 August 2020 the Company announced the Capital Raising, which included **422,727,288** Unconditional Shares and **140,909,121** Unconditional Options to sophisticated and professional investors. The Unconditional Placement was undertaken under the Company's placement capacity under Listing Rules 7.1 and 7.1A.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 and Listing Rule 7.1A limit the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% and 10% respectively of the fully paid ordinary shares it had on issue at the start of that period.

The Unconditional Shares and Unconditional Options issued to participants in the Unconditional Placement did not fall within an exception and were issued without Shareholder approval under the Company's 15% placement capacity under Listing Rule 7.1 and the Company's 10% placement capacity under Listing Rule 7.1A.

Listing Rule 7.4 allows the shareholders of a listed company to subsequently ratify the previous issues of securities made without prior shareholder approval under Listing Rule 7.1 and Listing Rule 7.1A, provided the issue did not breach the maximum thresholds set by Listing Rule 7.1 and Listing Rule 7.1A. If they do, the issue is taken to have been approved under Listing Rule 7.1 and Listing Rule 7.1A and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under those rules.

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 and Listing Rule 7.1A and thus the Company is seeking ratification of the Unconditional Shares and Unconditional Options issued pursuant to the Unconditional Placement by Resolution 2. The Company confirms that the issue and allotment of the Unconditional Shares and Unconditional Options did not breach Listing Rule 7.1 and Listing Rule 7.1A at the date of issue.

If Resolution 2 is passed, the Unconditional Shares and Unconditional Options issued pursuant to the Unconditional Placement will be excluded in calculating the Company's 15% Threshold in Listing Rule 7.1 and 10% Additional Placement Capacity limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the date of issue.

If Resolution 2 is not passed, the relevant issues will be included in calculating the Company's 15% Threshold in Listing Rule 7.1 and 10% Additional Placement Capacity limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the date of issue.

For the purposes of Listing Rule 7.5, the following information is provided in respect of Resolution 2:

| | |
|------------------------------------|---|
| Number of securities issued | The Company has issued 563,636,409 new securities, being the sum of: (a) 422,727,288 Unconditional Shares; and (b) 140,909,121 Unconditional Options. |
| Issue Price | The issue price for the Unconditional Shares was \$0.0055 per Unconditional Share. The Unconditional Options were issued for nil consideration. The Company has received a total of \$2,325,000 under the Unconditional Placement. |
| Terms of the securities | All Unconditional Shares will, from their date of issue, rank equally with all other Shares on issue. The Unconditional Options: <ul style="list-style-type: none"> • each convert to one fully paid ordinary share in the Company; • have an exercise price of \$0.009 (which will be adjusted accordingly in the event of a consolidation / subdivision of the Company's securities); • have an expiry date of 31 August 2022; • upon conversion into shares will rank equally with each fully paid ordinary share in the Company; • are transferrable to any one or more third parties in any manner approved by the ASX or the Corporations Act; and • are unlisted. |
| Material terms of agreement | The relevant placement agreement provided that the issue price of Unconditional Shares is \$0.0055 and the Unconditional Options are to be issued for nil consideration and includes various other conditions usual for a placement of this sort. |
| Names of allottees | The securities issued under the Unconditional Placement were issued to various professional and sophisticated investors and were selected by the Company in consultation with BW Equities Pty Ltd. None of the allottees are Related Parties of the Company. No Director or any of their Associates have participated in, or will receive any securities pursuant to, the Unconditional Placement. |

| | |
|----------------------|--|
| Use of funds | The funds raised by the Unconditional Placement will be used for the purposes outlined in the section of this Explanatory Memorandum entitled " Capital Raising Background ". |
| Date of issue | The Unconditional Shares and Unconditional Options were issued on 14 August 2020. |

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2 and advise that they intend to vote any Shares that they own or control in favour of Resolution 2.

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

Resolution 3 – Approval of issue of 41,272,729 Conditional Shares and 13,757,578 Conditional Options

As noted in the background section of these Explanatory Memorandum, in addition to the Unconditional Placement, the Company received firm commitments from sophisticated and professional investors to issue a further **41,272,729** Shares and **13,757,578** Options under the Conditional Placement, subject to obtaining Shareholder approval to such issue.

As noted in Resolution 2, broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 and Listing Rule 7.1A limit the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% and 10% respectively of the fully paid ordinary shares it had on issue at the start of that period.

Exception 17 of Listing Rule 7.1 provides that an agreement to issue equity securities that is conditional on the holders of the listed company's ordinary securities approving the issue before the issue is made shall be an exception to this prohibition, provided that if an entity relies on this exception the listed company must not issue the equity securities without such approval.

Under, and for the purposes of Listing Rule 7.1, Resolution 3 seeks the required Shareholder approval for the issue of the Conditional Shares and Conditional Options to various sophisticated and professional investors who participated in the Conditional Placement.

If Resolution 3 is passed, the Company will be able to proceed with the issue of Conditional Shares and Conditional Options under the Conditional Placement to these participants. In addition, the Conditional Shares and Conditional Options 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 3 is not passed, the Company will not be able to proceed with the issue of Conditional Shares and Conditional Options to participants in the Conditional Placement.

