



CARNAVALE RESOURCES LIMITED

ACN 119 450 243

NOTICE OF GENERAL MEETING

TIME: 11.00am (WST)

DATE: Thursday 26 July 2018

PLACE: Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9380 9098.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (WST) on Thursday 26 July 2018 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) (7.00pm Sydney time) on 24 July 2018.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member 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 the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

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

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

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

NOTICE OF GENERAL MEETING

Notice is given that a Meeting of Shareholders of Carnavale Resources Limited will be held at 11.00am (WST) on 26 July 2018 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

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

Terms and abbreviations used in this Notice are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE – SHARES

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

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 13,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

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

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE – SHARES

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 57,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

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

3. RESOLUTION 3 – PARTICIPATION BY DIRECTOR, R GAJEWSKI IN CAPITAL RAISING ISSUE OF SHARES

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

"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for Mr R Gajewski, a Director of the Company (or his nominee), to subscribe for and be issued up to 3,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr R Gajewski (or his nominee) or any of their 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 the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – PARTICIPATION BY DIRECTOR, A BECKWITH IN CAPITAL RAISING ISSUE OF SHARES

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

"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11, and for all other purposes, approval is given for Mr A Beckwith, a Director of the Company (or his nominee), to subscribe for and be issued up to 3,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr A Beckwith (or his nominee) or any of their 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 the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO MR R GAJEWSKI

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

"That for the purposes of section 195(4), ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to a maximum of 15,000,000 Performance Rights to Mr R Gajewski on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion applies – refer below.

6. RESOLUTION 6 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO MR A BECKWITH

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

"That for the purposes of section 195(4), ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to a maximum of 15,000,000 Performance Rights to Mr A Beckwith on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion applies – refer below.

7. RESOLUTION 7 – APPROVAL OF ISSUE OF PERFORMANCE RIGHTS TO MR R BRANS

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

"That for the purposes of section 195(4), ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to a maximum of 3,000,000 Performance Rights to Mr R Brans on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion applies – refer below.

8. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO MR P JURMAN

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to a maximum of 3,000,000 Performance Rights to Mr P Jurman on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr P Jurman or any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Exclusion: Key Management Personnel (KMP) Remuneration Related Resolutions 5, 6 and 7

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of Mr Gajewski or any of his associates, on Resolution 6 by or on behalf of Mr Beckwith or any of his associates, and on Resolution 7 by or on behalf of Mr Brans or any of his 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 the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting restrictions apply to Resolutions 5, 6 and 7 under both the ASX Listing Rules and the Corporations Act.

A person appointed as proxy must not vote, on the basis of that appointment, on Resolutions 5, 6 and 7 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on Resolutions 5, 6 and 7.

However, the above prohibition does not apply if:

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

EXPLANATORY NOTES

If you wish to appoint a member of the key management personnel (which includes each of the Directors and the Chair) as your proxy, please read the voting exclusion above and in the proxy form carefully. Shareholders are encouraged to direct their proxies how to vote.

How the Chair will vote available proxies- The Chair of the Meeting intends to vote all available proxies in favour of all of the resolutions set out in the Notice. The proxy form expressly authorises the Chair to exercise undirected proxies in favour of remuneration related resolutions (Resolutions 5, 6 and 7).

Default to the Chair – Any directed proxies that are not voted on a poll at the Meeting will automatically default to the Chair of the Meeting, who is required to vote proxies as directed.

DATED: 13 JUNE 2018
BY ORDER OF THE BOARD



PAUL JURMAN
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Meeting to be held at 11.00am (WST) on 26 July 2018 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

1. BACKGROUND

As announced to ASX on 19 March 2018 (**Announcement**), the Company entered into a corporate advisory and capital raising mandate (**Mandate**) with Cicero Advisory Services Pty Ltd (**Cicero**).

In the Announcement the Company disclosed that it had received commitments to subscribe for 76 million fully paid shares (**Shares**) at an issue price of \$0.017 per Share to raise \$1,292,000 (before costs) (**Capital Raising**).

