
ERRAWARRA RESOURCES LIMITED

ACN 155 472 834

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 10.00am (WST) on Thursday, 30 November 2017 at the office of Corporate Board Services located at Level 11, 216 St Georges Terrace, Perth, Western Australia.

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 4.00pm (WST) on 28 November 2017.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

VOTING

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed proxy form and return by:

- (a) **post** to PO Box 1227, West Perth, Western Australia 6872; or
- (b) **email** to the Company at info@errawarra.com.

so that it is received not later than 10.00am (WST) on 28 November 2017.

Proxy forms received later than this time will be invalid.

GLOSSARY

\$ means Australian dollars.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

Board means the current board of directors of the Company.

Closely Related Party 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 means Errawarra Resources Ltd (ACN 155 472 834).

Constitution means the Company's constitution.

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 of Meeting.

Notice of Meeting or Notice of Annual General Meeting means this notice of annual general meeting including the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice of Meeting.

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.

AGENDA

ORDINARY BUSINESS

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report (available at www.errawarra.com).

2. RESOLUTION 1 – RE-ELECTION OF MR JONATHAN MURRAY

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

"That, for the purposes of clause 11.3 of the Company's constitution and for all other purposes, Mr Jonathan Murray retires by rotation, and being eligible, is re-elected as a Director."

Voting Prohibition Statement applicable to Resolution 2 to 5 for the purpose of Chapter 2E of the Corporations Act

No votes may be cast on any of Resolutions 2 to 5 by or on behalf of:

- (a) a related party of the Company to whom the relevant Resolution relates; or
 - (b) an associate of that related party;
- However, a vote may be cast by a person outlined in (a) and (b) above where:
- (c) that person is appointed a proxy for a shareholder not excluded under (a) or (b) above, and the appointment states how the proxy must vote on the Resolution; and
 - (d) the vote is not cast on behalf of a related party or associate of a kind referred to in (a) or (b) above.

3. RESOLUTION 2 – ISSUE OF SHARES TO EXECUTIVE DIRECTOR, MR DAMIAN HICKS

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 14,000,000 Shares to Damian Hicks, or his nominee, on the terms and conditions set out in the Explanatory Statement."

4. RESOLUTION 3 – ISSUE OF SHARES TO NON-EXECUTIVE DIRECTOR, MR JONATHAN MURRAY

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 3,000,000 Shares to Jonathan Murray, or his nominee, on the terms and conditions set out in the Explanatory Statement."

5. RESOLUTION 4 – ISSUE OF SHARES TO NON-EXECUTIVE DIRECTOR, MR MARKUS BACHMANN

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 3,000,000 Shares to Markus Bachmann, or his nominee, on the terms and conditions set out in the Explanatory Statement."

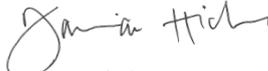
6. RESOLUTION 5 – ISSUE OF SHARES TO CORPORATE BOARD SERVICES PTY LTD

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

"That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 15,000,000 Shares to Corporate Board Services Pty Ltd on the terms and conditions set out in the Explanatory Statement."

DATED: 30 OCTOBER 2017

BY ORDER OF THE BOARD



**DAMIAN HICKS
DIRECTOR
ERRAWARRA RESOURCES LTD**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the 2017 Annual General Meeting.

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 of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

2. RESOLUTION 1 – RE-ELECTION OF DIRECTOR

Clause 11.3 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Company currently has 3 Directors and accordingly 1 must retire. A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

Mr Jonathan Murray retires by rotation and seeks re-election.

Mr Murray was a founding Director of Errawarra Reward Ltd and appointed to the position of Director on 2 February 2012.

Mr Murray is a partner at law firm Steinepreis Paganin, based in Perth, Western Australia. Since joining the firm in 1997, he has gained significant experience in advising on initial public offers and secondary market capital raisings, all forms of commercial acquisitions and divestments and providing general corporate and strategic advice.

Mr Murray graduated from Murdoch University in 1996 with a Bachelor of Laws and Commerce (majoring in Accounting). He is also a member of FINSIA (formerly the Securities Institute of Australia).

The Directors (excluding Mr Murray) recommend that shareholders vote in favour of Resolution 1. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

3. RESOLUTION 2 TO 5 – ISSUE OF SHARES TO RELATED PARTIES

General

The Company is seeking Shareholder approval to issue 20,000,000 Shares to the Directors, or their respective nominees (equivalent to 9.4% of the Company's capital structure post issue of the Shares in Resolutions 2 – 5) and 15,000,000 Shares to Corporate Board Services Pty Ltd (CBS) (equivalent to 7.1% of the Company's capital structure post issue of the Shares in Resolutions 2 – 5) on the terms and conditions set out below.