For the purposes of Listing Rule 7.3, the following information is provided in respect of Resolution 3:

| | |
|---|--|
| Maximum number of securities proposed to be issued | Subject to Resolution 3 being passed, the maximum number securities issued under the Conditional Placement is 55,030,307 , being the sum of: (a) up to 41,272,729 Conditional Shares; and |
|---|--|

| | |
|------------------------------------|---|
| | (b) up to 13,757,578 Conditional Options. |
| Issue Price | The issue price for the Conditional Shares was \$0.0055 per share. The Conditional Options were issued for nil consideration. The Company will receive a total of \$227,000 under the Conditional Placement. |
| Terms of the securities | <p>All Conditional Shares will, from their date of issue, rank equally with all other Shares on issue. The Company will apply for the Conditional Shares to be quoted on the ASX.</p> <p>The Conditional Options:</p> <ul style="list-style-type: none"> • each convert to one fully paid ordinary share in the Company; • have an exercise price of \$0.009 (which will be adjusted accordingly in the event of a consolidation / subdivision of the Company's securities); • have an expiry date of 31 August 2022; • upon conversion into shares will rank equally with each fully paid ordinary share in the Company; • are transferrable to any one or more third parties in any manner approved by the ASX or the Corporations Act; and • are unlisted. |
| Material terms of agreement | The relevant placement agreement provided that the issue price of the Conditional Shares is \$0.0055 per Share and that the Conditional Options are to be issued for nil consideration and includes various other conditions usual for a placement of this sort. |
| Names of allottees | <p>If Resolution 3 is passed the Conditional Shares and Conditional Options will be issued to various sophisticated and professional investors who participated in the Conditional Placement, selected in consultation with BW Equities Pty Ltd;</p> <p>No Director or any of their Associates have participated in, or will receive any securities pursuant to, the Conditional Placement.</p> |
| Use of funds | It is proposed that the funds raised by the Conditional Placement will be used for the purposes outlined in the section of this Explanatory Memorandum entitled " Capital Raising Background ". |
| Date of issue | The Conditional Shares and Conditional Options will be issued as soon as practicable following the Meeting, and in any event, will be issued no later than 3 months after the Meeting. |

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

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

Resolution 4 – Ratification of Proposed Issue of SPP Options

As noted in the background section of these Explanatory Memorandum, in addition to the Placement, the Company announced the SPP to existing eligible Shareholders targeting a raise of \$300,000, which subsequently closed on the 9th of September oversubscribed with the

Company accepting applications totalling \$745,500, through the issue of a further **135,545,486** SPP Shares and up to **45,181,875** SPP Options (for no additional consideration).

As described above under Resolution 2, subject to a number of exceptions, Listing Rule 7.1 and Listing Rule 7.1A limit the amount of equity securities that a listed company can issue or agree to issue without the approval of its shareholders over any 12 month period to 15% and 10%, respectively, of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of SPP Options pursuant to the SPP does not fall within an exception to Listing Rule 7.1 and was undertaken under the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.4 allows the shareholders of a listed company to subsequently ratify the previous issue or agreement to issue equity securities made without prior shareholder approval under Listing Rule 7.1 and Listing Rule 7.1A, provided the issue or agreement to issue did not breach the maximum thresholds set by Listing Rule 7.1 and Listing Rule 7.1A. If they do, the issue or agreement to issue is taken to have been approved under Listing Rule 7.1 and Listing Rule 7.1A and so does not reduce the company's capacity to issue further equity securities without shareholder approval under those rules.

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 and Listing Rule 7.1A and, thus, Resolution 4 is seeking ratification of the SPP Options to be issued pursuant to the SPP.

If Resolution 4 is passed, the SPP Options issued pursuant to the SPP will be excluded in calculating the Company's 15% Threshold in Listing Rule 7.1 and 10% Additional Placement Capacity limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the date of issue.

If Resolution 4 is not passed, the proposed issue of SPP Options the subject to Resolution 4 will continue to be deducted from the Company's 15% Threshold in Listing Rule 7.1 and 10% Additional Placement Capacity limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12-month period following the date of issue.

For the purposes of Listing Rule 7.5, the following information is provided in respect of Resolution 4:

| | |
|------------------------------------|--|
| Number of securities issued | Up to 45,181,875 SPP Options under the SPP. |
| Issue Price | The SPP Options are issued for nil consideration. |
| Terms of the securities | <p>The SPP Options:</p> <ul style="list-style-type: none"> • each convert to one fully paid ordinary share in the Company; • have an exercise price of \$0.009 (which will be adjusted accordingly in the event of a consolidation / subdivision of the Company's securities); • have an expiry date of 31 August 2022; • upon conversion into shares will rank equally with each fully paid |

| | |
|------------------------------------|---|
| | <p>ordinary share in the Company;</p> <ul style="list-style-type: none"> • are transferrable to any one or more third parties in any manner approved by the ASX or the Corporations Act; and • are unlisted. |
| Material terms of agreement | As contained in the Share Purchase Plan Offer Booklet dated 12 August 2020. |
| Names of allottees | <p>Existing eligible Shareholders of the Company.</p> <p>Affiliates of Messrs Treacy and Nolan have applied to receive Shares and Options pursuant to the SPP, which will be issued subject to the passing of Resolutions 5 and 6. Except as contemplated by those Resolutions, no Director or any of their Associates, will receive any SPP Shares or SPP Options pursuant to the SPP.</p> |
| Use of funds | There are no proceeds from the issue of the SPP Options. |
| Date of issue | The SPP Options will be issued as soon as practicable following the closure of the SPP Meeting. |

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4 and advise that they intend to vote any Shares that they own or control in favour of Resolution 4.

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

Resolutions 5 and 6 – Approval of Issue of SPP Shares and SPP Options to Mr Calvin Treacy and Mr Corey Nolan

As noted in the explanatory notes for Resolution 4 on page 16, the Capital Raising included an SPP.

Among those persons who subscribed for SPP Shares and SPP Options pursuant to the SPP were Mr Treacy and Mr Nolan, both Directors of the Company (**Participating Directors**).

Listing Rule Requirements

Listing Rule 10.11 requires that the Company obtain Shareholder approval prior to the issue of equity securities to a Related Party of the Company

As the Participating Directors are both Related Parties of the Company (by virtue of their position as Directors), they are each persons falling within category 10.11.1 of Listing Rule 10.11 and, accordingly, Resolutions 5 and 6 seek Shareholder approval for the issue of SPP Shares and SPP Options under the SPP to the Participating Directors in accordance with Listing Rule 10.11.