This issue comprised two tranches:

- 70 million Shares were issued on 23 March 2018 pursuant to the Company's existing placement capacity under ASX Listing Rules 7.1 (in respect of a total of 13 million Shares) and 7.1A (in respect of a total of 57 million Shares) (**Tranche 1**); and
- 6 million Shares to be issued to existing Directors, Mr Gajewski and Mr Beckwith, subject to Shareholder approval at the Meeting (**Tranche 2**).

Tranche 1 was issued on 23 March 2018 and the Company is seeking Shareholder approval under Resolutions 1 and 2 for the ratification of the issue of the 70 million Shares that were issued out of the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A.

The Company is also seeking Shareholder approval under Resolutions 3 and 4 for the issue of Tranche 2, for participation in the Capital Raising by two of the existing Directors, Mr Gajewski and Mr Beckwith.

In addition, the Company is seeking Shareholder approval for:

- (i) the issue of Performance Rights to existing Directors, Mr Gajewski, Mr Beckwith and Mr Brans that will form part of their remuneration packages (refer to Resolutions 5, 6 and 7); and
- (ii) the issue of Performance Rights to company secretary, Mr Jurman that will form part of his remuneration package (refer to Resolution 8).

2. RESOLUTIONS 1 AND 2 – RATIFICATION OF PRIOR ISSUE – SHARES

2.1 Resolution 1

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 13 million Shares issued without Shareholder approval pursuant to the Company's placement capacity under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not

breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of Shares the subject of Resolution 1, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Resolution 2

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 57 million Shares issued without Shareholder approval pursuant to the Company's placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders at the Company's previous annual general meeting held on 24 November 2017.

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior Shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains Shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1A those securities will from that date be included in variable "A" in the formula in ASX Listing Rules 7.1 and 7.1A.2 for the purpose of calculating the annual placement capacity of the Company under both ASX Listing Rules 7.1 and 7.1A.

By ratifying the issue of Shares the subject of Resolution 2, the Company will retain the flexibility to issue equity securities in the future up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

2.3 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 1 and 2:

- (a) 70 million Shares were issued on 23 March 2018 on the following basis:
 - (i) 13 million Shares were issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1; and
 - (ii) 57 million Shares were issued pursuant to the Company's placement capacity under ASX Listing Rule 7.1A;
- (b) the issue price for the Shares was \$0.017 each;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to clients of Cicero, a licensed securities dealer (AFSL 449190) and sophisticated and professional investors, none of whom are related parties of the Company; and
- (e) the funds raised from the Capital Raising will be used to fund ongoing working capital, existing project funding and the assessment of new investment opportunities.

A voting exclusion statement is included in the Notice.

3. RESOLUTIONS 3 AND 4 – PARTICIPATION BY DIRECTORS IN CAPITAL RAISING ISSUE OF SHARES

3.1 General

Resolution 3 seeks Shareholder approval for the issue of up to 3 million Shares at an issue price of \$0.017 per Share to Mr Gajewski (or his nominee) arising from participation by Mr Gajewski in Tranche 2 of the Capital Raising.

Resolution 4 seeks Shareholder approval for the issue of up to 3 million Shares at an issue price of \$0.017 per Share to Mr Beckwith (or his nominee) arising from participation by Mr Beckwith in Tranche 2 of the Capital Raising.

3.2 ASX Listing Rule 10.11

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

Two of the existing Directors, Mr Gajewski and Mr Beckwith, wish to participate in Tranche 2 of the Capital Raising following approval of Resolutions 3 and 4. Each of these persons is a related party within the terms of the ASX Listing Rules. Accordingly, the Company must obtain Shareholder approval pursuant to ASX Listing Rule 10.11 unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Gajewski and Mr Beckwith (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

3.3 Chapter 2E of the Corporations Act – Related Party Transactions

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

The Directors' participation in Tranche 2 of the Capital Raising will result in the issue of Shares which constitutes giving a financial benefit and Mr Gajewski and Mr Beckwith are related parties of the Company by virtue of being Directors.