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:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- 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 Shares constitutes giving a financial benefit, and Messrs Damian Hicks, Jonathan Murray and Markus Bachmann are Related Parties of the Company by virtue of being Directors.

The grant of Shares constitutes giving a financial benefit, and CBS is a Related Party of the Company by virtue of Mr Damian Hicks being a director of both the Company and CBS and Mrs Mindy Ku being the Company Secretary of the Company and a director of CBS.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Shares to the Related Parties.

Reason for grant of Shares

The primary purpose of the grant of the Shares to the Messrs Hicks, Murray and Bachmann is to remunerate the Directors for fulfilling their roles as directors during the two-year period from 1 July 2016 through to 30 June 2018. No remuneration has been received by the directors for their tenure during this period, and the directors will not be entitled to any additional director fee remuneration for the period ending 30 June 2018.

Furthermore, the Board (other than Mr Hicks) has resolved that Mr Hicks should be granted further shares for the significant additional work he has undertaken in developing the Company's business without any remuneration in the last 18 months. During this time Mr Hicks has amongst other matters managed the development of the sulphate of potassium (SOP) fertiliser project, secured the rights to an early stage process that may enable potassium to be economically extracted from hard rock (which may improve the economics of the Company's SOP fertiliser project) and reviewed a significant mineral project located in Europe to mitigate the risks to shareholders associated with the SOP project.

The primary purpose of the grant of the Shares to CBS is to secure its continued corporate, financial, company secretarial governance support for the benefit of the Company. CBS has performed all the Company's compliance and reporting obligations since incorporation in February 2012 and did not receive any form of remuneration for the period 1 April 2012 through to 30 June 2014. CBS has played an integral role in ensuring the Company has remained fully compliant and ensured the Company met its financial obligations as they fell due. The Directors believe that without CBS' ongoing support the Company would not be able to take full advantage of the current opportunities. The Directors consider it in Shareholders' interests to retain and incentivise CBS to remain involved with the Company's development.

Shareholder approval (Chapter 2E of the Corporations Act)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act, the following information is provided in relation to the proposed grant of Shares:

- the Related Parties are Messrs Damian Hicks, Jonathan Murray and Markus Bachmann and they are Related Parties by virtue of being Directors, and CBS is a Related Party by virtue of the fact that Mr Hicks is a director of both the Company and CBS and Mrs Mindy Ku is the Company Secretary of the Company and a director of CBS;
- the maximum number of Shares (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - 14,000,000 Shares to Mr Damian Hicks;
 - 3,000,000 Shares to Mr Jonathan Murray;
 - 3,000,000 Shares to Mr Markus Bachmann; and
 - 15,000,000 Shares to Corporate Board Services Pty Ltd.
- the Shares will be granted to the Related Parties or their nominees no later than 3 months after the date of the Annual General Meeting and it is anticipated the Shares will be issued on one date;
- the Shares will be granted for nil cash consideration as payment for Directors fees, and to secure the continued corporate, financial, company secretarial and corporate governance support of CBS accordingly no funds will be raised;
- the Shares will rank pari passu with the Company's Shares;
- as the Company is an unlisted public company, there is no ready method for determining the value of the Shares, and furthermore the Company has not undertaken any capital raisings since incorporation that could be used to value the Shares. Therefore, the Board has determined that the most appropriate method for valuing the Shares, is using the net asset valuation method, whereby the value of the Shares is measured against the net assets of the Company as at the date of valuation (in this case using the audited 30 June 2017 financial report). The value of the Shares being issued, using this method is \$17,288, broken down as follows:

Related Party	\$
Mr Damian Hicks	6,915
Mr Jonathan Murray	1,482
Mr Markus Bachmann	1,482
Corporate Board Services Pty Ltd	7,409

- the relevant interests of the Related Parties in securities of the Company prior to the grant of Shares are set out below:

Related Party	Shares	Options
Mr Damian Hicks	302,260	Nil
Mr Jonathan Murray	4,824,387	Nil
Mr Markus Bachmann	4,432,612	Nil
Corporate Board Services Pty Ltd	Nil	Nil

- (h) the Related Parties previously received remuneration by the issue of shares as approved at the General Meeting held on 26 May 2016 and Mr Hicks nominated that his Shares be issued to an unrelated third-party nominee;
- (i) the remuneration and benefits paid by the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year (excluding the Related Party Securities contemplated by Resolutions 2 – 5) are set out below:

Related Party	Current Financial Year (\$)	Past Financial Year (\$)
Mr Damian Hicks	16,951	Nil
Mr Jonathan Murray	3,390	Nil
Mr Markus Bachmann	3,390	Nil
Corporate Board Services Pty Ltd	12,532	15,539

- (j) if the issue of the Shares granted to the Related Parties is approved, a total of 35,000,000 Shares would be issued. This will increase the number of Shares on issue from 177,304,667 to 212,304,667 with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 19.73%, comprising of the following:

Related Party	Shares	Dilution %
Mr Damian Hicks	14,000,000	7.89%
Mr Jonathan Murray	3,000,000	1.69%
Mr Markus Bachmann	3,000,000	1.69%
Corporate Board Services Pty Ltd	15,000,000	8.46%

- (k) The primary purpose of the grant of the Shares to the Messrs Hicks, Murray and Bachmann is to remunerate the Directors for fulfilling their roles as directors during the two-year period from 1 July 2016 through to 30 June 2018. No remuneration has been received by the directors for their tenure during this period, and the directors will not be entitled to any additional director fee remuneration for the period ending 30 June 2018.
- (l) Furthermore, the Board (other than Mr Hicks) has resolved that Mr Hicks should be granted further shares for the significant additional work he has undertaken in developing the Company's business without any remuneration in the last 18 months, and furthermore Mr Hicks will not be entitled to any additional director fee remuneration for the period ending 30 June 2018. Mr Hicks has amongst other matters managed the development of the sulphate of potassium (SOP) fertiliser project, secured the rights to an early stage process that may enable potassium to be economically extracted from hard rock (which may improve the economics of the Company's SOP fertiliser project) and reviewed a significant mineral project located in Europe to mitigate the risks to shareholders associated with the SOP project.
- (m) The primary purpose of the grant of the Shares to CBS is to secure its continued corporate, financial, company secretarial and corporate

governance support for the benefit of the Company. CBS has performed all the Company's compliance and reporting obligations since incorporation in February 2012 and did not receive any form of remuneration for the period 1 April 2012 through to 30 June 2014. CBS has played an integral role in ensuring the Company has remained fully compliant and ensured the Company met its financial obligations as they fall due. The Directors believe that without CBS' ongoing support the Company would not be able to take full advantage of the current opportunities. The Directors consider it in Shareholders' interests to retain and incentivise CBS to remain involved with the Company's development.

- (n) The Directors, in relation to the Resolutions in which they do not have a personal interest as references below, recommends that Shareholders vote in favour of those relevant Resolutions for the following reasons:
- (i) the grant of Shares to the Related Parties will align the interests of the Related Parties with those of Shareholders;
- (ii) the grant of the Shares is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
- (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Shares upon the terms proposed;

Mr Damian Hicks declines to make a recommendation to Shareholders in relation to Resolutions 2 and 5 due to his material personal interest in the outcome of the Resolutions on the basis that he is to be granted Shares in the Company should Resolution 2 be passed and that CBS is to be granted Shares in the Company should Resolution 5 be passed. However, in respect of Resolutions 3 to 4, Mr Hicks recommends that Shareholders vote in favour of those Resolutions for the reasons stated above.

Mr Jonathan Murray declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Shares in the Company should Resolution 3 be passed. However, in respect of Resolutions 2, 4 and 5 Mr Murray recommends that Shareholders vote in favour of those Resolutions for the reasons stated above.

Mr Markus Bachmann declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Shares in the Company should Resolution 4 be passed. However, in respect of Resolutions 2, 3 and 5 Mr Bachmann recommends that Shareholders vote in favour of those Resolutions for the reasons stated above; and

- (o) the Board has decided to proceed to a pre-feasibility study (+/- 25% accuracy) (PFS) on the overall SOP fertiliser project that is expected to incorporate further metallurgical test work and a scoping study (+/- 35% accuracy) on the potassium extraction process. The PFS is expected to be delivered in April 2018. The Company will need to complete a capital raising of not less than \$500,000 this financial year to fund these activities. Other than this the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 2 to 5.

ERRAWARRA RESOURCES LTD

PROXY FORM

2017 ANNUAL GENERAL MEETING

Shareholder name and address

Change of address. If incorrect, mark this box and make the correction in the space below.

Appoint a Proxy to Vote on Your Behalf

I/We being a Member of Errawarra Resources Ltd entitled to attend and vote at the Meeting, hereby appoint

the Chairman OR

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

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at Level 11, 216 St Georges Tce, Perth Western Australia on Thursday, 30 November 2017 at 10.00am (WST) and at any adjournment thereof.

Voting on Business of the Annual General Meeting

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

		FOR	AGAINST	ABSTAIN
Resolution 1	Re-election of Mr Jonathan Murray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Shares to Executive Director, Mr Damian Hicks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Shares to Non-Executive Director, Mr Jonathan Murray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Shares to Non-Executive Director, Mr Markus Bachmann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares to Corporate Board Services Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If two proxies are being appointed, the proportion of voting rights this proxy represents is % .

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

Signature of Shareholder(s)

NOTE: This section must be completed.

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact
name

Contact
number

Date ____ / ____ / ____

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. 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:
 - 2 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.

- For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.
4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
 5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.