



BMG Resources Limited
ACN 107 118 678

ASX ANNOUNCEMENT

30 OCTOBER 2018

NOTICE OF ANNUAL GENERAL MEETING

BMG Resources Limited (ASX: BMG) has now despatched to all shareholders the Notice of Annual General Meeting of Shareholders.

The Annual General Meeting will be held at 08.30am (WST) on 29 November 2018 at Level 2, 250 St Georges Terrace, Perth, Western Australia, 6000.

Hardcopies of the Annual Report will be despatched to all shareholders who have requested it. Shareholders who have elected to receive the report in electronic format will be sent an electronic version of the Annual Report from Security Transfer Australia.

The Notice of Annual General Meeting and the Annual Report can be located on the BMG Resources Limited website at www.bmgl.com.au.

*****ENDS*****

For further information, shareholders and media please contact:

Bruce McCracken
Managing Director
+61 8 9424 9390

Sean Meakin
Company Secretary
+61 8 9424 9390



BMG Resources Limited

ACN 107 118 678

Notice of Annual General Meeting, Explanatory Statement and Proxy Form

Annual General Meeting to be held at

**Level 2
250 St Georges Terrace
Perth Western Australia 6000**

On Thursday, 29 November 2018 at 8:30am (WST)

IMPORTANT NOTE

The Notice of Annual General Meeting and Explanatory Statement should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

Important Information

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Important dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	8:30am (WST) on Tuesday, 27 November 2018
Snapshot date for eligibility to vote	8:30am (WST) on Tuesday, 27 November 2018
General Meeting	8:30am (WST) on Thursday, 29 November 2018

Defined terms

Capitalised terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary set out in the Explanatory Statement.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of BMG Resources Limited (ACN 107 118 678) (**BMG** or **Company**) will be held at **Level 2, 250 St Georges Terrace, Perth, Western Australia** at **8:30am (WST)** on **Thursday, 29 November 2018**.

The Explanatory Statement, which accompanies and forms part of this Notice, describes the various matters to be considered.

Terms used in this Notice will, unless the context otherwise requires, have the same meaning given to them in the Glossary as set out in the Explanatory Statement.

AGENDA

To consider, and if thought fit to pass, the resolutions set out below as ordinary resolutions (in respect of Resolutions 1 to 6) and as a special resolution (in respect of Resolution 7).

Financial Statements and Reports

To receive and consider the annual financial report, Directors' report and Auditor's report of the Company for the financial year ended 30 June 2018, as contained in the Company's Annual Report.

Resolution 1 – Adoption of Remuneration Report

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

“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2018, as contained in the Company's Annual Report for 2018, be adopted by the Company.”

Notes: In accordance with the Corporations Act, the vote on this Resolution is advisory only and does not bind the Directors or the Company.

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

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (“spill resolution”) that another meeting be held within 90 days at which all of the offices of Director are vacated (other than the office of managing director) and each such office will be put to a vote. Refer to the Explanatory Statement for further information.

Resolution 2 – Re-election of Director – Mr Simon Trevisan

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

“That for the purposes of Listing Rule 14.4, clause 79 of the Company's Constitution and for all other purposes, Mr Simon Trevisan, a Director of the Company who retires in accordance with clause 79 of the Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of the Company.”

Resolution 3 – Election of Director – Mr Peter Munachen

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 14.4 clause 81(2) of the Company’s Constitution and for all other purposes, Mr Peter Munachen, a Director of the Company who retires in accordance with clause 81(2) of the Constitution and, being eligible, offers himself for election, is elected as a Director of the Company.”

Resolution 4 – Approval to issue Initial Consideration Shares to the LCS Shareholders for acquisition of interest in the Chilean Lithium Projects

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, Shareholders approve the issue of Shares to the value of US\$200,000 to the LCS Shareholders or their nominees, on the terms and conditions set out in the Explanatory Statement in part payment of the consideration payable by the Company to acquire a 20% interest in Lithium Chile SpA.

Resolution 5 – Approval to issue Capital Raising Shares and Options under the Capital Raising

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

“That for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 222,222,222 Capital Raising Shares, at an issue price of not less than 0.9 cents per Share, and up to 222,222,222 free-attaching Capital Raising Options, to raise up to \$2,000,000 (before costs), on the terms and conditions set out in the Explanatory Statement.”

Resolution 6 – Approval to issue Capital Raising Options to Corporate Advisor

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

“That for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 15,000,000 Capital Raising Options at an issue price of nil to the Corporate Advisor, on the terms and conditions set out in the Explanatory Statement.”

Resolution 7 – Approval of Additional Placement Facility

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

“That for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the number of fully paid ordinary securities of the Company on issue (at the time of issue) calculated in accordance with the formula set out in Listing Rule 7.1A.2 for a period of 12 months from the date of the Meeting on the terms and conditions set out in the Explanatory Statement.”

Note: Resolution 7 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

Voting Prohibitions and Exclusions

Corporations Act voting prohibitions

Resolution	Voting prohibition	Exceptions
Resolution 1	Members of Key Management Personnel and their Closely Related Parties. Any votes cast in contravention of section 250R of the Corporations Act will not be counted in working out a percentage of votes cast or whether the Resolution is approved.	This prohibition does not prevent the casting of a vote on Resolution 1 by a person who is otherwise prohibited from voting, as a proxy where the appointment specifies how the proxy is to vote. The Chairman may vote as proxy in accordance with an express authorisation on the Proxy Form.