The terms and conditions upon which the related parties the subject of Resolutions 3 and 4 will subscribe for the Tranche 2 Capital Raising Shares will be the same terms and conditions under which other investors have subscribed for Shares under Tranche 1 of the Capital Raising under Resolutions 1 and 2 (being \$0.017 per Share). On this basis, the Directors (other than Mr Gajewski with respect to Resolution 3, and Mr Beckwith with respect to Resolution 4, who have material personal interests in Resolutions 3 and 4 respectively) consider that the participation of the related parties could be seen to be on reasonable arm's length terms (and thereby fall within an exception to Chapter 2E) and accordingly, the Company will not also seek approval for the issue of Shares to Mr Gajewski and Mr Beckwith pursuant to section 208 of the Corporations Act.

3.4 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Directors' participation in the issue of Shares under Tranche 2 of the Capital Raising:

- (a) the Shares, the subject of Resolutions 3 and 4, will be issued to Mr Gajewski and Mr Beckwith who are Directors of the Company (or their nominee(s));
- (b) the maximum number of Shares to be issued is:
 - (i) up to 3 million Shares to Mr Gajewski (or his nominee); and
 - (ii) up to 3 million Shares to Mr Beckwith (or his nominee).

Their subscription will be on the same terms and conditions as other subscribers to Tranche 1 of the Capital Raising, the subject of Resolution 1 and 2. The Directors' subscription, if approved by Shareholders, will form all of Tranche 2 of the Capital Raising.;

- (c) the Shares will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (d) the issue price will be \$0.017 per Share, being the same as all other Shares issued under the Capital Raising;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the issue of the Shares for the same purposes as all other funds raised under the Capital Raising as set out in section 2.3(e) above.

A voting exclusion statement is included in the Notice.

4. RESOLUTIONS 5, 6 AND 7– APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 33 million Performance Rights (**PRs**) (that may convert to up to 33 million Shares) to the following Directors of the Company (collectively the **Key Management Personnel**):

Proposed Holder	Tranche 1 Performance Criteria ASX market price VWAP of \$0.03 (refer notes below)	Tranche 2 Performance Criteria ASX market price VWAP of \$0.04 (refer notes below)	Tranche 3 Performance Criteria ASX market price VWAP of \$0.05 (refer notes below)	Total
Mr R Gajewski	5,000,000	5,000,000	5,000,000	15,000,000
Mr A Beckwith	5,000,000	5,000,000	5,000,000	15,000,000
Mr A Beckwith	1,000,000	1,000,000	1,000,000	3,000,000
Total	11,000,000	11,000,000	11,000,000	33,000,000

A Performance Right is a right to be issued a Share upon satisfaction of specified performance conditions and the expiry of a vesting period. For the purposes of the PRs proposed under resolutions 5, 6 and 7, there will be three tranches and each tranche will have different performance criteria in order for the PRs to vest.

Resolutions 5, 6 and 7 seek Shareholder approval for the grant of 33 million PRs to Messrs Gajewski, Beckwith and Brans (**Related Parties**).

A summary of the key terms for the PRs' is as follows:

- Tranche 1 - the PRs will vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.03 for a consecutive period of at least 10 trading days;
- Tranche 2 – the PRs will vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.04 for a consecutive period of at least 10 trading days;
- Tranche 3 – the PRs will vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.05 for a consecutive period of at least 10 trading days;
- the PRs will expire on 30 June 2021; and
- the PRs will expire if the holder ceases to be an officer of or a service provider to the Company.

At this stage, the Company is not planning to adopt a Performance Rights Plan but rather seeks Shareholder approval for the specific grant of PRs' to the Key Management Personnel. A formal plan may be adopted for implementation in the future.

The purpose of the issue of the PRs is to provide the Key Management Personnel an incentive for future services. The issue of performance rights as part of the remuneration packages of Directors and officers is an established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding each of the Key Management Personnel. The Key Management Personnel will also have a vested interest in the affairs of the Company. The proposed grant of PRs to the Key Management Personnel is appropriate in the circumstances and it is a practice that a large number of junior listed companies adopt. The current remuneration of the KMPs' (refer below) is considered modest in comparison to peers.

