



**African Gold Limited
ACN 624 164 852**

Notice of General Meeting

The General Meeting of the Company will be held at the offices of the Company, at Suite 23, 513 Hay Street, Subiaco 6008, Western Australia on 5 February 2021 at 11:00 am (WST).

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional advisor prior to voting.

Should you wish to discuss any matter, please do not hesitate to contact the Company Secretary by telephone on (08) 6143 6749.

Shareholders are urged to vote by lodging the proxy form attached to the Notice

African Gold Limited
ACN 624 164 852
(Company)

Notice of General Meeting

Notice is hereby given that the general meeting of Shareholders of African Gold Limited will be held at the offices of the Company, at Suite 23, 513 Hay Street, Subiaco 6008, Western Australia on 5 February 2021 at 11 am (WST) (**Meeting**).

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

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 as Shareholders on 3 February 2021 at 5.00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

Agenda

Resolution 1– Ratification of prior issue of T1 Placement Shares

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

'That the issue of 8,975,294 Shares at \$0.10 per Share to raise approximately \$897,529 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Resolution 2– Approval to issue Consideration Shares

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

'That the agreement to issue up to 4,000,000 Shares to the Vendors (or their respective nominees) is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Resolution 3– Approval to issue Placement Shares to Directors

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

'That the issue of:

- (a) *up to 2,500,000 Placement Shares to Mr Tolga Kumova (or his nominee/s);*
- (b) *up to 2,500,000 Placement Shares to Mr Evan Cranston (or his nominee/s);*
- (c) *up to 150,000 Placement Shares to Mr Mathew O'Hara (or his nominee/s);*

- (d) up to 500,000 Placement Shares to Mr Peter Williams (or his nominee/s); and
- (e) up to 300,000 Placement Shares to Mr Simon Bolster (or his nominee/s),

is approved under and for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Resolution 4– Approval to issue T2 Placement Shares

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

'That the issue of up to 2,074,706 T2 Placement Shares at \$0.10 each is approved under and for the purposes of Listing Rule 7.1 and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Resolution 5– Approval to issue Underwriting Options to Directors

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

'That the issue of:

- (a) up to 2,500,000 Underwriting Options to Mr Tolga Kumova (or his nominee/s); and
- (b) up to 2,500,000 Underwriting Options to Mr Evan Cranston (or his nominee/s),

is approved under and for the purposes of Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, on the terms and conditions in the Explanatory Memorandum.'

Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

- (a) Resolution 1 by or on behalf of any person who participated in the issue of the Shares, or any of their respective associates;
- (b) Resolution 2 by or on behalf of any Vendor (or its respective nominees) and any person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (c) Resolution 3(a) to Resolution 3(e) by or on behalf of the person who is to receive the Securities in question under the respective Resolution and any other person who will obtain a material benefit as a result of the issue of the Securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates;
- (d) Resolution 4 by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a Shareholder) or any of their respective associates; and

- (e) Resolution 5(a) and Resolution 5(b) by or on behalf of the person who is to receive the Securities in question under the respective Resolution and any other person who will obtain a material benefit as a result of the issue of the Securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting prohibition

Resolution 3(a) to 3(e) and Resolution 5: 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.

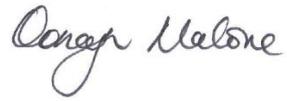
However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast 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.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

BY ORDER OF THE BOARD

A handwritten signature in cursive script that reads "Oonagh Malone".

Oonagh Malone
Company Secretary
African Gold Limited
Dated: 4 January 2021

African Gold Limited
ACN 624 164 852
(Company)

Explanatory Memorandum

1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the offices of the Company, at Suite 23, 513 Hay Street, Subiaco 6008, Western Australia on 5 February 2021 at 11 am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Background
Section 4	Resolution 1 - Ratification of prior issue of T1 Placement Shares
Section 5	Resolution 2 - Approval to issue Consideration Shares
Section 6	Resolution 3 - Approval to issue Placement Shares to Directors
Section 7	Resolution 4 - Approval to issue T2 Placement Shares
Section 8	Resolution 5 - Approval to issue Underwriting Options to Directors
Schedule 1	Definitions
Schedule 2	Terms and conditions of Underwriting Options
Schedule 3	Valuation of Underwriting Options

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

Voting by proxy

- (a) A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (i) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (ii) a proxy need not be a member of the Company;
- (iii) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

- (b) 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:

- (i) 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);
- (ii) 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;
- (iii) 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
- (iv) 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).