Pursuant to section 250BD of the Corporations Act, members of Key Management Personnel and their Closely Related Parties (other than the Chairman) may not vote as a proxy on Resolution 1 except where the appointment specifies how the proxy is to vote, or in the case of the Chairman, in accordance with an express authorisation on the Proxy Form. Any votes cast in contravention of section 250BD of the Corporations Act will not be counted in working out a percentage of votes cast or whether the Resolution is approved.

ASX voting exclusion statements

For the purposes of Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions. The Company will disregard any votes cast in favour of the following Resolutions by or on behalf of the following persons or an Associate of those persons:

Resolution	Excluded Parties
Resolution 4	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue of Shares (except a benefit solely by reason of being a Shareholder), being the LCS Shareholders or their nominees at the date of the Notice.
Resolution 5	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder).
Resolution 6	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder).
Resolution 7	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder).

However, the Company need not disregard a vote on Resolutions 4 - 7 if it is cast by:

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

By order of the Board



Sean Meakin
Company Secretary
30 October 2018

Proxy Appointment, Voting and Meeting Instructions

Lodgement of a Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address given below by **8:30am (WST) on Tuesday, 27 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid. Proxy Forms may be lodged as follows:

By hand: Attn: Danielle Petch, Security Transfer Australia Pty Ltd - 770 Canning Highway, Applecross, WA, 6153

By post: Attn: Danielle Petch, Security Transfer Australia Pty Ltd - 770 Canning Highway, Applecross, WA, 6153

By email: registrar@securitytransfer.com.au

By fax: (08) 9315 2233 (within Australia)
+61 8 9315 2233 (outside Australia)

Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder.

If you wish to appoint the Chairman as your proxy, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Chairman, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Security Transfer Australia Pty Ltd on 1300 992 916 (from within Australia) or +61 3 9628 2200 (if overseas).

To appoint a second proxy you must, on each Proxy Form, state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary – that director.

Corporate representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry, Security Transfer Australia Pty Ltd, before the Meeting or at the registration desk on the day of the Meeting.

Certificates of Appointment of Corporate Representatives are available at <https://www.securitytransfer.com.au/forms/appointment-corporate-representative.pdf> or on request by contacting Security Transfer Australia Pty Ltd on telephone number 1300 992 916 (from within Australia) or +61 3 9628 2200 (if overseas).

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate boxes. If you do not mark any of the boxes next to a Resolution, your proxy may vote as he or she chooses. If you mark more than one box on the Resolution, your vote will be invalid.

Voting restrictions that may affect your proxy appointment

Members of the Key Management Personnel (except for the Chairman) and their Closely Related Parties are not able to vote your proxy on Resolution 1 (Adoption of the Remuneration Report) unless you have directed them how to vote. This exclusion does not apply to the Chairman if his appointment as proxy expressly authorises him to vote on matters of Key Management Personnel remuneration.

If you intend to appoint the Chairman, a Director or any other member of Key Management Personnel or any of their Closely Related Parties as your proxy, you are encouraged to direct them how to vote on all the Resolutions.

Chairman voting undirected proxies

At the date of this Notice, the Chairman intends to vote all undirected proxies FOR each of the Resolutions. In exceptional cases the Chairman's intentions may change subsequently and in this event, the Company will make an announcement to the market.

The Proxy Form expressly authorises the Chairman to exercise undirected proxies on all Resolutions including Resolution 1 (Adoption of the Remuneration Report), even though this Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Voting entitlement (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **8:30am (WST) on Tuesday, 27 November 2018**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.

Questions from Shareholders

At the Meeting, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report. A representative of BDO Audit (WA) Pty Ltd, as the Auditor responsible for preparing the Auditor's report for the year ended 30 June 2018 will attend the Meeting.

The Chairman will also allow a reasonable opportunity for Shareholders to ask the Auditor questions about:

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

To assist the Board and the Auditor of the Company in responding to questions please submit any questions you may have to the Company in writing by **5:00pm (WST)** on **Thursday, 22 November 2018** in the same manner as outlined above for lodgement of Proxy Forms. Copies of written questions will be available at the meeting.

As required under section 250PA of the Corporations Act, the Company will make available at the Meeting those questions directed to the Auditor received in writing at least 5 business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the annual financial report for the year ended 30 June 2018. The Chairman will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

1. Annual Financial Report

The Corporations Act requires the Directors' report, Auditors' report and the financial statements of the Company for the year ended 30 June 2018 to be tabled at the Annual General Meeting. These reports are contained in the Company's Annual Report.

Neither the Corporations Act nor the Company's Constitution requires a vote of Shareholders on the reports and financial statements. However, Shareholders will be given reasonable opportunity to raise questions on the Reports and ask questions of the Company's Auditor.

The Company advises that a copy of its Annual Report for the year ended 30 June 2018, is available to download at the website address, www.bmgil.com.au.

Please note that if you have elected to continue to receive a hard copy of the Company's Annual Reports, the Annual Report will accompany this Notice of Meeting or alternatively it will be mailed to you no later than 21 days before the Meeting.

However, if you did not elect to continue to receive a hard copy of the Company's Annual Reports and now (or sometime in the future) wish to receive a hard copy of the Company's Annual Reports, please contact Security Transfer Australia Pty Ltd on 1300 992 916 (from within Australia) or +61 3 9628 2200 (if overseas). They will be pleased to mail you a copy.

2. Resolution 1: Adoption of Remuneration Report

The Remuneration Report is set out in the Directors' report in the Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. In accordance with section 250R(3) of the Corporations Act, the vote on the Resolution is advisory only and does not bind the Directors or the Company.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings of the Company, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's directors (other than the managing director) must go up for re-election.