In recognition of the Company's circumstances, the roles of the Key Management Personnel in managing the affairs of the Company and where the Company is dependent on raising new equity capital from time to time to carry on its activities, the Board considers an award of PRs is justified.

ASX's Corporate Governance Principles and Recommendations suggest that non-executive directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as it may lead to bias in their decision-making and compromise their objectivity.

Whilst the directors to whom the PRs are to be issued do not make a recommendation in relation to the Resolution in which they have a material personal interest, they believe that the quantum of PRs together with the cash fees to which the Key Management Personnel are entitled are reasonable, given the size and complexity of the Company's activities and also by comparison to other similar sized junior explorers.

The proposed issue of the PRs (and the specific hurdles) aligns the interest of the proposed recipients with the interest of Shareholders generally. Any benefit that the proposed recipients realise in the future from the grant of the PRs will be contemporaneous with an increase in Shareholder value.

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

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

The grant of the PRs to the Related Parties constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Gajewski with respect to Resolution 5, Mr Beckwith with respect to Resolution 6 and Mr Brans with respect to Resolution 7, who have material personal interests in Resolutions 5, 6 and 7 respectively) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of PRs to the Related Parties because the agreement to grant the PRs to the Related Parties is considered reasonable remuneration given the Company's circumstances.

4.3 ASX Listing Rule 10.11

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

As the grant of the PRs to the Related Parties involves the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

4.4 Technical information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 5 to 7:

- (a) 33 million PRs will be granted to the following related parties (or their nominees) as follows:
 - (i) 15 million PRs to Mr R Gajewski (Resolution 5);
 - (ii) 15 million PRs to Mr A Beckwith (Resolution 6); and
 - (iii) 3 million PRs to Mr R Brans (Resolution 7),or their nominees;
- (b) the PRs will be issued to the Related Parties no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the PRs will occur on the same date;
- (c) the PRs will be issued to the Related Parties for nil cash consideration, accordingly no funds will be raised. In the event that the PRs vest and Shares are issued as a consequence, the Shares will be issued for nil cash consideration; and
- (d) the terms and conditions of the PRs are set out in Schedule 1.

A voting exclusion statement is included in the Notice.

4.5 Potential Benefits – Issue of Performance Rights

If the PRs are issued pursuant to Resolutions 5, 6 and 7, the Company considers the following benefits arise:

- (a) Messrs Gajewski, Beckwith, and Brans will have a vested interest in the affairs of the Company, as the holders of PRs and as Shareholders upon vesting and conversion of the PRs, particularly as the PRs are not transferable.
- (b) The issue of the PRs to Messrs Gajewski, Beckwith and Brans is a non-cash form of remuneration, thus conserving the Company's cash reserves. The issue enables the Company to provide its Directors with reward for services previously provided and/or as an incentive for future services they will provide to the Company to further progress the Company in a cost-effective manner, as opposed to other forms of remuneration, such as cash.

4.6 Potential Costs – Issue of Performance Rights

The PRs are to be granted for nil consideration and thus no funds will be raised by the Company in granting those PRs or from their future vesting and conversion to Shares if any.

The potential cost to the Company of the issue of an aggregate of 33 million PRs to Messrs Gajewski, Beckwith and Brans is that there will be a dilution of the issued share capital of the Company if the PRs vest and convert into Shares. Based on 641,999,560 Shares presently on issue, the exercise of the proposed PRs (33 million) would have an aggregate dilution effect of approximately 4.9%, comprising 2.2% by Mr Gajewski, 2.2% by Mr Beckwith, and 0.5% by Mr Brans.

The price of the Company's Shares quoted on the ASX over the past 12 months has ranged from a low of 0.8 cents on 27 July 2017 to a high of 2.7 cents on 19 September 2017, with a closing price of 1.2 cents on 12 June 2018, the date immediately prior to the date on which this Explanatory Statement was prepared.