If Resolutions 5 and 6 are passed, the Participating Directors will receive SPP Shares and SPP Options under the SPP.

If Resolution 5 is not passed, no SPP Shares or SPP Options will be issued to Mr Treacy as part of the SPP and all application money received from Mr Treacy for the SPP Shares will be returned to him.

If Resolution 6 is not passed, no SPP Shares or SPP Options will be issued to Mr Nolan as part of the SPP and all application money received from Mr Nolan for the SPP Shares will be returned to him.

Shareholders should be aware that, if approval is given to issue SPP Shares and SPP Options to the Participating Directors under Listing Rule 10.11, approval will not be required under Listing Rule 7.1 and 7.1A and that the number of SPP Shares and SPP Options issued to the Participating Directors will not be counted towards the Company's placement capacity.

Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a Related Party unless an exception applies or shareholders have in a general meeting approved the giving of that financial benefit to the Related Party. The Participating Directors are Directors and are therefore each a Related Party of the Company.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the SPP Shares and SPP Options pursuant to Resolutions 5 and 6, on the basis that exception in section 210 of the Corporations Act applies as the Participating Directors are proposing to participate in the SPP on the same terms as other applicants.

For the purposes of Listing Rule 10.13, the following information is provided in respect of Resolutions 5 and 6:

| | |
|---|---|
| Maximum number of securities proposed to be issued | The maximum number of securities proposed to be issued to the Participating Directors pursuant to these Resolutions 4 and 5 is: (a) 3,636,364 SPP Shares and 1,212,122 SPP Options to Mr Treacy; and (b) 1,363,637 SPP Shares and 454,546 SPP Options to Mr Nolan. |
| Issue Price | The issue price of the SPP Shares proposed to be issued to the Participating Directors is \$0.0055 per Share. The SPP Options are being issued to the Participating Directors for nil consideration. |
| Terms of the securities | All SPP Shares will, from their date of issue, rank equally with all other Shares on issue. The SPP Options: <ul style="list-style-type: none"> • each convert to one fully paid ordinary share in the Company; • have an exercise price of \$0.009 (which will be adjusted accordingly in the event of a consolidation / subdivision of the Company's securities); • have an expiry date of 31 August 2022; • upon conversion into shares will rank equally with each fully paid ordinary share in the Company; • are transferrable to any one or more third parties in any manner approved by the ASX or the Corporations Act; and • are unlisted. |

| | |
|------------------------------------|--|
| Names of allottees | (a) if Resolution 5 is passed SPP Shares and SPP Options will be issued to Mr Treacy; and (b) if Resolution 6 is passed, SPP Shares and SPP Options will be issued to Mr Nolan. |
| Material terms of agreement | As contained in the Share Purchase Plan Offer Booklet dated 12 August 2020. |
| Use of funds | It is proposed that the funds raised by the SPP will be used for the purposes outlined in the section of this Explanatory Memorandum entitled " Capital Raising Background ". |
| Date of issue | The SPP Shares and SPP Options will be issued as soon as practicable following the Meeting, and in any event, will be issued no later than 1 month after this Meeting. |

As the proposed issue of securities to the Participating Directors in accordance with Resolutions 5 and 6 will:

- (a) be at the same issue price as all other participants in the SPP; and
- (b) provide the Company with significant additional funds to progress its objectives,

the Directors, other than Mr Treacy in respect of Resolution 5 and Mr Nolan in respect of Resolution 6, who have abstained from providing any recommendation on their respective Resolutions, recommend that Shareholders vote in favour of Resolutions 5 and 6 and advise that they intend to vote any Shares that they own or control in favour of Resolutions 5 and 6.

The Chair of the Meeting intends to vote any undirected proxies in favour of Resolutions 5 and 6.

Resolution 7 – Approval of Issue of Broker Options

On 30 July 2020 the Company entered into an agreement with BW Equities Pty Ltd (**Lead Manager**) to act as lead manager for the Placement. For the services provided by BW Equities Pty Ltd during the Placement the Company agreed to issue them with 40,000,000 Broker Options.

As described above under Resolution 2, subject to a number of exceptions, Listing Rule 7.1 and Listing Rule 7.1A limit the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% and 10% respectively of the fully paid ordinary shares it had on issue at the start of that period.

As noted above, the Company does not have sufficient placement capacity remaining under Listing Rule 7.1. Accordingly, the Company needs the approval of Shareholders in order to issue 40,000,000 Broker Options to the Lead Manager in consideration for the Lead Manager acting as lead manager to the Placement.

If Resolution 7 is passed, the Company will be able to issue the Broker Options to the Lead Manager.

If Resolution 7 is not passed, then the Company will not be able to issue the Broker Options to the Lead Manager.

For the purposes of Listing Rule 7.3, the following information is provided in respect of Resolution 7:

| | |
|---|--|
| Maximum number of securities proposed to be issued | Subject to Resolution 7 being passed, the maximum number of securities to be issued to BW Equities Pty Ltd is 40,000,000 Broker Options. |
| Issue Price | The issue price of the Broker Options is nil and are being issued for the purpose of satisfying the consideration agreed to be issued to BW Equities Pty Ltd for acting as Lead Manager to the Placement. |
| Terms of the securities | <p>The Broker Options:</p> <ul style="list-style-type: none"> • each convert to one fully paid ordinary share in the Company; • have an exercise price of \$0.009 (which will be adjusted accordingly in the event of a consolidation / subdivision of the Company's securities); • have an expiry date of 31 August 2022; • upon conversion into shares will rank equally with each fully paid ordinary share in the Company; • are transferrable to any one or more third parties in any manner approved by the ASX or the Corporations Act; and • are unlisted. |
| Names of allottees | If Resolution 7 is passed, 40,000,000 Broker Options will be issued to BW Equities Pty Ltd. |
| Material terms of agreement | <p>The lead manager agreement provided that:</p> <ul style="list-style-type: none"> • the Lead Manager would support the Company in undertaking the Placement; • the Lead Manager would receive: <ul style="list-style-type: none"> ○ a 2% management fee of total funds raised under the Placement; ○ a 4% selling fee (in addition to the above fee) on monies raised under the Placement, excluding funds raised from the Company's top 25 Shareholders; • for various other standard conditions for a lead manager agreement of this sort, including various indemnities in favour of the Lead Manager in respect of their role. |
| Use of funds | There are no proceeds from the issue of the Broker Options. |
| Date of issue | The Broker Options will be issued as soon as practicable following the Meeting, and in any event, will be issued no later than 3 months after the Meeting. |

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7 and advise that they intend to vote any Shares that they own or control in favour of Resolution 7.