- (c) Transfer of non-chair proxy to chair in certain circumstances

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

- (i) 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;
- (ii) the appointed proxy is not the chair of the meeting;
- (iii) at the meeting, a poll is duly demanded on the resolution; and

- (iv) either 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.

2.2 Chair's voting intentions

The Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

2.3 Submitting questions

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at admin@african-gold.com by 3 February 2021.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

3. Background

3.1 Acquisition of KGL and material terms and conditions of Terms Sheet

As announced 27 November 2020, the Company entered into a binding terms sheet with Kouroufaba Gold Limited Pty Ltd (ACN 621 779 548) (**KGL**), Geo Resources SARL (**Geo Resources**), Gengold Resources Cote d'Ivoire and the shareholders of KGL (**Terms Sheet**) to acquire up to 80% of the issued capital of KGL from each of the shareholders of KGL (the **Vendors**) by way of a staged acquisition (**Acquisition**).

KGL is the ultimate parent entity of Geo Resources, the owner of the Kouroufaba Gold Project (**New Project**).

Upon completion of the Acquisition and upon a decision to mine being made in respect of the New Project, the Company will have the right but not the obligation to acquire the remaining 20% interest in KGL.

In consideration for the Acquisition, the Company has agreed to:

- (a) pay \$200,000 upon completion of due diligence; and
- (b) subject to Shareholder approval (the subject of Resolution 2), issue 4,000,000 Shares in the Company to the Vendors on a pro-rata basis (**Consideration Shares**),

(together, the **Initial Payment**).

Subject to the Company making the Initial Payment, the Company will be granted an exclusive option to acquire 80% of the issued capital of KGL from the Vendors (**Earn-in Option**). To exercise the Earn-in Option, the Company must:

- (c) expend not less than \$5,000,000 of exploration expenditure in the five year period (**Acquisition Period**) commencing upon satisfaction of the Initial Payment (**Expenditure Requirement**);
- (d) on each 12 month anniversary of the Initial Payment Date, either (and at its election):
 - (i) subject to future Shareholder approvals, issue Shares with the value of \$200,000 to the Vendors (or its nominee), based on a deemed issue price per Share equal to the 30 Day VWAP prior to the Shareholder meeting (**Annual Acquisition Shares**); or
 - (ii) pay \$150,000 cash (on a pro-rata basis) (**Annual Cash Payment**),

(the **Annual Payment**). The maximum number of Annual Payments that must be made under the Terms Sheet is five, however, the number may be lower if the Company satisfies the Expenditure Requirement prior to the end of the fifth anniversary of the Initial Payment; and
- (e) execute a royalty deed pursuant to which the Company agrees to pay a net smelter return royalty of up to 2% of the production from the New Project to the relevant royalty holder in respect of the relevant Tenement.

Upon completion of the Acquisition, the Company will continue in an 80 / 20 joint venture with the Vendors and will free carry the Vendors. Subject to the joint venture making a decision to mine on the New Project, the Company will have the right, but not the obligation, to acquire the remaining 20% of KGL, on commercial terms agreed between the parties acting reasonably. In the event an agreement on pricing cannot be reached, the pricing will be determined by an independent expert.

3.2 **Director appointments**

As part of the Acquisition, it is contemplated that Mr Peter Williams and Mr Simon Bolster will join the board of the Company (**Proposed Directors**). It is anticipated that the Proposed Directors will be appointed as Directors as at the date of this Meeting.

By virtue of their proposed appointments, the Proposed Directors fall within the definition of a related party for the purposes of section 228(6) of the Corporations Act, as the Company has reasonable grounds to believe the Proposed Directors will become directors of the Company.