Accounting standard AASB 2 "Share Based Payments" requires that the issue of Performance Rights shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the Income Statement – i.e. the value attributed to the PRs (See Section 4.7 below) will be expensed in the profit and loss account of the Company. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

4.7 Valuation of Performance Rights

The value of the PRs, based on the market price of the underlying Shares at the time of preparing this Notice, would be as follows (refer to Schedule 2 for valuation methodology):

	Number of Performance Rights	Total Value of Performance Rights (\$)
Mr Gajewski	15,000,000	122,500
Mr Beckwith	15,000,000	122,500
Mr Brans	3,000,000	24,500
TOTAL	33,000,000	269,500

4.8 Related Parties' Existing Interest

Excluding the PRs the subject of Resolutions 5, 6 and 7, the current interests of Messrs Gajewski, Beckwith and Brans (and entities associated with them) in the Company's securities are as follows:

Director	Shares	Options
Mr Gajewski	43,960,000	13,000,000
Mr Beckwith	23,661,370	4,000,000
Mr Brans	2,000,000	1,000,000

The Options (exercisable at \$0.02, expiring 30 December 2019) were issued to the Directors as part of their remuneration packages, following receipt of Shareholder approval in March 2016.

4.9 Directors' Emoluments

Other than the proposed issue of PRs, the Directors' current remuneration is as follows:

With effect from 1 July 2017, Mr Gajewski's remuneration arrangement was subject to a consulting fee of \$3,000 per month (plus GST) for his role as a part-time executive Chairman. Mr Gajewski was entitled to charge consulting fees for services over and above his role as part-time executive Chairman as agreed by the Board. From 1 April 2018, Mr Gajewski has acted in an executive Chairman role and the Board agreed on a monthly fee of \$15,000 (plus GST).

Mr Gajewski is also a director of Corporate Consultants Pty Ltd, which provides accounting, secretarial and corporate services to the Company. For the period from July 2017 to May 2018, the Company paid \$45,393 for these services and for the financial year ended 30 June 2017, the Company paid \$55,052 for these services (these billings by Corporate Consultants Pty Ltd are time-based services rendered by other personnel of that company and do not include Mr Gajewski's time). In addition, Corporate Consultants Pty Ltd was paid an additional \$27,500 for the period from July 2017 to 31 May 2018 and \$28,500 for the year ended 30 June 2017 in consideration for rent and variable outgoings paid under a sub-lease granted to the Company.

Effective from 1 December 2015, Mr Beckwith reverted to a monthly director fee of \$2,000 per month (plus GST). Mr Beckwith is entitled to charge consulting fees for services over and above his role as part-time Managing Director as agreed by the Board. For the period from July 2017 to May 2018, the Company paid \$40,080 for these services over and above his role as part-time Managing Director.

Mr Brans is entitled to a director's fee of \$24,000 per annum plus statutory superannuation.

4.10 Directors' Recommendation

Messrs Gajewski (Resolution 5), Beckwith (Resolution 6) and Brans (Resolution 7) express no opinion and make no recommendation in respect of the resolutions that apply specifically to them. Otherwise, each of the Directors recommend that Shareholders approve Resolutions 5, 6 and 7 for the reasons set out in section 4.5 in this Explanatory Statement, including:

- (i) Messrs Gajewski, Beckwith and Brans will have a vested interest in the affairs of the Company, as existing Shareholders and the holders of the PRs; and

- (ii) The issue of PRs to Gajewski, Beckwith and Brans is a non-cash form of remuneration, thus conserving the Company's cash reserves. The issue enables the Company to provide its Directors with reward for services provided and provide an incentive with respect to future services they will provide to the Company to further progress the Company,

and on the basis that, in their opinion, the proposed issue of PRs is fair and reasonable having regard to the terms of the PRs.

In forming their recommendations, each Director considered the experience of each other Related Party, the current market price of Shares, the current market practices when determining the number of PRs to be granted to the Related Parties as well as the expiry date of those PRs.

4.11 Other Information

No stamp duty will be payable in respect of the grant of the PRs. No GST will be payable by the Company in respect of the grant of the PRs (or if it is then it will be recoverable as an input credit). Payroll tax at normal rates may be payable in the future by the Company, subject to the exercise of the PRs.