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

Resolution 8 – Approval of Conversion of Debt into Shares and Options Issued to Mr Andy Greig

The Company has drawn down \$1,250,000 from a \$2,000,000 loan facility provided to it by Mr Andrew Greig, Chairman of the Company. In parallel with the Placement Mr Greig has agreed, subject to Shareholder approval, to convert \$500,000 of the outstanding loan amount to equity on the same terms as the Placement.

Listing Rule 10.11 requires that the Company obtain shareholder approval prior to the issue of equity securities to a Related Party of the Company.

As Mr Greig is a Related Party of the Company (by virtue of his position as a Director), and therefore a person falling within category 10.11.1 of Listing Rule 10.11, Resolution 8 seeks Shareholder approval for the issue of **90,909,091** Shares and **30,303,030** Options in accordance with Listing Rule 10.11.

If Resolution 8 is passed, Mr Greig will receive Shares and Options and the amount owing from the Company to Mr Greig will be reduced by \$500,000.

If Resolution 8 is not passed, no Shares or Options will be issued to Mr Greig and the Company's debt to Mr Greig will not be reduced.

Shareholders should be aware that, if approval is given to issue Shares and Options to Mr Greig under Listing Rule 10.11, approval will not be required under Listing Rule 7.1 and that the number of Shares and Options issued to Mr Greig will not be deducted from the Company's placement capacity in Listing Rules 7.1 and 7.1A.

Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a Related Party unless an exception applies or shareholders have in a general meeting approved the giving of that financial benefit to the Related Party. Mr Greig is a Director and is therefore a Related Party of the Company.

The Board has formed the view that shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Shares and Options pursuant to Resolution 8, on the basis that exception in section 210 of the Corporations Act applies as Mr Greig will receive Shares and Options on the same terms as applicants under the Placement.

For the purposes of Listing Rule 10.13, the following information is provided in respect of Resolution 8:

| | |
|---|---|
| Maximum number of securities proposed to be issued | The maximum number of securities proposed to be issued to Mr Greig is 121,212,121 , being the sum of: (a) 90,909,091 Shares; and (b) 30,303,030 Options. |
| Issue Price | The issue price of the Shares proposed to be issued to Mr Greig pursuant to Resolution 8 is \$0.0055 per Share. The Options are being issued to Mr Greig for nil consideration. |

| | |
|---|---|
| <p>Terms of the securities</p> | <p>All Shares issued pursuant to Resolution 8 will, from their date of issue, rank equally with all other Shares on issue. The Company will apply for those Shares to be quoted on the ASX.</p> <p>The Options issued pursuant to Resolution 8:</p> <ul style="list-style-type: none"> • each convert to one fully paid ordinary share in the Company; • have an exercise price of \$0.009 (which will be adjusted accordingly in the event of a consolidation / subdivision of the Company's securities); • have an expiry date of 31 August 2022; • upon conversion into shares will rank equally with each fully paid ordinary share in the Company; • are transferrable to any one or more third parties in any manner approved by the ASX or the Corporations Act; and • are unlisted. |
| <p>Names of allottees</p> | <p>Subject to passing Resolution 8, Shares and Options will be issued to Mr Andrew Greig.</p> |
| <p>Material terms of agreement</p> | <p>The issue of the Shares and Options under the Debt for Equity Swap Deed between the Company and Mr Greig dated 6 August 2020 decreases the balance of the amount the Company owes to Mr Greig by \$500,000 in consideration for the Company issuing the Shares and Options to Mr Greig (subject to the Company having received Shareholder approval).</p> |
| <p>Use of funds</p> | <p>The Company will not receive any funds from the issue of the Shares and Options under this Resolution 8</p> |
| <p>Date of issue</p> | <p>The Shares and Options to be issued pursuant to Resolution 8 will be issued as soon as practicable following the Meeting, and in any event, will be issued no later than 1 month after this Meeting.</p> |

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that could be reasonably required by Shareholders to make a decision in relation to Resolution 8.

As the proposed issue of Shares and Options to Mr Greig in accordance with Resolution 8 will:

- (a) be on the same terms as the Capital Raising; and
- (b) significantly reduce the Company's outstanding debt, freeing up additional funds to progress its objectives,

the Directors, other than Mr Greig, who has abstained from providing any recommendation, recommend that Shareholders vote in favour of Resolution 8 and advise that they intend to vote any Shares that they own or control in favour of Resolution 8.

The Chair of the Meeting (stepping in for Mr Greig for the purposes of this Resolution 8) intends to vote any undirected proxies in favour of Resolution 8.

Resolutions 9 and 10 – Re-Elections of Calvin Treacy and Brett Smith

Under the Constitution of the Company, any Director who has been appointed since the last annual general meeting, one third of the Directors, and any Director for whom that annual general meeting would be his third annual general meeting or who has been in office for three years since his last appointment, automatically retires and if eligible may stand for re-election.

Mr Smith retires at the Meeting as he was appointed as a director of the Company on 24 January 2020, after the Company's last annual general meeting. His qualifications are set out below.

