
ERRAWARRA RESOURCES LIMITED

ACN 155 472 438

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10.00am (WST)
DATE: Friday, 27 November 2020
PLACE: Ground Floor
197 St Georges Terrace
Perth WA 6000

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

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.

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 10.00am (WST) on 25 November 2020.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ADOPTION OF INCENTIVE OPTION PLAN

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

“That approval is given for the Company to adopt an employee incentive scheme titled “Incentive Option Plan” and for the issue of securities under that Plan, on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 1 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 1 Excluded Party.

2. RESOLUTION 2 – ISSUE OF OPTIONS TO RELATED PARTY – 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 300,000 Options to Mr Damian Hicks (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 2 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 2 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

3. RESOLUTION 3 – ISSUE OF OPTIONS TO RELATED PARTY – 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 300,000 Options in the Company to Mr Jonathan Murray (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 3 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 3 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – 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 300,000 Options in the Company to Mr Markus Bachmann (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 4 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 4 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO RELATED PARTY – MS GRETA PURICH

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 300,000 Options in the Company to Ms Greta Purich (or her nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 5 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 5 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

Provided the Chair is not a Resolution 5 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ISSUE OF OPTIONS TO RELATED PARTY – MR THOMAS REDDCLIFFE

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 300,000 Options in the Company to Mr Thomas Reddcliffe (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 6 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 6 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

Provided the Chair is not a Resolution 6 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Dated: 3 November 2020

By order of the Board



Mindy Ku
Company Secretary

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, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (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:

- 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.

Voting in person

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, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If 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.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 3383.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities & Investments Commission.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

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

a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the

Company means Errawarra Resources Ltd (ACN 155 472 438).

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.

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 general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Related Party Options has the meaning given in means an Option issued pursuant to Section 2.1 of the Explanatory Statement.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

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

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether to pass the Resolutions.

1. RESOLUTION 1 – ADOPTION OF INCENTIVE OPTION PLAN

Resolution 1 seeks Shareholders approval for the adoption of the employee incentive scheme titled Incentive Option Plan (**Plan**). Shareholders should note that no Options have previously been issued under the Plan.

The objective of the Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Plan and the future issue of Options under the Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

A summary of the key terms and conditions of the Plan is set out in Schedule 1. In addition, a copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary, Mrs Mindy Ku (mindyk@corpservices.com). Shareholders are invited to contact the Company if they have any queries or concerns.

2. RESOLUTION 2 TO 6 – ISSUE OF RELATED PARTY OPTIONS

2.1 General

The Company has agreed, subject to Shareholder approval, to issue 1,500,000 Options (**Related Party Options**) to Messrs Damian Hicks, Jonathan Murray, Markus Bachmann, Thomas Reddcliffe and Ms Greta Purich (together, **Related Parties**) on the terms and conditions set out below.

Resolutions 2 to 6 seek Shareholder approval for the grant of the Related Party Options to the Related Parties set out above.

2.2 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 Related Party Options constitutes giving a financial benefit and the Related Parties are related parties of the Company by virtue of being Directors (in the case of Mr Hicks, Mr Bachmann, Mr Reddcliffe and Ms Purich) and a former Director in the 6 months prior to the meeting (in the case of Mr Murray).

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 Related Party Options to the Related Parties.

2.3 Reason for grant of Options

The primary purpose of the grant of the Related Party Options to the Related Parties is to provide them with a cost effective, performance linked incentive component in their services agreements and to motivate and reward their performance as directors and advisors of the Company. In the case of Mr Hicks, to reward him for developing strategy, executing strategy, being the "face" of the Company, developing capital raising opportunities, developing new business initiatives and managing day-to-day operations.

2.4 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 Related Party Options:

- (a) the Related Parties are Messrs Damian Hicks, Jonathan Murray, Markus Bachmann, Thomas Reddcliffe and Ms Greta Purich and they are related parties by virtue of being Directors (in the case of Mr Hicks, Mr Bachmann, Mr Reddcliffe and Ms Purich) and a former Director in the 6 months prior to the meeting (in the case of Mr Murray);
- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:

Related party	Number of Related Party Options
Damian Hicks	300,000
Jonathan Murray	300,000
Markus Bachmann	300,000
Greta Purich	300,000
Thomas Reddcliffe	300,000

- (c) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (d) the terms and conditions of the Related Party Options are set out in Schedule 2;
- (e) the value of the Related Party Options and the pricing methodology is set out in Schedule 3;
- (f) a voting exclusion statement is included in the Notice in connection with Resolutions 2 to 6;
- (g) the Related Party Options will be issued no later than 15 months after the date of the Meeting and it is anticipated the Related Party Options will be issued on one date;
- (h) the relevant interests of the Related Parties in the securities of the Company are set out below:

Related party	Shares	Options
Damian Hicks	362,362	Nil
Jonathan Murray	995,189	Nil
Markus Bachmann	182,124	Nil
Greta Purich	Nil	Nil
Thomas Reddcliffe ¹	Nil	Nil

1 The Company is preparing to lodge a prospectus with ASIC and ASX during November 2020. The prospectus will detail the proposed acquisition of the Fraser Range Project. Mr Reddcliffe is the sole director of the companies vending (**Vendor**) the project into Errawarra. As part consideration for the acquisition, the Company will issue 3,500,000 Shares to the Vendor. These Shares are proposed to be issued on settlement of the acquisition, immediately prior to the Company listing on the ASX.