Other than the information above and otherwise set out in this Explanatory Statement, the directors believe that there is no other information known to the Company or its directors that will be reasonably required by Shareholders to make a decision in relation to the proposed Resolutions 5, 6 and 7.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the PRs to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of PRs to the Related Parties (or their nominee(s)) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO MR P JURMAN

5.1 General

The Company has resolved to issue 3 million PRs to Mr P Jurman in consideration for his services as company secretary of the Company.

Resolution 8 seeks Shareholder approval for the issue of 3 million PRs to Mr P Jurman as follows:

Tranche 1	Tranche 2	Tranche 3	Total
Performance Criteria ASX market price VWAP of \$0.03 (refer notes below)	Performance Criteria ASX market price VWAP of \$0.04 (refer notes below)	Performance Criteria ASX market price VWAP of \$0.05 (refer notes below)	
1,000,000	1,000,000	1,000,000	3,000,000

A summary of the key terms for the PRs' is as follows:

- Tranche 1 - the PRs will vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.03 for a consecutive period of at least 10 trading days;
- Tranche 2 – the PRs will vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.04 for a consecutive period of at least 10 trading days;
- Tranche 3 – the PRs will vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.05 for a consecutive period of at least 10 trading days;
- the PRs will expire on 30 June 2021; and

- the PRs will expire if the holder ceases to be an officer of or a service provider to the Company.

A summary of ASX Listing Rule 7.1 is set out in section 2.1 above.

The effect of Resolution 8 will be to allow the Company to issue the PRs to Mr Jurman during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

5.2 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the PRs to be issued to Mr Jurman (or his nominee(s)) under Resolution 8:

- (a) the maximum number of PRs to be issued to Mr Jurman is 3 million;
- (b) the PRs will be issued to Mr Jurman or his nominee(s) no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the PRs will occur on the same date;
- (c) the PRs are being issued to Mr Jurman for nil cash consideration in satisfaction of services provided by Mr Jurman;
- (d) the PR will be issued to Mr Jurman (or his nominee), who is not a related party of the Company;
- (e) the PR will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue of the PRs to Mr Jurman as the PRs are being issued in consideration for services provided by Mr Jurman.

A voting exclusion statement is included in the Notice.

Cautionary Notes

The Directors recognise and acknowledge the importance of Shareholders making their decision on the basis of the best possible information. However, once this material for the Notice of Meeting and Explanatory Statement is prepared and despatched to Shareholders, the Company has no legal obligation to continuously update the content of this material nor is it practical and logistically possible to do that and inform each Shareholder individually.

By its nature, the exploration industry is subject to numerous risks and the Company's Share price is affected by a range of factors. From the time of preparing this material to the date of the General Meeting, the Company's Share price may go up or down. The Company will continue to comply with its continuous disclosure obligations and make appropriate announcements to the ASX.

Shareholders are strongly encouraged to keep track of any announcements that the Company may make and of the Company's Share price up to the date of the General Meeting as that information may have an effect on the calculations and the data that is provided in this Notice and the Explanatory Statement. If you do not understand the effect of such information, you should consult your professional advisor.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors of the Company.

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

- 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 *Corporations Regulations 2001 (Cth)*.

Company or **Carnavale** means Carnavale Resources Limited (ACN 119 450 243).

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or Meeting means the meeting convened by the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 - TERMS AND CONDITIONS OF PERFORMANCE RIGHTS – RESOLUTIONS 5,6,7 AND 8