It is noted that at the Company's 2017 annual general meeting the votes cast against the remuneration report represented less than 25% of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for the Annual General Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise the proxy. The Chairman will use any such proxies to vote in favour of Resolution 1.

The Company encourages all Shareholders to cast their votes on Resolution 1 (Adoption of Remuneration Report).

3. Resolution 2: Re-election of Director – Mr Simon Trevisan

3.1 Background

Resolution 2 seeks Shareholder approval for the re-election of Mr Simon Trevisan as a Director of the Company.

In accordance with the Listing Rules and clause 79 of the Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election. The Directors to retire are:

- (a) those who have been in office for 3 years since their appointment or last re-appointment;
- (b) those who have been longest in office since their appointment or last re-appointment; or
- (c) if the Directors have been in office for an equal length of time, by agreement.

Mr Trevisan retires by rotation and offers himself for re-election as a Director.

3.2 Biography – Mr Simon Trevisan

Simon Trevisan has a Bachelor of Economics and a Bachelor of Law (UWA) and a Masters Degree in Business and Technology from the University of New South Wales. He initially practised as a solicitor with Allens Arthur Robinson Legal Group firm, Parker and Parker, in the corporate and natural resources divisions and later acted as General Counsel to a group of public companies involved in oil & gas and mining sector.

He has been involved in the promotion and management of a number of public companies over the past 11 years, including a four year spell as Executive Chairman of ASX listed gold explorer Aurex Consolidated Ltd. In that role Mr Trevisan oversaw the recapitalisation of the company and its eventual merger with TerraGold Mining Ltd.

Mr Trevisan has extensive experience with the commercial and legal aspects of debt and equity fund raising for oil & gas and mineral projects. He has been extensively involved both as an adviser and principal over the past 15 years in numerous resources projects.

Mr Trevisan was appointed as a Director of BMG Resources Limited on 15 April 2016. Mr Trevisan is a member of the Board's Audit and Risk Committee, a member of the Share Trading Committee and a member of the Board's Nomination and Remuneration Committee.

3.3 Directors' recommendation

The Directors (other than Mr Trevisan) recommend that Shareholders vote in favour of Resolution 2.

4. Resolution 3: Election of Director – Mr Peter Munachen

4.1 Background

Resolution 3 seeks Shareholder approval for the Election of Mr Peter Munachen as a Director of the Company.

In accordance with the Listing Rules and clause 81(1) of the Constitution the Directors may appoint any person as a Director to fill a casual vacancy or as an addition to the existing Directors. Clause 81(2) of the Constitution and Listing Rule 14.4 provide that a Director appointed by the Board will hold office until the next annual general meeting of the Company, when the Director may then be re-elected.

Mr Peter Munachen, having consented by notice in writing to act as a Director, was appointed by the Board as a Director on 2 January 2018 pursuant to clause 81(1) of the Constitution. In accordance with clause 81(2) of the Constitution and Listing Rule 14.4, Peter Munachen, being eligible, has offered himself for election as a Director.

4.2 **Biography – Mr Peter Munachen**

Peter Munachen's career spanned some 45 years in the areas of management and corporate administration of ASX quoted public companies, including the financing of exploration and resource development projects (gold, base metals, diamonds and hydrocarbons), as well as the acquisition of exploration and development projects – both Australasian and international.

He is a chartered accountant by profession and prior to concentrating on resource driven projects from 1987, he was a practising professional accountant advising a range of clientele covering traditional small to medium businesses as well as entrepreneurs of innovative projects. He retired from the position of CEO/Director of Norwest Energy NL (NWE) in 2016, but continued to consult to a number of resource and start-up projects.

Mr Munachen was appointed as a director of BMG Resources Limited on 2 January 2018.

Mr Munachen is the chairman of the Board's Audit and Risk Committee.

4.3 **Directors' recommendation**

The Directors (other than Mr Munachen) recommend that Shareholders vote in favour of Resolution 3.

5. **Resolution 4: Approval to issue Initial Consideration Shares to the LCS Shareholders for acquisition of interest in the Chilean Lithium Projects**

5.1 **Background**

On 22 August 2018 the Company announced that it had entered into a binding and exclusive agreement with the owners of Lithium Chile Spa (**LCS Shareholders**) to form a joint venture to undertake the exploration and development of three lithium brine projects in Chile, subject to the satisfactory completion of legal and technical due diligence and other conditions precedent.

LCS is the holder of the projects comprising the Salar West Claims, Pajonales Claims and Natalie Claims in the Salar de Atacama and surrounding areas in northern Chile (**Chilean Lithium Projects**).

The projects are located in the 'lithium triangle' region of the Andes, encompassing parts of northern Chile, south-west Bolivia and north-west Argentina. This region hosts over 50% of the world's lithium resources and the largest and highest grade lithium brine deposits in the world.

The Chilean Lithium Projects comprise three areas of over 12,000 hectares (in total) in the Salar de Atacama, Salar de Pajonales and Salar de Tuyajto-Natalie regions of Chile.

The transaction follows an extensive period of review and evaluation by the Company of strategic investment opportunities. The Company identified battery minerals, principally lithium and cobalt, as high priority targets. Chile was prioritised being the world's best location for low cost, high grade lithium brine opportunities. The transaction meets the Company's investment criteria and represents a transformational opportunity for the Company.

For further details of the Chilean Lithium Projects and the Company's announcement to ASX dated 22 August 2018, please refer to the Company's website at www.bmgl.com.au.