Mr Smith has over 30 years' experience in the resources, construction and engineering industries in senior operational and financial positions. Mr Smith is executive director of Hong Kong listed Dragon Mining which has operating gold mines and processing plants in both Finland and Sweden.

Mr Smith is also deputy Chairman of Hong Kong listed resources investment company APAC Resources, Executive Director of Metals X and Non-Executive Director of ASX-listed companies Tanami Gold and Prodigy Gold.

Mr Treacy retires by rotation at the Meeting as he was appointed as a director of the Company on 30 November 2017. His qualifications are set out below.

Mr Treacy (BEng, MBA, MAICD) has over twenty years senior management experience in mining, mining technology and manufacturing. He has a strong track record of founding and growing companies, and brings a wealth of experience in the areas of strategic planning and capital raising. He is a qualified Mechanical Engineer and holds a Masters of Business Administration, with extensive experience across a range of industries and positions.

Mr Treacy has worked in a range of roles including Non-executive Director, Chief Executive Officer, Chief Operating Officer and Production Manager, providing a blend of experience from hands-on management through to executive oversight and strategic management.

Mr Treacy has not held any directorships in other ASX listed companies in the last three (3) years.

Mr Treacy is a member of the Audit and Risk Management Committee. In accordance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations, 3rd Edition", Mr Treacy is not considered independent, having held an executive position in the Company within the last three years.

The Directors (Mr Smith abstaining in respect of Resolution 9 and Mr Treacy abstaining in respect of Resolution 10) recommend that Shareholders vote in favour of Resolutions 9 and 10 and advise that they intend to vote any Shares that they own or control in favour of Resolutions 9 and 10.

Resolution 11 – Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the

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

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of less than \$300,000,000.

Accordingly, Resolution 11 seeks Shareholder approval to have the ability to issue Equity Securities pursuant to the 10% Additional Placement Capacity.

If Resolution 11 is passed, the Directors will be able to issue Equity Securities in the Company for up to 10% of the Company's fully paid ordinary securities on issue during the period up to 12 months after the Meeting (**Placement Securities**), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2.

If Resolution 11 is not passed, the Directors will be unable to issue Placement Securities under the Company's 10% Additional Placement Capacity and the Company will be unable to raise funds using the Company's 10% Additional Placement Capacity.

Resolution 11 is a Special Resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 11 for it to be passed. Pursuant to Listing Rule 7.1A, no Placement Securities will be issued until and unless this Special Resolution is passed at the Meeting.

For the purpose of Listing Rule 7.3A, the following information is provided in respect of Resolution 11:

| | |
|----------------------------------|---|
| <p>Period of approval</p> | <p>The Placement Securities may be issued under the 10% Additional Placement Capacity commencing on the date of the General Meeting and expiring on the first to occur of the following:</p> <ul style="list-style-type: none"> (a) the date that is 12 months after the date of the General Meeting; (b) the time and date of the Company's next annual general meeting; and (c) the time and date of the approval by Shareholders of any transaction under Listing Rules 11.1.2 or 11.2. |
| <p>Minimum price</p> | <p>The minimum price at which the Placement Securities (which must be in an existing quoted class of the Company's Equity Securities and issued for cash consideration) may be issued is 75% of the volume weighted average price of Equity Securities in the same class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:</p> <ul style="list-style-type: none"> (a) the date on which the price at which the relevant Placement Securities are to be issued is agreed by the entity and the recipient of the securities; or (b) if the relevant Placement Securities are not issued within 10 Trading Days of the date in paragraph (a) above, the date on which the relevant Placement Securities are issued. |
| <p>Use of funds</p> | <p>The Company may issue Placement Securities under the 10% Additional Placement Capacity for cash consideration, which the Company intends to use for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration</p> |