Listing Rule 10.1 does not apply to the Acquisition as, notwithstanding that Messrs Williams and Bolster fall within the definition of a related party, Listing Rule 10.3(g) sets out that Listing Rule 10.1 does not apply to:

An agreement or transaction between the entity and a person who would not otherwise be a related party but for the fact that they believe, or have reasonable grounds to believe, that they are likely to become a related party in the future because of the agreement or transaction.

The Acquisition was negotiated on an arm's length basis at a time when neither Messrs Williams or Bolster were considered to be proposed directors of the Company. The Company agreed to the appointment of the Peter Williams and Simon Bolster as part of the Terms Sheet.

3.3 Placement

In **conjunction** with the Acquisition, the Company intends to undertake a two tranche placement to raise up to \$1,700,000 before costs through the issue of up to 17,000,000 Shares (**Placement Shares**) of:

- (a) **Tranche 1:** 8,975,294 Shares using its Listing Rule 7.1 capacity (which completed on 4 December 2020, the ratification of which is the subject of Resolution 1); and
- (b) **Tranche 2:** up to 8,024,706 Shares, comprising
 - (i) 2,074,706 Shares issued with Shareholder approval under Listing Rule 7.1 (being the subject of Resolution 4); and
 - (ii) up to 5,950,000 Shares issued with Shareholder approval under Listing Rule 10.11 to Directors and Proposed Directors (being the subject of Resolution 3) as follows:

Director	Director Placement
Evan Cranston	2,500,000
Tolga Kumova ¹	2,500,000
Mathew O'Hara	150,000
Proposed Directors	
Peter Williams	500,000
Simon Bolster	300,000
TOTAL	5,950,000

3.4 Entitlement Offer (and Related Party underwriting)

On 27 November 2020, the Company announced a non-renounceable entitlement offer to raise up to approximately \$997,245 (before costs) (**Entitlement Offer**).

Under the Entitlement Offer, eligible Shareholders will be entitled to subscribe for one (1) new Shares for every six (6) existing Shares held, for an issue price of A\$0.10 per Share (**Offer**).

The proposed use of funds for the Placement and Entitlement Offer is set out below.

Proposed use	Placement (\$)	Entitlement Offer (\$)	Existing capital (\$)	Total (\$)
Existing Projects	550,000	250,000	-	800,000
The New Project	800,000	500,000	-	1,300,000

Proposed use	Placement (\$)	Entitlement Offer (\$)	Existing capital (\$)	Total (\$)
Working Capital and Costs of the Offers ¹	350,000	250,000	255,000	855,000
TOTAL	1,700,000	1,000,000	255,000	2,955,000

Note:

- Working capital includes but is not limited to corporate administration and operating costs and may be applied to additional Directors' fees or executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.

Kitara Investments Pty Ltd (an entity controlled by Tolga Kumova) (**Kitara Investments**) and Konkera Holdings Pty Ltd (an entity controlled by Evan Cranston) (**Konkera Holdings**) (together the **Underwriters**) have been appointed as the underwriters to underwrite the Entitlement Offer up to a total of 9,972,549 Shares (**Underwritten Shares**) for a total value of up to \$997,254 (**Underwritten Amount**).

Any new Shares not subscribed for under the Entitlement Offer will be subscribed for by the Underwriters pursuant to the underwriting agreement agreed between each of Kitara Investments and Konkera Holdings and the Company (**Underwriting Agreement**). Each of the Underwritten Shares to be issued to the Underwriters will be issued on the same terms and conditions of the new Shares being offered under the Entitlement Offer (including the issue price).

In consideration for underwriting the Entitlement Offer, the Underwriters will each receive an underwriting fee of 2,500,000 Options with an exercise price of \$0.20 and expiring on or before the date that is three years from the date of issue (**Underwriting Options**), subject to receiving Shareholder approval at the Company's upcoming Meeting (being the subject of Resolution 5).

The Underwriters are entities controlled by Tolga Kumova and Evan Cranston respectively, who are Directors of the Company.

Further details in relation to the Entitlement Offer and the arrangements with the Underwriters are contained in the prospectus relating to the Entitlement Offer.

4. **Resolution 1 - Ratification of prior issue of T1 Placement Shares**

4.1 **General**

On 27 November 2020, the Company announced that it intends to undertake a placement to raise up to approximately \$1,700,000 million before costs (**Placement**) by the issue of Shares at \$0.10 each (**Placement Shares**) to sophisticated and professional investors.