Resolution 4 seeks Shareholder approval under Listing Rule 7.1 for the issue of Shares to the value of US\$200,000 (**Initial Consideration Shares**) as part of the payments to the LCS Shareholders to establish the joint venture and acquire an initial 20% interest in LCS (the holder of Chilean Lithium Projects).

The successful completion of the Capital Raising as contemplated by Resolution 5 is a condition precedent to completion of the Company's acquisition of an initial interest in the Chilean Lithium Projects.

5.2 Summary of terms of joint venture for Chilean Lithium Projects

BMG and the LCS Shareholders have entered into a binding and exclusive agreement (**Terms Sheet**) to form a joint venture to undertake the exploration and development of the Chilean Lithium Projects and other related opportunities in Chile, subject to satisfactory due diligence enquires, capital raising and required shareholder and regulatory approvals.

LCS will be the joint venture entity in Chile which will own all right, title and interest in the Chilean Lithium Projects. BMG will acquire an initial 20% shareholding interest in LCS and will earn-in to a 50% shareholding interest in LCS. The respective shareholding interests in LCS, which will be managed and operated in accordance with a shareholders agreement between BMG and the LCS Shareholders.

In consideration for the establishment of the joint venture and the acquisition of a 20% interest in LCS, BMG will pay the LCS Shareholders US\$800,000 in initial consideration comprising:

- (a) a payment of US\$100,000 (already paid), which provides the Company an exclusive period to undertake due diligence and enter into a definitive joint venture agreement with the LCS Shareholders; and
- (b) a cash payment of US\$500,000 and the issue of Shares to the value of US\$200,000 at completion of the transaction (**Completion**), to occur by 20 December 2018 or within such longer period as agreed by the parties.

Completion is subject to the satisfaction of various conditions precedent as set out below, including BMG undertaking a capital raising. The number of Shares to be issued to the LCS Shareholders at Completion will be determined by the issue price of Shares issued under the Capital Raising.

At the date of this Notice, BMG anticipates undertaking the Capital Raising by way of the issue of the Capital Raising Shares and free-attaching Capital Raising Options referred to in Resolution 5, in the manner determined by the Directors, which may be by way of any or all of:

- a rights offer or security purchase plan, pursuant to which it is intended that each eligible existing Shareholder will be entitled to participate;
- a placement to sophisticated and professional investors; and/ or
- the placement of the shortfall to a rights offer or security purchase plan.

The Company will provide up to US\$2.5 million in funding to LCS over 5 years, and issue an additional US\$300,000 in Shares to the LCS Shareholders (at agreed milestones), for a further 30% interest in LCS, bringing BMG's total interest in LCS to 50%.

At Completion, BMG and the LCS Shareholders will enter into a shareholders agreement in respect of their shareholding interests in LCS.

LCS will be managed by its board and a management committee with equal representation from BMG and the LCS Shareholders in accordance with the shareholders agreement.

LCS will leverage the organisational infrastructure of the LCS Shareholders, who will provide management and operational services to LCS in accordance with a services agreement.

The key conditions precedent to Completion are as follows:

- (a) the Company completing its due diligence investigations by 20 November 2018; this includes acquiring geophysical data (at BMG's cost) on the Salar West areas;
- (b) BMG undertaking a capital raising of such amount as BMG in its absolute discretion determines (i.e. the Capital Raising);
- (c) BMG obtaining all necessary ASX, shareholder and other regulatory approvals for the issue of securities pursuant to the transaction and the Capital Raising; and
- (d) any other required regulatory approvals to complete the transaction.

5.3 Listing Rules information requirements

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

If approval is obtained for Resolution 4, the issue of the Initial Consideration Shares will not be included in calculating the Company's 15% issuing capacity for the purposes of Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following information is provided to enable Shareholders to assess the merits of Resolution 4 for the purposes of Listing Rule 7.1:

- (a) The number of Initial Consideration Shares to be issued will be determined by the following formula:

$$N = (US\$200,000 \times ER) / \text{Capital Raising Price}$$

Where:

“N” means the number of Initial Consideration Shares to be issued.

“ER” means the \$US:\$A exchange rate as quoted on the Reserve Bank of Australia's website on the day on which the exchange rate is to be determined (or, if the exchange rate is to be determined on a day that is not a business day, then on the immediately preceding business day).

“Capital Raising Price” means the lowest price at which Capital Raising Shares are issued, being a price of not less 0.9 cents per Share.

The table below sets out the number of Initial Consideration Shares that may be issued, assuming the \$US:\$A exchange rate is 1:1.42 (and therefore the value of “ER” in the formula is 1.42) and the Capital Raising Price in the formula is \$0.009, \$0.012 and \$0.015).

	Number of Initial Consideration Shares Issued	Dilution to Existing Shareholders
Capital Raising Price of \$0.009	31,555,555	8.17%
Capital Raising Price of \$0.012	23,666,666	6.13%
Capital Raising Price of \$0.015	18,933,333	4.90%

Notes: The number of Initial Consideration Shares to be issued will be calculated in accordance with the formula set out in this section and therefore cannot be definitively determined as at the date of the Notice. The potential dilution to existing Shareholders has been calculated based on the Company's current issued Share capital (being 386,037,138 Shares at the date of the Notice) and assumes that no other Shares are issued.

- (b) The Shares issued under Resolution 4 will all be issued at Completion, which will occur on one date within 3 months of the date of the Meeting or within such other time as may be permitted by the Listing Rules or any waiver of the Listing Rules granted by ASX.
- (c) The issue price of the Initial Consideration Shares will be the same price as the lowest price at which Capital Raising Shares approved under Resolution 5 are issued, being a price of not less than 0.9 cents per Share.
- (d) The Initial Consideration Shares will be issued to the LCS Shareholders, being Gino Alfredo Zandonai Steel and Natalie Anne Stevens, or their nominees. The LCS Shareholders are not Related Parties of the Company.