- (i) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related party	2021 Financial Year ¹ (\$)	2020 Financial Year ¹ (\$)
Damian Hicks	Nil	Nil
Jonathan Murray	Nil	Nil
Markus Bachmann	Nil	Nil
Greta Purich	Nil	Nil
Thomas Reddcliffe	Nil	Nil

¹ In an effort to assist the Company with managing its cash flow, the Directors did not received remuneration for their services in the 2020 financial year, and to date have not received any remuneration for their services in the 2021 financial year. On and from listing, the Directors will be paid a fee that is commensurate with industry standards.

- (j) if the Related Party Options granted to the Related Parties are exercised, a total of 1,500,000 Shares would be issued. This will increase the number of Shares on issue from 5,000,000 to 6,500,000 (assuming no other Shares issued and Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 30.0%, comprising 6.0% by Mr Damian Hicks, 6.0% by Mr Jonathan Murray, 6.0% by Mr Markus Bachmann, 6.0% by Ms Greta Purich and 6.0% by Mr Thomas Reddcliffe;
- (k) The primary purpose of the grant of the Related Party Options to the Related Parties is to provide a cost effective, performance linked incentive component in their services agreements and to motivate and reward their performance as directors and advisors of the Company;
- (l) Mr Damian Hicks declines to make a recommendation to Shareholders in relation to Resolution 2 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 2 be passed. However, in respect of Resolutions 3 to 6, Mr Hicks recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Related Party Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
- (ii) the issue of the Related Party Options is a reasonable and appropriate method to provide cost effective compensation 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 Directors; 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 Related Party Options upon the terms proposed;
- (m) 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 Related Party Options in the Company should Resolution 3 be passed. However, in respect of Resolutions 2 and 4 to 6, Mr Murray recommends that Shareholders vote in favour of those Resolutions for the set out in paragraph (l).
- (n) 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 Related Party Options in the Company should Resolution 4 be passed. However, in respect of Resolutions 2 to 3 and 5 to 6, Mr Bachmann recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (o) Ms Greta Purich declines to make a recommendation to Shareholders in relation to Resolution 5 due to her material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 2 to 4 and 6, Ms Purich recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (p) Mr Thomas Reddcliffe declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Related Party Options in the Company should Resolution 6 be passed. However, in respect of Resolutions 2 to 5, Mr Reddcliffe recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (l);
- (q) in forming their recommendations, each Director considered the experience of each Related Party, the recently completed seed raising, the current market practices when determining the number of Related Party Options to be granted as well as the exercise price and expiry date of the Related Party Options; and
- (r) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 2 to 6.

SCHEDULE 1 – KEY TERMS AND CONDITIONS OF THE OPTION PLAN

- (a) **Eligibility:** Participants in the Option Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a **Group Company**);
 - (ii) a full or part time employee of any Group Company;
 - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
 - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options under the Option Plan (**Eligible Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for up to a specified number of Options, upon the terms set out in the Option Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer in reliance of the Class Order, that the number of Shares to be received on exercise of Options offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Unless the Options are quoted on the ASX, Options issued under the Option Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting Conditions:** An Option may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Option.
- (f) **Vesting:** The Board may in its absolute discretion by written notice to a Participant (being an Eligible Participant to whom Options have been granted under the Option Plan or their nominee where the Options have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Options due to:
- (i) Special Circumstances arising in relation to a Relevant Person in respect of those Performance Rights, being:
 - (A) a Relevant Person ceasing to be an Eligible Participant due to:
 - (I) death or total or permanent disability of a Relevant Person; or
 - (II) retirement or redundancy of a Relevant Person;
 - (B) a relevant person suffering severe financial hardship;
 - (C) any other circumstance stated to constitute "special circumstances" in the terms of the relevant Offer made to and accepted by the Participant; or
 - (D) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant; or
 - (ii) a change of control occurring; or
 - (iii) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an Option:** An Option will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in the Option;
 - (ii) a Vesting Condition in relation to the Option is not satisfied by its due date, or becomes incapable of satisfaction, unless the Board exercises its discretion to waive the Vesting Conditions and vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iii) in respect of unvested Option only, an Eligible Participant ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Option in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Options to remain unvested after the Relevant Person ceases to be an Eligible Participant;
 - (iv) in respect of vested Options only, a relevant person ceases to be an Eligible Participant and the Option granted in respect of that person is not exercised within one (1) month (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
 - (v) the Board deems that an Option lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
 - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Option;
 - (vii) the expiry date of the Option.
- (h) **Shares:** Shares resulting from the exercise of the Options shall, subject to any Sale Restrictions (refer paragraph (i)) from the date of issue, rank on equal terms with all other Shares on issue.
- (i) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Options, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Options up to a maximum of seven (7) years from the grant date of the Options. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.
- (j) **Not transferrable:** Subject to the Listing Rules, Options are only transferrable in Special Circumstances with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (k) **No Participation Rights:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
- (l) **Change in exercise price of number of underlying securities:** Unless specified in the offer of the Options and subject to compliance with the ASX Listing Rules, an Option does not confer the right to a change in exercise price or in the number of underlying Shares over which the Option can be exercised.
- (m) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (n) **Trust:** The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Options, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Option Plan to effect the establishment of such a trust and the appointment of such a trustee.
- (o) **Amendments:** Subject to express restrictions set out in the Option Plan and complying with the Corporations Act, Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Option Plan, or the terms or conditions of any Option granted under the Option Plan including giving any amendment retrospective effect.

SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

- (a) **Entitlement**
Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) **Exercise Price**
Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**).
- (c) **Expiry Date**
Each Option will expire at 5:00 pm (WST) on the date that is four (4) years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) **Exercise Period**
The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).
- (e) **Notice of Exercise**
The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
- (f) **Exercise Date**
A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).
- (g) **Timing of issue of Shares on exercise**
Within 15 Business Days after the later of the following:
(i) the Exercise Date; and
(ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,
but in any case no later than 20 Business Days after the Exercise Date, the Company will:
(i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.
If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (h) **Shares issued on exercise**
Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
- (i) **Reconstruction of capital**
If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (j) **Participation in new issues**
There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.
- (k) **Change in exercise price**
An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.
- (l) **Termination or cessation of employment**
If a holder resigns or is removed from the Board of Errawarra Resources Ltd or ceases to continue acting as an advisor to the Company, the Board has the absolute fettered discretion to cancel all, or a portion of the holders unexercised options, without notice. If the Board does not resolve in writing to cancel the options within two weeks of the holders resignation, removal or ceasing to act the options will remain valid and capable of being exercised at any time prior to expiry on the usual terms.
- (m) **Transferability**
The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 2 to 6 have been valued using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	23 October 2020
Market price of Shares ¹	16 cents
Exercise price	30 cents
Expiry date (length of time from issue)	Four (4) years
Risk free interest rate ²	0.27%
Volatility (discount) ³	100% (no discounts ⁴)
Indicative value per Related Party Option	0.092 cents
Total Value of Related Party Options	\$138,835
• Damian Hicks	\$27,767
• Jonathan Murray	\$27,767
• Markus Bachmann	\$27,767
• Greta Purich	\$27,767
• Thomas Reddicliffe	\$27,767

Note:

The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes. The Company is an unlisted public company and therefore there is no market value readily available.

- 1 The market price of Shares is based on the latest seed capital raising, loan conversion price and or creditor share settlement price completed in October 2020.
- 2 A risk-free rate used for the purpose of the analysis is the five-year Australian Government bond rate as at 16 October 2020 being 0.27%; and
- 3 The expected volatility reflects the assumptions of current market volatility for junior explorers as indication of future trends. This may not necessarily be the actual outcome.
- 4 The options to be issued have restricted marketability as they cannot be traded on an active market.

ERRAWARRA RESOURCES LTD

ACN 155 472 438

PROXY FORM 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
of the Meeting

OR

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

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Extraordinary General Meeting to be held at 10.00am (WST), on Friday, 27 November 2020 at Ground Floor, 197 St Georges Tce, Perth WA 6000, and at any adjournment thereof.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 2 to 6 (except where I/we have indicated a different voting intention below) even though Resolutions 2 to 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

Voting on Business of the General Meeting

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

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Incentive Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Options to Related Party – Mr Damian Hicks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Options to Related Party – Mr Jonathan Murray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to Related Party – Mr Markus Bachmann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Options to Related Party – Ms Greta Purich	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Options to Related Party – Mr Thomas Reddicliffe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

ERRAWARRA RESOURCES LTD

ACN 155 472 438

Instructions for completing Proxy Form

1. **Appointing a proxy:** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **Direction to vote:** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **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 should sign.
 - **Power of attorney:** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **Companies:** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **Attending the Meeting:** 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. **Lodgement of Proxy Form:** Proxy forms can be lodged by completing and signing the enclosed Proxy Form and returning by:
 - (a) email to the Company at info@errawarra.com; or
 - (b) post to Errawarra Resources Ltd, PO Box 1227, West Perth WA 6872;so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.