- (i) **Lapse:** Unless the Board determines otherwise in its absolute discretion, a Performance Right will lapse on the earliest to occur of:
- (a) a purported transfer, assignment, mortgage, charge, disposition of or encumbrance of the Performance Right, other than with the prior written consent of the Board;
 - (b) the holder of such Performance Right (a “**Performance Rights Holder**”) ceasing to be an employee or service provider (“**Eligible Person**”) to the Company for any reason, subject to the provisions described below;
 - (c) a determination by the Board that a Performance Rights Holder has acted fraudulently or dishonestly or is in breach of his or her obligations to the Carnavale Group;
 - (d) subject to any automatic vesting in accordance with other terms, if applicable vesting conditions have not been met in the prescribed period; or
 - (e) the expiry date of 30 June 2021.
- (ii) **Cessation of Entitlement – Death or Ill Health:** Subject to any invitation’s terms and conditions, if the Performance Rights Holder ceases to be an Eligible Person due to ill health or death, then (a) if all relevant vesting conditions are met the Performance Rights may be exercised (by the personal representatives in the case of death) until they lapse in accordance with the terms of the Performance Rights; or (b) if any relevant vesting conditions have not been met, the Performance Rights will automatically lapse immediately upon the Performance Rights Holder ceasing to be an Eligible Person, unless the Board determines otherwise that all or a portion of those Performance Rights immediately vest, notwithstanding non-fulfilment of the vesting conditions.
- (iii) **Cessation of Entitlement – Termination for Cause:** Subject to any invitation’s terms and conditions, if the Performance Rights Holder is terminated for cause, then (a) if all relevant vesting conditions are met, the right to exercise Performance Rights is immediately suspended for a period of 10 Business Days, during which period the Board may determine to lift the suspension and allow such Performance Rights to be exercisable for a period of 20 Business Days after the holder ceases to be an Eligible Person, following which such Performance Rights will lapse (however, if the Board does not determine to lift the suspension, the Performance Rights will automatically lapse at the end of the 10 Business Day suspension); or (b) if any relevant vesting conditions have not been met, the Performance Rights will lapse on the day the holder ceases to be an Eligible Person.
- (iv) **Cessation of Entitlement – Termination by Consent or Cessation of Employment for Other Reasons:** Subject to any invitation’s terms and conditions, if the Performance Rights Holder ceases to be an Eligible Person (a) by their own volition; (b) by reason of redundancy; or (c) for reasons other than ill health or death, termination for cause or by consent, or redundancy, then: (A) if all relevant vesting conditions are met, the Performance Rights may be exercised for a period of 20 Business Days after the holder ceases to be an Eligible Person, following which such Performance Rights will lapse; or (B) if any relevant vesting conditions have not been met, the Performance Rights will lapse on the day the Performance Rights Holder ceases to be an Eligible Person, unless the Board determines otherwise that all or a portion of those Performance Rights immediately vest, notwithstanding non-fulfilment of the vesting condition.

- (v) **Change of Control:** The Board may in its absolute discretion determine that all or a portion of the unvested Performance Rights automatically vest and are automatically exercised on the occurrence of a change of control (as further defined below).
- (vi) **Reorganisation:** In the event of any reorganisation (including consolidation, subdivision, reduction or return) of the issued shares, the number of Performance Rights to which each Performance Rights Holder is entitled will be adjusted in the manner provided for in the ASX listing rules applicable at the time the reorganisation comes into effect.
- (vii) **Assignability:** If the Performance Right Holder purports to transfer, assign, mortgage, charge or otherwise dispose of or encumber any Performance Rights, the Performance Rights immediately lapse. Performance Rights are transferable only to the extent necessary to allow exercise by personal in the event of death of the holder.
- (viii) **Vesting:**
- **Tranche 1 Performance Rights** - the Performance Rights will vest and convert into Shares, on the basis of 1 Share for each Performance Right, in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.03 for a consecutive period of at least 10 trading days;
 - **Tranche 2 Performance Rights** – the Performance Rights will vest and convert into Shares, on the basis of 1 Share for each Performance Right, in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.04 for a consecutive period of at least 10 trading days;
 - **Tranche 3 Performance Rights** – the Performance Rights will vest and convert into Shares, on the basis of 1 Share for each Performance Right, in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.05 for a consecutive period of at least 10 trading days;
- (ix) **Participation in new issues:** There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

Change of Control means:

- a) a Takeover Bid is made to acquire all Shares, a person obtains a Voting Power in the Company of more than 50%, and the Takeover Bid is or has become unconditional;
- b) a Court has sanctioned a compromise or arrangement (other than for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other entity or entities);
- c) a selective buy-back or capital reduction is announced in respect of the Company which would result in a person who previously had Voting Power of less than 50% in the Company obtaining Voting Power of more than 50%; or
- d) a person otherwise lawfully acquires a Voting Power in the Company of more than 50%.