| | expenditure on the Company's current assets and general working capital (including payment of expenses associated with the issue of Placement Securities). | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|------------------------------|--------------|-------------------------------|---------|---------|---------|---------|---------|------------------------------|--------------|-------------------------------|-------------------------------|---------------------|-------------|-------------|-------------|---------------|--------------|-----------|-------------|-------------|---|---------------------|-------------|-------------|-------------|---------------|--------------|-------------|-------------|-------------|--|---------------------|-------------|-------------|-------------|---------------|--------------|-------------|-------------|-------------|
| <p>Risk of economic and voting dilution</p> | <p>Any issue of Placement Securities under the 10% Additional Placement Capacity will dilute the economic and voting interests of Shareholders who do not receive any Equity Securities under the issue. If Resolution 11 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Additional Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.</p> <p>Shareholders should note that there is a risk that:</p> <p>(a) the market price for the Company's Equity Securities may be significantly lower on the issue date of any Placement Securities than on the date of the General Meeting; and</p> <p>(b) the Placement Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the date of issue,</p> <p>which may have an effect on the amount of funds raised by the issue of the Placement Securities.</p> <p>The table below displays the potential dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2) on the basis of three (3) different assumed issue prices and values for variable "A" in the formula in Listing Rule 7.1A.2:</p> <table border="1" data-bbox="501 1178 1485 1688"> <thead> <tr> <th colspan="2" rowspan="3">Listing Rule 7.1A.2</th> <th colspan="3">Dilution</th> </tr> <tr> <th>\$0.003</th> <th>\$0.006</th> <th>\$0.012</th> </tr> <tr> <th>50% decrease in Market Price</th> <th>Market Price</th> <th>100% increase in Market Price</th> </tr> </thead> <tbody> <tr> <td>Current Issued Capital</td> <td>10% voting dilution</td> <td>310,660,374</td> <td>310,660,374</td> <td>310,660,374</td> </tr> <tr> <td>3,106,603,735</td> <td>Funds raised</td> <td>\$931,981</td> <td>\$1,863,962</td> <td>\$3,727,924</td> </tr> <tr> <td>50% increase in current issued capital</td> <td>10% voting dilution</td> <td>465,990,560</td> <td>465,990,560</td> <td>465,990,560</td> </tr> <tr> <td>4,659,905,603</td> <td>Funds raised</td> <td>\$1,397,972</td> <td>\$2,795,943</td> <td>\$5,591,887</td> </tr> <tr> <td>100% increase in current issued capital</td> <td>10% voting dilution</td> <td>621,320,747</td> <td>621,320,747</td> <td>621,320,747</td> </tr> <tr> <td>6,213,207,470</td> <td>Funds raised</td> <td>\$1,863,962</td> <td>\$3,727,924</td> <td>\$3,727,924</td> </tr> </tbody> </table> <p>The table above uses the following assumptions:</p> <p>(a) Resolution 11 is passed.</p> <p>(b) The current Shares on issue are the Shares on issue as at 14 September 2020.</p> <p>(c) The Share price set out above is the closing price of the Shares on the ASX on 11 September 2020 (being the last trading day before the date of this Notice of Meeting).</p> | Listing Rule 7.1A.2 | | Dilution | | | \$0.003 | \$0.006 | \$0.012 | 50% decrease in Market Price | Market Price | 100% increase in Market Price | Current Issued Capital | 10% voting dilution | 310,660,374 | 310,660,374 | 310,660,374 | 3,106,603,735 | Funds raised | \$931,981 | \$1,863,962 | \$3,727,924 | 50% increase in current issued capital | 10% voting dilution | 465,990,560 | 465,990,560 | 465,990,560 | 4,659,905,603 | Funds raised | \$1,397,972 | \$2,795,943 | \$5,591,887 | 100% increase in current issued capital | 10% voting dilution | 621,320,747 | 621,320,747 | 621,320,747 | 6,213,207,470 | Funds raised | \$1,863,962 | \$3,727,924 | \$3,727,924 |
| Listing Rule 7.1A.2 | | | | Dilution | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | \$0.003 | \$0.006 | \$0.012 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 50% decrease in Market Price | Market Price | 100% increase in Market Price | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current Issued Capital | 10% voting dilution | 310,660,374 | 310,660,374 | 310,660,374 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3,106,603,735 | Funds raised | \$931,981 | \$1,863,962 | \$3,727,924 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50% increase in current issued capital | 10% voting dilution | 465,990,560 | 465,990,560 | 465,990,560 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4,659,905,603 | Funds raised | \$1,397,972 | \$2,795,943 | \$5,591,887 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100% increase in current issued capital | 10% voting dilution | 621,320,747 | 621,320,747 | 621,320,747 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 6,213,207,470 | Funds raised | \$1,863,962 | \$3,727,924 | \$3,727,924 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| | |
|---------------------------------|--|
| | <p>(d) The Company issues the maximum possible number of Equity Securities under the 10% Additional Placement Capacity.</p> <p>(e) The above table only shows the dilutionary effect based on the 10% Additional Placement Capacity under Listing Rule 7.1A and not the 15% issue under Listing Rule 7.1.</p> <p>(f) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue.</p> <p>(g) The issued capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 14 September 2020.</p> <p>(h) The issue price of the Placement Securities used in the table is the same as the Share price and does not take into account any discount to the share price (if any).</p> <p>(i) No Options are exercised into Shares before the date of the issue of the Equity Securities under Listing Rule 7.1A.</p> <p>(j) The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.</p> <p>(k) Only Shares will be issued under the 10% Additional Placement Capacity.</p> |
| <p>Allocation policy</p> | <p>The allottees of the Placement Securities to be issued under the 10% Additional Placement Capacity have not yet been determined. However, the allottees of Placement Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties or Associates of a related party of the Company. Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the Additional 10% Placement Capacity will be vendors of the new assets or investments.</p> <p>The Company will determine the allottees at the time of the issue under the 10% Additional Placement Capacity, having regard to the following factors:</p> <p>(a) the purpose of the issue;</p> <p>(b) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;</p> <p>(c) the effect of the issue of the Placement Securities on the control of the Company;</p> <p>(d) the Company's circumstances, including, but not limited to, its financial position and solvency;</p> <p>(e) prevailing market conditions; and</p> |

| | |
|--|---|
| | (f) advice from corporate, financial and broking advisers (if applicable). |
| Total number of Equity Securities issued or agreed to be issued in the 12 months preceding the date of the Meeting under Listing Rule 7.1.A.2 | <p>The number of equity security on issue 12 months before the date of the Meeting was 2,667,330,961 equity securities:</p> <ul style="list-style-type: none"> - 1,544,330,961 ordinary shares - 1,000,000,000 Convertible Redeemable Preference Shares - 100,000,000 Unlisted Options (\$0.007 @ 30-Jun-20) - 23,000,000 Performance Rights (@ 30-Jun-20), <p>In the previous twelve months the total number of equity securities issued or agreed to be issued under Listing Rule 7.1 A.2 is 254,833,096 ordinary shares.</p> <p>Accordingly, the total number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting represents approximately 9.55% of the total Equity Securities on issue at the commencement of that 12 month period.</p> <p>For the purpose of Listing Rule 7.3A.6(b), the Company provides the following information:</p> <p>(a) the allottees of the Shares were subscribers to the Private Placement who are exempt from the disclosure requirements of the Corporations Act;</p> <p>(b) the issue price of the shares was \$0.0055 per share, representing a discount of 8.3% to the <i>closing market price on the date of issue or agreement</i>;</p> <p>(c) The Company recieved total cash consideration received of \$1,401,582.</p> <p>No funds have been used to date. However, the money raised will be used for the purposes of:</p> <ul style="list-style-type: none"> i. Oropesa Drilling Programme and Geological Optimisation ii. Oropesa Environmental Approval Process iii. Oropesa DFS and Project Engineering iv. Corporate costs including cost of the offer and working capital. |

As at the date of this Notice of Meeting, the Company does not have any intention to issue any Equity Securities under Listing Rule 7.1A which has not previously been disclosed.