On 4 December 2020, the Company issued 8,975,294 Placement Shares (**T1 Placement Shares**) to Placement Participants using the Company's placement capacity under Listing Rule 7.1 to raise \$897,529 (before costs).

Resolution 1 seeks the approval of Shareholders to ratify the issue of the T1 Placement Shares under and for the purposes of Listing Rule 7.4.

4.2 **Listing Rules 7.1 and 7.4**

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

The issue of T1 Placement Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under that Listing Rule for the 12 month period following the issue of the T1 Placement Shares.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of Equity Securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further Equity Securities without shareholder approval under Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

To this end, Resolution 1 seeks Shareholder approval to the issue of 8,975,294 T1 Placement Shares under and for the purposes of Listing Rule 7.4.

If Resolution 1 is passed, the issue of the T1 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue of the T1 Placement Shares.

If Resolution 1 is not passed, the T1 Placement Shares will be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining Shareholder approval over the 12 month period following the issue of those T1 Placement Shares.

4.3 **Specific information required by Listing Rule 7.5**

Under and for the purposes of Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of T1 Placement Shares:

- (a) the T1 Placement Shares were issued to certain Placement Participants, being sophisticated and professional investors to whom a disclosure document does not need to be provided under the Corporations Act, none of whom is a related party of the Company. The Company is seeking Shareholder approval separately for related parties to participate in the Placement, under Resolution 3. No lead manager was appointed to manage the Placement. The participants in the Placement are existing contacts of the Company and were identified by the Company after it sought expressions of interest from non-related parties to participate in the Placement. The Placement Participants are not considered to be Material Investors;
- (b) a total of 8,975,294 T1 Placement Shares were issued on 4 December 2020;

- (c) the T1 Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the T1 Placement Shares were issued at \$0.10 per Share;
- (e) the proceeds from the issue of the T1 Placement Shares will be applied towards the Existing Projects and New Projects, as well as for costs of the Placement and general working capital in accordance with the table set out in Section 3.4;
- (f) there are no additional material terms with respect to the agreements for the issue of the T1 Placement Shares; and
- (g) a voting exclusion statement is included in the Notice.

4.4 **Board recommendation**

Resolution 1 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 1.

5. **Resolution 2– Approval to issue Consideration Shares**

5.1 **General**

On 27 November 2020, the Company announced that it had entered into a binding terms sheet with KGL, Geo Resources, Gengold Resources Cote d'Ivoire and the shareholders of KGL to acquire up to 80% of the issued capital of KGL from each of the shareholders of KGL by way of a staged acquisition.

In consideration for the Acquisition, the Company has agreed to:

- (a) pay \$200,000 upon completion of due diligence; and
- (b) subject to Shareholder approval, issue 4,000,000 Shares in the Company to the Vendors on a pro-rata basis,

(together, the **Initial Payment**).

As set out at Section 3.1 of this Notice, subject to the Company making the Initial Payment, the Company will be granted an exclusive option to acquire 80% of the issued capital of KGL from the Vendors.

The Terms Sheet contains additional provisions, the material terms of which have been summarised at Section 3.1, with the remaining provisions considered standard for an agreement of this nature.

Resolution 2 seeks Shareholder approval for the issue of the Consideration Shares to the Vendors (or their respective nominees) under and for the purposes of Listing Rule 7.1.

5.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 4.2 above.

The proposed issue of Consideration Shares does not fall within any of the exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

To this end, Resolution 2 seeks the required Shareholder approval to the issue of Consideration Shares under and for the purposes of Listing Rule 7.1.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Consideration Shares and proceed with the Acquisition. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Consideration Shares and the Company will not be able to proceed with the Acquisition under the current terms of the Terms Sheet.

5.3 **Specific information required by Listing Rule 7.3**

Under and for the purposes of Listing Rule 7.3, the following information is provided in relation to the proposed issue of the Consideration Shares:

- (a) the Consideration Shares will be issued to the Vendors (or their respective nominees), none of whom is a Material Investor or a related party of the Company, aside from:
 - (i) Torr Family Pty Ltd, an entity in which the spouse of Proposed Director Mr Peter Williams is a director and sole shareholder, which will receive 200,000 Shares; and
 - (ii) Proposed Director, Mr Simon Bolster, who will receive 200,000 Shares.