SCHEDULE 2 - PERFORMANCE RIGHTS VALUATION – RESOLUTIONS 5, 6 AND 7

Resolution 5, 6 and 7 seeks Shareholder approval to issue PRs to each of Messrs Gajewski (15 million), Beckwith (15 million) and Brans (3 million).

For the purposes of the Explanatory Statement, the PRs have been valued on behalf of the Company using the barrier pricing model taking into account the historical price volatility of the Company and is based on the following assumptions:

- a) current share issue price of \$0.012 (based on the date immediately prior to the date on which this valuation was prepared);
- b) a nil conversion price;
- c) total period of approximately 2 years and 11 months (up to 30 June 2021) after the Meeting for the performance hurdles to be met. The performance hurdles being:
 - Tranche 1 Performance Rights - the Performance Rights will vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.03 for a consecutive period of at least 10 trading days;
 - Tranche 2 Performance Rights – the Performance Rights will vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.04 for a consecutive period of at least 10 trading days;
 - Tranche 3 Performance Rights – the Performance Rights will vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.05 for a consecutive period of at least 10 trading days;
- d) an estimated volatility factor of 104%;
- e) a risk-free rate of 1.5%; and
- f) a nil dividend yield.

Based on the above assumptions, it has been determined that the indicative fair value of each PR (as referred above) is \$0.01 (Tranche 1), \$0.0075 (Tranche 2) and \$0.007 (Tranche 3).

The total value of the PRs proposed to be issued to the Directors is \$269,500 and as attributed between the Directors is as follows:

- (i) Ron Gajewski: \$122,500;
- (ii) Andy Beckwith: \$122,500; and
- (iii) Rhett Brans: \$24,500

Australian accounting standard, AASB 2 "Share Based Payments" requires that the issue of Performance rights shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the Income Statement – i.e. the value attributed to these Rights as calculated above will be expensed in the profit and loss account of the Company. Where the grant date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

CARNAVALE RESOURCES LTD

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All Correspondence to:
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T: 1300 992 916 F: +61 8 9315 2233
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«EFT_REFERENCE_NUMBER»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

«Company_code» «Sequence_number»

Code:

Holder Number:

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The Meeting chairperson
(mark with an "X")

OR

or failing the person or body corporate named, or if no person or body corporate is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 11:00am WST on Thursday 26 July 2018 at Level 2, 389 Oxford Street, Mount Hawthorn, Western Australia and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 5, 6 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 5, 6 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman and acknowledge that the Chairman may exercise my/our proxy even if the Chair has an interest in the outcome of Resolution 5 and that votes cast by the Chair for Resolution 5, other than as proxy holder, will be disregarded because of that interest.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 5, 6, and 7 by marking the appropriate box below under.

In the absence of any specific direction, the Chairman of the Meeting intends to vote all available proxies in favour of each item of business. In exceptional circumstances the Chairman may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

RESOLUTION	For	Against	Abstain*		For	Against	Abstain*
1. Ratification of Prior Issue - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. Approval of Issue of Performance Rights to R Gajewski	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Ratification of Prior Issue - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Approval of Issue of Performance Rights to A Beckwith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Participation by Director, R Gajewski in Capital Raising Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Approval of Issue of Performance Rights to R Brans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Participation by Director, A Beckwith in Capital Raising Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Approval of Issue of Performance Rights to P Jurman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* 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 votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 11:00am WST on Tuesday 24 July 2018.

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My/Our contact details in case of enquiries are:

Name:

Number:

()

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or 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 of your votes; and
- b) Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

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

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Australia Pty Ltd

Online www.securitytransfer.com.au

Postal Address PO BOX 52
Collins Street West VIC 8007

Street Address Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000

Telephone 1300 992 916

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Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