The Directors unanimously recommend that you vote in favour of this Special Resolution.

Resolution 12 – Approval of Issue of Securities in Lieu of Fees

In lieu of receiving his director fees for the period 24 January 2020 to 31 July 2020, Mr Brett Smith and the Company have agreed that, subject to the Company having received Shareholder approval, the Company will issue securities to Mr Smith in lieu of the foregone fees.

The Shares or Options to be issued to Mr Smith subject to this Resolution 12 being passed are set out below:

| Current Total Remuneration Package: | \$25,000 per annum | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|-----------------|------------------|----|--------|--------|-----------|--------|--------|-----|-----------|----------|---------|-----|-----------|----------|---------|-----|-----------|----------|---------|-----|-----------|----------|---------|-----|-----------|----------|---------|-----|-----------|----------|---------|--------------|------------------|-----------------|------------------|
| Outstanding fees | \$6,490 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Issue Price | <p>Under the agreement with Mr Smith a total of \$1,042 worth of shares are to be issued per month of service based on the volume weighted average price of shares that traded during the relevant month. The below table provides the VWAP calculations:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>VWAP</th> <th>\$</th> <th>Shares</th> </tr> </thead> <tbody> <tr> <td>Jan-20</td> <td>\$ 0.0030</td> <td>\$ 240</td> <td>79,028</td> </tr> <tr> <td>Feb</td> <td>\$ 0.0026</td> <td>\$ 1,042</td> <td>394,936</td> </tr> <tr> <td>Mar</td> <td>\$ 0.0014</td> <td>\$ 1,042</td> <td>745,904</td> </tr> <tr> <td>Apr</td> <td>\$ 0.0019</td> <td>\$ 1,042</td> <td>534,736</td> </tr> <tr> <td>May</td> <td>\$ 0.0029</td> <td>\$ 1,042</td> <td>354,789</td> </tr> <tr> <td>Jun</td> <td>\$ 0.0038</td> <td>\$ 1,042</td> <td>275,721</td> </tr> <tr> <td>Jul</td> <td>\$ 0.0067</td> <td>\$ 1,042</td> <td>155,752</td> </tr> <tr> <td>Total</td> <td>\$ 0.0026</td> <td>\$ 6,490</td> <td>2,540,866</td> </tr> </tbody> </table> | Month | VWAP | \$ | Shares | Jan-20 | \$ 0.0030 | \$ 240 | 79,028 | Feb | \$ 0.0026 | \$ 1,042 | 394,936 | Mar | \$ 0.0014 | \$ 1,042 | 745,904 | Apr | \$ 0.0019 | \$ 1,042 | 534,736 | May | \$ 0.0029 | \$ 1,042 | 354,789 | Jun | \$ 0.0038 | \$ 1,042 | 275,721 | Jul | \$ 0.0067 | \$ 1,042 | 155,752 | Total | \$ 0.0026 | \$ 6,490 | 2,540,866 |
| Month | VWAP | \$ | Shares | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jan-20 | \$ 0.0030 | \$ 240 | 79,028 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Feb | \$ 0.0026 | \$ 1,042 | 394,936 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar | \$ 0.0014 | \$ 1,042 | 745,904 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr | \$ 0.0019 | \$ 1,042 | 534,736 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May | \$ 0.0029 | \$ 1,042 | 354,789 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jun | \$ 0.0038 | \$ 1,042 | 275,721 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jul | \$ 0.0067 | \$ 1,042 | 155,752 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | \$ 0.0026 | \$ 6,490 | 2,540,866 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of Shares to be issued | 2,540,866 ordinary shares | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Listing Rule Requirements

Listing Rule 10.11 requires that the Company obtain Shareholder approval prior to the issue of equity securities to a Related Party of the Company.

As Mr Smith is a Related Party of the Company (by virtue of his position as a Director) and therefore a person falling within category 10.11.1 of Listing Rule 10.11, Resolution 12 seeks Shareholder approval for the issue of Shares and Options in lieu of foregone director fees, in accordance with Listing Rule 10.11.

If Resolution 12 is passed, Mr Smith will receive 2,540,866 Shares and the amount owing from the Company to Mr Brett in respect of his foregone director fees will be reduced by \$6,490.

If Resolution 12 is not passed, no Shares will be issued to Mr Smith and the Company will be liable to pay Mr Smith \$6,490 as consideration for his services as a Director for the period 24 January 2020 to 31 July 2020.

Shareholders should be aware that, if approval is given to issue the relevant Shares or Options to Mr Smith under Listing Rule 10.11, approval will not be required under Listing Rule 7.1 and that the number of Shares issued to Mr Smith will not be counted towards the Company's 15% Threshold or 10% Additional Placement Capacity.

Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a financial benefit to a Related Party unless an exception applies or Shareholders have in a general meeting approved the giving of that financial benefit to the Related Party. Mr Smith is a Director and are therefore a Related Party of the Company.

The Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Shares and Options pursuant to Resolution 12, on the basis that the exception in section 211 of the Corporations Act applies due to the Company's limited free-cash position at the time of Mr Smith's appointment and that the proposed VWAP methodology is reasonable having regard to this and Mr Smith's significant experience and expertise.