- (e) The Initial Consideration Shares issued will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the existing Shares on issue; the Company will apply for quotation of the Initial Consideration Shares on ASX.
- (f) No funds will be raised from the issue of the Initial Consideration Shares.
- (g) An appropriate voting exclusion statement is included in the Notice.

5.4 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

6. Resolution 5: Approval to issue Capital Raising Shares and Options

6.1 **Background**

Resolution 5 seeks Shareholder approval under Listing Rule 7.1 for the issue of Capital Raising Shares and free attaching Capital Raising Options (on the basis of 1 Capital Raising Option for every 1 Capital Raising Share issued) to non-Related Party investors determined by the Company (in consultation with the Corporate Advisor if applicable), to raise up to \$2,000,000 (before costs) in funds for the exploration of the Chilean Lithium Projects referred to in section 5.

The issue price of the Capital Raising Shares will be not less than 0.9 cents per Share. The Capital Raising Options will be issued as free-attaching Options for nil cash consideration.

As set out in section 5, the successful completion of the Capital Raising as contemplated by Resolution 5 is a condition precedent to completion of the Company's acquisition of an initial 20% shareholding interest in LCS, the holder of the Chilean Lithium Projects.

6.2 **Listing Rules information requirements**

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

If approval is obtained for Resolution 5, the issue of Capital Raising Shares and Capital Raising Options under the Capital Raising will not be included in calculating the Company's 15% issuing capacity for the purposes of Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following information is provided to enable Shareholders to assess the merits of Resolution 5 for the purposes of Listing Rule 7.1:

- (a) The number of Capital Raising Shares to be issued will be calculated by dividing the amount to be raised under the capital raising (i.e. up to \$2,000,000) by the deemed issue price of the Capital Raising Shares (which will be not less than 0.9 cents per Share reed). The maximum number of Capital Raising Shares to be issued will in any event not exceed 222,222,222 Shares.

The number of Capital Raising Options to be issued will be determined by the number of Capital Raising Shares to be issued. For every 1 Capital Raising Share issued, 1 free-attaching Capital Raising Option will be issued. The maximum number of Capital Raising Options to be issued will in any event not exceed 222,222,222 Capital Raising Options.

The table below sets out the number of Capital Raising Shares and Capital Raising Options that may be issued assuming Capital Raising Shares to the value of \$2,000,000 are issued and the Capital Raising Price is \$0.009, \$0.012 and \$0.015.

	Number of Capital Raising Shares Issued	Number of Capital Raising Options Issued	Dilution to Existing Shareholders
Capital Raising Price of \$0.009	222,222,222	222,222,222	57.56%
Capital Raising Price of \$0.012	166,666,666	166,666,666	43.17%
Capital Raising Price of \$0.015	133,333,333	133,333,333	34.54%

Notes: The number of Capital Raising Shares and Capital Raising Options to be issued cannot be definitively determined as at the date of the Notice but will not exceed 222,222,222 Capital Raising Shares and 222,222,222 Capital Raising Options. The potential dilution to existing Shareholders has been calculated based on the number of Capital Raising Shares to be issued and the Company's current issued Share capital (being 386,037,138 Shares at the date of the Notice) and assumes that no other Shares are issued. Shares which may be issued upon the exercise of Capital Raising Options have not been considered when calculating potential dilution.

- (b) The Capital Raising Shares and Capital Raising Options to be issued under Resolution 5 will all be issued at the same time within 3 months of the date of the Meeting or within such other time as may be permitted by the Listing Rules or any waiver of the Listing Rules granted by ASX.

- (c) The issue price of the Capital Raising Shares will be a price of not less than 0.9 cents per Share.

The Capital Raising Options will be issued as free-attaching Options for nil cash consideration.

- (d) The Directors, in their absolute discretion, will determine the persons to whom the Capital Raising Shares and Capital Raising Options will be issued. This may include existing Shareholders, sophisticated and professional investors, and/or persons identified by the Corporate Advisor. None of these persons will be Related Parties of the Company.

- (e) The Capital Raising Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the existing Shares on issue; the Company will apply for quotation of the Shares on ASX.

The Capital Raising Options will rank equally with quoted Options currently on issue which are exercisable at \$0.02 each on or before 30 June 2019. The full terms of the Capital Raising Options are set out at Schedule 2.

- (f) The Company intends to use the funds raised from the issue of the Capital Raising Shares to:

- (i) explore the Chilean Lithium Projects;
- (ii) pay the US\$500,000 cash payment to the LCS Shareholders payable at Completion (refer section 5.2);
- (iii) to pay any expenses and costs incurred in conducting the Capital Raising; and
- (iv) raise funds for the Company's ongoing general working capital requirements which will increase as a result of acquiring an interest in LCS. The Company's acquisition of an interest Chilean Lithium Projects Acquisition will result in a change to both the scale and geographical location of the Company's exploration activities.

No funds will be raised from the issue of the Capital Raising Options. The Company intends to apply funds raised from the exercise of the Capital Raising Options (being up to \$5,000,000) to the Company's general working capital requirements at that time.

(g) An appropriate voting exclusion statement is included in the Notice.

6.3 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

7. **Resolution 6: Approval to issue Capital Raising Options to Corporate Advisor**

7.1 **Background**

The Company is currently considering whether to engage a corporate advisor to manage and/or underwrite all or part of the Capital Raising (**Corporate Advisor**).

If the Company determines to engage a Corporate Advisor, the Company intends to issue up to 15,000,000 Capital Raising Options to the Corporate Advisor, as a fee for services provided.

As at the date of the Notice, the Company has not engaged a Corporate Advisor.

7.2 **Listing Rules information requirements**

Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting of the precise terms and conditions of the proposed issue.

If approval is obtained for Resolution 6, the issue of Capital Raising Options to the Corporate Advisor for services provided in relation to the Capital Raising will not be included in calculating the Company's 15% issuing capacity for the purposes of Listing Rule 7.1.

In accordance with Listing Rule 7.3, the following information is provided to enable Shareholders to assess the merits of Resolution 6 for the purposes of Listing Rule 7.1:

- (a) The maximum number of Capital Raising Options to be issued will be 15,000,000.
- (b) The Capital Raising Options to be issued under Resolution 6 will all be issued at the same time within 3 months of the date of the Meeting or within such other time as may be permitted by the Listing Rules or any waiver of the Listing Rules granted by ASX.
- (c) The Capital Raising Options to be issued to the Corporate Advisor will be issued as consideration for services provided in relation to the Capital Raising at an issue price of nil.
- (d) The Capital Raising Options will be issued to a corporate / financial advisor or broker determined by the Company that holds an Australian Financial Services Licence, or their nominee. As at the date of the Notice, a Corporate Advisor has not been selected or engaged by the Company. The Corporate Advisor will not be a Related Party of the Company.
- (e) The Capital Raising Options will rank equally with quoted Options currently on issue which are exercisable at \$0.02 each on or before 30 June 2019. The full terms of the Capital Raising Options are set out at Schedule 2.
- (f) No funds will be raised from the issue of the Capital Raising Options. The Company intends to apply funds raised from the exercise of the Capital Raising Options (being up to \$100,000) to the Company's general working capital requirements at that time.
- (g) An appropriate voting exclusion statement is included in the Notice.

7.3 **Directors' recommendation**

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

The Chairman intends to exercise all available proxies in favour of Resolution 6.

8. Resolution 7: Approval of Additional Placement Facility

8.1 Background

Resolution 7 seeks Shareholder approval for an additional issuing capacity under Listing Rule 7.1A (**Additional Placement Facility**).

If approved, Resolution 7 would enable the Company to issue additional Equity Securities (calculated below) over a 12 month period without obtaining Shareholder approval.

Resolution 7 is a special resolution. It must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

8.2 Applicable Listing Rules

Listing Rule 7.1A permits eligible entities that have obtained the approval of shareholders by special resolution at an annual general meeting, to have an additional capacity to issue additional Equity Securities issue equal to approximately 10% of its issued capital, over a 12 month period.

The Company is an eligible entity (being an entity with market capitalisation of \$300 million or less and which is not included in the S&P/ASX 300 index) and seeks Shareholder approval under this Resolution for the Additional Placement Facility.

8.3 Requirements of Listing Rule 7.1A

(a) Quoted securities

Any Equity Securities issued under the Additional Placement Facility must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

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

(b) Number of Equity Securities that may be issued

Listing Rule 7.1 permits the Company to issue Equity Securities equal to approximately 15% of the Company's issued capital over a 12 month period without shareholder approval.

The Additional Placement Facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The effect of Shareholders passing Resolution 7 is to allow the Company to issue Equity Securities equal to approximately 25% of its issued capital during the next 12 months without first obtaining specific Shareholder approval.

The exact number of additional Equity Securities that the Company may issue under the Additional Placement Facility is not fixed but is calculated under a formula prescribed by the Listing Rules (set out below).

At the date of this Notice the Company has 386,037,138 Shares on issue. If Resolution 7 is approved, the Company will be permitted to issue (as at the date of this Notice) approximately:

- (i) 57,905,570 Equity Securities under the Listing Rule 7.1 (15% placement capacity); and
- (ii) 38,603,714 Equity Securities under the Additional Placement Capacity.

(c) Formula for Additional Placement Facility

If this Resolution 7 is approved, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

Additional Placement Capacity = (A x D) – E

where:

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

- plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4;
- less the number of fully paid ordinary securities cancelled in the 12 months.

D = 10%

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

8.4 Listing Rule information requirements

Listing Rule 7.3A requires that the following information be provided to Shareholders in relation to Resolution 7 for the purposes of obtaining approval under Listing Rule 7.1A:

(a) Minimum price at which Equity Securities may be issued

The issue price of any Equity Security under the Additional Placement Facility will not be less than 75% of the VWAP for securities in the same class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the securities are to be issued is agreed; or
- (ii) if the securities are not issued within 5 trading days of the date above, the date on which the securities are issued.

(b) Risk of economic and voting dilution

If Resolution 7 is approved and the Company issues securities under the Additional Placement Facility, then there is a risk to existing Shareholders of economic and voting dilution, including the risk that:

- (i) the market price for Equity Securities in the same class may be significantly lower on the issue date of the new Equity Securities than on the date of this Meeting; and
- (ii) the new Equity Securities may be issued at a price that is at a discount to the market price for Equity Securities in the same class on the issue date or the new Equity Securities may be issued in consideration for the acquisition of a new asset.

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the Additional Placement Facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares.

The numbers are calculated on the basis of the latest available market price of Shares before the date of this Notice and the current number of Shares on issue.