For the purposes of Listing Rule 10.13, the following information is provided in respect of Resolution 12:

| | |
|---|--|
| Maximum number of securities proposed to be issued | The maximum number of securities proposed to be issued to Mr Smith is 2,540,866 Shares. |
| Issue Price | The issue price of the Shares proposed to be issued to Mr Smith is \$0.0026 per Share. |
| Terms of the securities | All Shares issued to Mr Smith will, from their date of issue, rank equally with all other Shares on issue. The Company will apply for the Shares to be quoted on the ASX. |
| Names of allottees | Subject to passing Resolution 12 Shares will be issued to Mr Smith. |
| Material terms of agreement | The relevant agreement provided that the price of Shares to be issued to Mr Smith is \$0.0026 per Share. |
| Use of funds | The Company will not receive any funds for the issue of Shares in lieu of foregone director fees. |
| Date of issue | The Shares to be issued to Mr Smith pursuant to this Resolution 12 will be issued as soon as practicable following the Meeting, and in any event, will be issued no later than 1 month after this Meeting. |

The Directors (Mr Smith abstaining) recommend that Shareholders vote in favour of Resolution 12 and advise that they intend to vote any Shares that they own or control in favour of Resolution 12.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that could be reasonably required by Shareholders to make a decision in relation to Resolution 12.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to Duncan Cornish (Company Secretary): Level 6, 10 Market St, Brisbane City, QLD 4000 Ph: +61 7 3212 6299

Glossary

10% Additional Placement Capacity means the equity securities issued by the Company pursuant to Listing Rule 7.1A.

15% Threshold means the restriction on the issue of equity securities contained in Listing Rule 7.1, which prohibits the Company (subject to certain exceptions), from issuing or agreeing to issue Equity Securities representing more than 15% of the number of ordinary shares on issue 12 months prior to the intended date of issue, in the absence of prior Shareholder approval.

Advisory Resolution means a Resolution which, the result of voting by Shareholders, does not bind the Company.

Associate has the meaning given to that term in the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by ASX Limited (as the context requires).

AEST means Australian Eastern Standard Time.

Board means the board of Directors of the Company.

Broker Options means the proposed issue of **40,000,000** Options to BW Equities Pty Ltd the subject of Resolution 7.

Capital Raising means, together, the Placement and the SPP.

Closely Related Party means, of a member of the Key Management Personnel:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependant of the member or of the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member or be influenced by the member, in the member's dealings with the Company; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purpose of the above definition.

Company means Elementos Limited ACN 138 468 756.

Conditional Placement means, together, the proposed issue of Conditional Shares and Conditions Options to sophisticated and professional investors the subject of Resolution 3.

Conditional Options means the **13,757,578** Options proposed to be issued pursuant to the Conditional Placement.

Conditional Shares means **41,272,729** Shares proposed to be issued pursuant to the Conditional Placement.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director means a director of the Company as at the date of this Explanatory Memorandum.

Directors' Report means the document dated 28 September 2020 entitled 'Directors' Report' contained within pages 14 to 26 of the Annual Report.

Eligible Entity has the meaning given to that term in the Listing Rules.

Equity Securities has the meaning given to that term in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum that accompanies, and forms part of, the Notice of Meeting.

General Meeting or **Meeting** means the annual general meeting of the Company to be convened by the Notice of Meeting.

Key Management Personnel means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

Listing Rules means the listing rules of the ASX.

Notice of Meeting means the notice convening the general meeting of Shareholders that accompanies this Explanatory Memorandum.

Option means an option to subscribe for a Share.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

Placement means, together, the Unconditional Placement and the Conditional Placement.

Placement Securities means Equity Securities issued pursuant to the Company's 10% Additional Placement Capacity.

Related Party has the meaning given to that term in the Listing Rules.

Resolution means a resolution referred to in this Notice of Meeting.

Remuneration Report means the section of the Directors' Report in the Annual Report dealing with the remuneration of the Company's Directors, Company Secretary and senior executives described as 'Remuneration Report'.

Shareholder means a holder of a Share.

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

Special Resolution means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) passed by at least 75% of the votes cast by members entitled to vote on the Resolution.

SPP means the share purchase plan offered to existing Shareholders of the Company in conjunction with the Placement at an issue price of \$0.0055 per Share which was announced to the ASX on 6 August 2020.

SPP Options means the **45,181,875** Options issued under the SPP to participants in the SPP.

SPP Shares means the **135,545,486** Shares issued to Shareholders under the SPP.

Trading Days means has the meaning given to that term in the Listing Rules.

Unconditional Placement means, together, the private placement of Unconditional Shares and Unconditional Options issued to sophisticated and professional investors as detailed in the section of this Explanatory Memorandum entitled 'Capital Raising Background'.

Unconditional Options means the **140,909,121** Options issued pursuant to the Unconditional Placement.

Unconditional Shares means the **422,727,288** Shares issued pursuant to the Unconditional Placement.

ELEMENTOS

ABN 49 138 468 756

All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am (AEST) on Saturday, 14 November 2020.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/elementosagm2020>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30am (AEST) on Saturday, 14 November 2020.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** <https://www.votingonline.com.au/elementosagm2020>
- 📠 **By Fax** +61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Elementos Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **Piper Alderman, Level 26, Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000 on Monday, 16 November 2020 at 10:30am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

| | | FOR | AGAINST | ABSTAIN* | | | FOR | AGAINST | ABSTAIN* |
|--------------|--|--------------------------|--------------------------|--------------------------|---------------|---|--------------------------|--------------------------|--------------------------|
| Res 1 | Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Res 7 | Approval of Issue of Broker Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Res 2 | Ratification of 422,727,288 Unconditional Shares and 140,909,121 Unconditional Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Res 8 | Approval of Conversion of Debt into Shares and Options Issued to Mr Andrew Greig | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Res 3 | Approval of issue of 41,272,729 Conditional Shares and 13,757,578 Conditional Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Res 9 | Re-Election of Brett Smith | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Res 4 | Ratification of issue of up 45,181,875 SPP Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Res 10 | Re-Election of Calvin Treacy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Res 5 | Approval to Issue up to 3,636,364 SPP Shares and 1,212,122 SPP Options to Mr Calvin Treacy | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Res 11 | Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Res 6 | Approval to Issue up to 1,363,637 SPP Shares and 454,546 SPP Options to Mr Corey Nolan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Res 12 | Approval of the Issue of Securities in Lieu of Fees | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2020