Variable A in Listing Rule 7.1A		Issue price		
		\$0.012 (market price)	\$0.018 (50% increase in market price)	\$0.006 (50% decrease in market price)
Current issued capital A = 386,037,138	Shares issued – 10% voting dilution	38,603,713	38,603,713	38,603,713
	Funds raised	\$463,245	\$694,867	\$231,622
50% increase in issued capital A = 579,055,707	Shares issued – 10% voting dilution	57,905,570	57,905,570	57,905,570
	Funds raised	\$694,867	\$1,042,300	\$347,433
100% increase in current issued capital A = 772,074,276	Shares issued – 10% voting dilution	77,207,427	77,207,427	77,207,427
	Funds raised	\$926,489	\$1,389,734	\$463,245

The above table has been prepared on the following assumptions:

1. the latest available market price of Shares, being the closing price as at 26 October 2018, was \$0.012;
2. the Company issues the maximum number of Equity Securities available under the Additional Placement Facility;
3. existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Placement Facility;
4. the Company issues Shares only and does not issue other types of Equity Securities (such as Options) under the Additional Placement Facility;
5. the impact of placements under Listing Rule 7.1 or following the exercise of Options is not included in the calculations;
6. the calculations 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 upon their specific circumstances; and
7. the 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue; accordingly, the voting dilution is shown in each example as 10%.

(c) **Date by which Equity Securities may be issued**

Equity Securities may be issued under the Additional Placement Facility for 12 months after the Meeting (i.e. until 29 November 2019).

However, the approval of the Additional Placement Facility under this Resolution will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).

(d) **Purpose for which Equity Securities may be issued**

The Company may seek to issue Equity Securities under the Additional Placement Facility for the following purposes:

- (i) cash consideration to fund business growth, to acquire new assets or make investments, to develop the Company's existing assets and operations and for general working capital; and
- (ii) non-cash consideration to acquire new assets or make investments; in these circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) **Allocation policy**

The Company's allocation policy for the issue of Equity Securities under the Additional Placement Facility will depend on the prevailing market conditions at the time of the proposed issue. The allottees will be determined on a case-by-case basis having regard to factors such as:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the new securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate and other advisors.

As at the date of this Notice, the Company has not identified any proposed allottees of Equity Securities using the Additional Placement Facility. However, the eventual allottees may include existing substantial Shareholders, other Shareholders and/or new investors.

None of the allottees will be a Related Party or an associate of a Related Party of the Company, except as permitted under Listing Rule 7.2. Existing Shareholders may or may not be entitled to subscribe for Equity Securities under the Additional Placement Facility and it is possible that their shareholding will be diluted.

If the Additional Placement Facility is used to acquire new assets or investments, then it is likely that the allottees will be the vendors of these assets/investments.

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

(f) **Additional information on issued securities**

Shareholders approved an Additional Placement Facility at the Company's 2017 annual general meeting.

The total number of Equity Securities issued in the 12 months before this Meeting is 26 Shares. These represent approximately 0.000005% of the total number of Equity Securities on issue at the commencement of that 12 month period.

The details for each separate issue of Equity Securities issued during the 12 months before this Meeting are set out at Schedule 1.

(g) **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7 as it will give the Company the flexibility to raise and fund necessary working capital whilst preserving the Company's cash reserves.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Additional Placement Capacity	Has the meaning given to that term in section 8.1 of this Explanatory Statement.
A\$ or \$	Australian dollars.
Annual General Meeting or Meeting	The annual general meeting of Shareholders, or any adjournment thereof, convened by this Notice.
Annual Report	The annual report of the Company for the financial year ended 30 June 2018, including the annual financial report, the Directors' report and the Auditor's report.
Associate	Has the meaning given to that term in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
Auditor	The auditor of the Company, being BDO Audit (WA) Pty Ltd at the date of this Notice.
Board	The board of Directors of the Company.
Capital Raising	The issue of Shares to raise up to \$2,000,000 (before costs), together with 1 free-attaching Capital Raising Option for every 1 Share issued, pursuant to Resolution 5, in the manner determined by the Directors, including but not limited to by way of any or all of a rights offer, security purchase plan, placement to sophisticated and professional investors, or placement of the shortfall to a rights offer or security purchase plan.
Capital Raising Option	An Option exercisable at \$0.02 each on or before 30 June 2019, the terms of which are set out at Schedule 2.
Capital Raising Price	Has the meaning given to that term in section 5.3(a).
Capital Raising Shares	Shares issued under the Capital Raising.
Chairman	The chairman of the Annual General Meeting.
Chilean Lithium Projects	Salar West Claims, Pajonales Claims and Natalie Claims in the Salar de Atacama and surrounding areas in northern Chile.
Closely Related Party	Has same meaning given to that term in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel: (a) a spouse or child of the member; (b) a child of the member's spouse; (c) a dependent of the member or 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 dealing with the entity; (e) a company the member controls; or (f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed).
Company or BMG	BMG Resources Limited (ACN 107 118 678).
Company Secretary	The company secretary of the Company at the time of the Meeting.

Constitution	The Constitution of the Company.
Corporate Advisor	Has the meaning given to that term in section 7.1.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Equity Security	Has the meaning given to that term in ASX Listing Rule 19.12, being: <ul style="list-style-type: none">(a) a share;(b) a unit;(c) a right to a share or unit or option;(d) an option over an issued or unissued security;(e) a convertible security;(f) any security that ASX decides to classify as an equity security;(g) but not a security that ASX decides to classify as a debt security.
Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.
Glossary	This glossary of terms.
Initial Consideration Shares	Shares to the value of US\$200,000 to be issued pursuant to Resolution 4.
Key Management Personnel	Has the same meaning as the definition of that term in section 9 of the Corporations Act, being those persons details of whose remuneration are included in the Remuneration Report having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
LCS	Lithium Chile Spa, a company incorporated in Chile and the holder of the Chilean Lithium Projects.
LCS Shareholders	Gino Alfredo Zandonai Steel and Natalie Anne Stevens, being the shareholders of LCS at completion of the Company's proposed acquisition of an initial 20% interest in LCS.
Listing Rules	The listing rules of ASX, as amended from time to time.
Notice or Notice of Meeting	The notice of Annual General Meeting which accompanies this Explanatory Statement.
Option	An option to subscribe for a Share.
Proxy Form	The proxy form accompanying this Notice of Meeting.
Related Party	Has the meaning given to that term in section 228 of the Corporations Act.
Remuneration Report	The remuneration report of the Company for the financial year ended 30 June 2018, appearing in the Annual Report.
Resolution	A resolution set out in the Notice.
Shareholder	The holder of a Share.
US\$	United States dollars.

VWAP

The volume weighted average sale prices of Shares sold on ASX during the specified period, excluding any transaction defined in the ASX Operating Rules as 'special', crossings prior to the commencement of normal trading, crossings during the after-hours adjust phase and any overseas trades or exchange traded option exercises.

WST

Australian Western Standard Time, being the time in Perth, Western Australia.

Schedule 1 – Equity Securities Issued in the Previous 12 Months

Issue Date	Equity Securities issued	Allottee(s)	Issue price and discount to market price on date of issue	Total cash consideration	Non-cash consideration and current value
16 May 2018	26 Shares (issued on exercise of listed Options)	Option holder	Options exercised at \$0.02 per Share No discount to market price	\$0.52	Not applicable

Schedule 2– Terms of Capital Raising Options

- (a) Each Capital Raising Option entitles the holder (**Option Holder**) to subscribe for one (1) fully paid ordinary share in the Company.
- (b) No amount is payable on grant of the Capital Raising Options.
- (c) The exercise price of the Capital Raising Options is \$0.02 each, and will be payable in full on exercise.
- (d) Each Capital Raising Option may be exercised at any time before 5.00pm (WST) on 30 June 2019 (**Expiry Date**). Any Capital Raising Option not exercised by the Expiry Date will automatically expire.
- (e) The Company must give the Option Holder a certificate or Holding Statement stating:
 - (i) the number of Capital Raising Options issued to the Option Holder;
 - (ii) the exercise price of the Capital Raising Options; and
 - (iii) the date of issue of the Capital Raising Options.
- (f) Subject to quotation on ASX, the Capital Raising Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Capital Raising Options at any time until the expiry date of the Capital Raising Options. This right is subject to any restrictions on the transfer of a Capital Raising Option that may be imposed by ASX.
- (g) An instrument of transfer of a Capital Raising Option must be:
 - (i) in writing;
 - (ii) in any usual form or in any other form approved by the Directors that is otherwise permitted by law;
 - (iii) subject to the Corporations Act, executed by or on behalf of the transferor, and if required by the Company, the transferee; and
 - (iv) delivered to the Company, at the place where the Company's register of Option Holders is kept, together with the certificate (if any) of the Capital Raising Options to be transferred and any other evidence as the Directors require to prove the title of the transferor to that Capital Raising Options, the right of the transferor to transfer those Capital Raising Options and the proper execution of the instrument of transfer.
- (h) The Company will apply for quotation of the Capital Raising Options on ASX.
- (i) In accordance with the Listing Rules the Company will apply for Official Quotation of all Shares allotted pursuant to an exercise of Capital Raising Options.
- (j) There will be no participating entitlements inherent in the Capital Raising Options to participate in new issues of capital that may be offered to Shareholders during the currency of the Capital Raising Option. Prior to any new pro-rata issue of securities to Shareholders, holders of Capital Raising Options will be notified by the Company in accordance with the requirements of the Listing Rules.
- (k) In the event of a bonus issue of securities, the number of Shares over which the Capital Raising Options are exercisable may be increased by the number of Shares that the Option holders would have received if the Options had been exercised before the record date for the bonus issue.

- (l) In the event of a reconstruction, including the consolidation, subdivision, reduction or return of issue capital of the Company prior to the Expiry Date, all rights of an Option Holder are to be changed in a manner consistent with the Listing Rules.
- (m) There is no right to a change in the exercise price of the Capital Raising Options or to the number of Shares over which the Capital Raising Options are exercisable in the event of a new issue of capital (other than a change in accordance with the Listing Rules if there is a bonus issue or a pro rata issue to holders of Shares) during the currency of the Capital Raising Options.
- (n) Capital Raising Options are exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Option Holder to exercise all or a specified number of the Capital Raising Options held by the Option Holder accompanied by an Option certificate and a cheque made payable to the Company for the subscription price for the exercise of the specified Capital Raising Options. An exercise of only some of the Capital Raising Options will not affect the rights of the Option Holder to the balance of the Capital Raising Options held by him.
- (o) Capital Raising Options will be deemed to have been exercised on the date the exercise notice is received by the Company.
- (p) The Company will allot the resultant Shares and deliver the holding statement within five business days after the exercise of the Capital Raising Option.
- (q) Shares allotted pursuant to an exercise of Capital Raising Options will rank, from the date of allotment, in all respects equally with existing fully paid ordinary Shares of the Company.
- (r) These terms and the rights and obligations of the Option Holder are governed by the laws of Western Australia. The Option Holder irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.