Both Torr Family Pty Ltd and Mr Simon Bolster are considered to be Material Investors (to which Exception 12 in Listing Rule 10.12 applies), subject to completion of the Acquisition;

- (b) a maximum of 4,000,000 Shares are to be issued as Consideration Shares;
- (c) the Consideration Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (d) the Consideration Shares are intended to be issued on the same date, which is anticipated to be on or about 5 February 2021, or in any event no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (e) the Consideration Shares will be issued for nil cash consideration as part consideration for the Acquisition. Accordingly, no funds will be raised from the issue;
- (f) a summary of the material terms of the Terms Sheet is set out in Section 3.1; and
- (g) a voting exclusion statement is included in the Notice.

5.4 **Board recommendation**

Resolution 2 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 2.

5.5 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 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 issue of the Consideration Shares to certain vendors, being the issues to Torr Family Pty Ltd and Mr Simon Bolster (**Select Vendors**) will result in the issue of Shares which constitutes giving a financial benefit and the Select Vendors are related parties of the Company by virtue of being:

- (c) an entity controlled by a spouse of a Proposed Director; or
- (d) a Proposed Director.

The Board considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Consideration Shares because the issue of the Consideration Shares was negotiated on an arm's length basis as part of a commercial negotiation prior to the Company contemplating that Messrs Williams and Bolster would be appointed to the Board.

6. Resolution 3– Approval to issue Placement Shares to Directors

6.1 General

Pursuant to Resolution 4, the Company is seeking Shareholder approval for the T2 Placement, being the issue of up to 2,074,706 Shares (**T2 Placement Shares**) at an issue price of \$0.10 each to raise up to \$207,470 (before costs).

Directors: Tolga Kumova; Evan Cranston; and Mathew O'Hara, and Proposed Directors: Peter Williams; and Simon Bolster (together, the **Related Party Participants**), each wish to be able to participate in the T2 Placement, subject to Shareholder approval being obtained, on the same terms as the subscribers under the T2 Placement.

The Resolutions which form part of Resolution 3 seek the approval of Shareholders for the issue of up to 5,950,000 Shares to the Related Party Participants (or their nominees) arising from their participation in the T2 Placement (**Participation**) under and for the purposes of Listing Rule 10.11.

6.2 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (a) a related party (Listing Rule 10.11.1);

- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The proposed issues of Shares to the Related Party Participants (or their respective nominees) fall within Listing Rule 10.11.1 and do not fall within any of the exceptions in Listing Rule 10.12. They therefore require the approval of Shareholders under Listing Rule 10.11.

The Resolutions which form part of Resolution 3 seek the required Shareholder approval to the proposed issues of Placement Shares to the Related Party Participants under and for the purposes of Listing Rule 10.11.

If the Resolutions which form part of Resolution 3 are passed, the Company will be able to proceed with the issue of Placement Shares to the Related Party Participants (or their respective nominees) and the Company will raise up to a total of \$595,000 (noting that this amount is not in addition to the \$207,470 contemplated by Resolution 4 - if this Resolution 3 is approved, the Company will only place up to 2,074,706 T2 Placement Shares approved under Resolution 4 to non-related third parties).

If the Resolutions which form part of Resolution 3 are not passed, the Company will not be able to proceed with the issues of Placement Shares to the Related Party Participants (or their respective nominees) and the Company will need to determine whether it is required to raise additional funds from other third party investors (noting that the Company will likely look to place up to 5,950,000 T2 Placement Shares to other third party investors) or alternatively, reduce its budgeted spending, as set out in Section 3.4. There is no guarantee that the Company will be able to place additional Shares to third party investors if this Resolution 3 is not approved.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Shares to the Related Party Participants will not be included under the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

6.3 **Specific information required by Listing Rule 10.13**

Under and for the purposes of Listing Rule 10.13, the following information is provided in relation to the proposed Participation:

- (a) the Shares will be issued to the Related Party Participants, as follows:
 - (i) Directors:

- (A) Tolga Kumova;
 - (B) Evan Cranston; and
 - (C) Mathew O'Hara; and
 - (ii) Proposed Directors:
 - (A) Peter Williams; and
 - (B) Simon Bolster,
- (or their respective nominees);
- (b) Messrs: Kumova; Cranston; O'Hara; Williams; and Bolster are related parties of the Company by virtue of being Directors or Proposed Directors, and fall (or are likely to fall, at the time of issue) into the category stipulated by Listing Rule 10.11.1. In the event the Placement Shares are issued to a nominee of a Related Party Participant, that person will fall into the category stipulated by Listing Rule 10.11.4;
 - (c) the maximum number of Placement Shares to be issued to the Related Party Participants is 5,950,000 in the following proportions:
 - (i) up to 2,500,000 Placement Shares to Mr Tolga Kumova (or his nominee);
 - (ii) up to 2,500,000 Placement Shares to Mr Evan Cranston (or his nominee);
 - (iii) up to 150,000 Placement Shares to Mr Mathew O'Hara (or his nominee);
 - (iv) up to 500,000 Placement Shares to Mr Peter Williams (or his nominee); and
 - (v) up to 300,000 Placement Shares to Mr Simon Bolster (or his nominee);
 - (d) the Placement 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;
 - (e) the Placement Shares will be issued to the Related Party Participants (or their respective nominees) 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 Listing Rules);
 - (f) the issue price will be \$0.10 per Share, being the same issue price as all other Shares issued under the Placement;
 - (g) the funds raised will be used for the same purposes as all other funds raised under the Placement, as set out in Section 3.4);
 - (h) the Participation is not intended to remunerate or incentivise the Related Party Participants;
 - (i) there are no additional material terms with respect to the agreements for the proposed issue of the Placement Shares; and
 - (j) a voting exclusion statement is included in the Notice.

6.4 **Section 195 of the Corporations Act**

Section 195(1) of the Corporations Act prohibits a director of a public company who has a material personal interest in a matter that is being considered at a meeting of directors from being present while the matter is being considered at the meeting or voting on the matter. If there is not a quorum of directors who are eligible to vote on a matter because of the operation of section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

The Related Party Participants have a material personal interest in the outcome of each of their respective Resolutions under Resolutions 3(a) to (e) and have exercised their right under section 195(4) of the Corporations Act to put the issue of the Placement Shares to the Related Party Participants to Shareholders to resolve upon.

6.5 **Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 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 Participation will result in the issue of Shares which constitutes giving a financial benefit and the Related Party Participants are related parties of the Company by virtue of being Directors at the time of this Meeting.

It is the view of the Board that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Placement Shares proposed to be issued to the Related Party Participants pursuant to each of the resolutions which form part of Resolution 3.

6.6 **Information requirements for Chapter 2E of the Corporations Act**

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

- (a) **Identity of the related parties to whom Resolution 3(a) to (e) (inclusive) permit financial benefits to be given**

The Placement Shares will be issued to Messrs Kumova, Cranston, O'Hara, Williams and Bolster or their respective nominees.

- (b) **Nature of the financial benefit**

Resolution 3(a) to (e) (inclusive) seek approval from Shareholders to allow the Company to issue the Placement Shares in the amounts specified in Section 6.3(c) above to the Related Party Participants or their nominees.

The Placement Shares to be issued will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares.

(c) **Valuation of financial benefit**

The Company's valuation of the Placement Shares for each Related Party Participant is below:

Related Party Participant	Value of Placement Shares
Tolga Kumova	250,000
Evan Cranston	250,000
Mathew O'Hara	15,000
Peter Williams	50,000
Simon Bolster	30,000

(d) **Remuneration of Related Parties**

The total annual remuneration arrangements current for each of the Related Party Participants as at the date of this Notice are set out below:

Related Party Participants	Salary and fees (inclusive of superannuation)
Tolga Kumova	\$52,560
Evan Cranston	\$65,700
Mathew O'Hara	\$44,000
Peter Williams ¹	\$Nil
Simon Bolster ¹	\$Nil

Note:

- Proposed Directors, Peter Williams and Simon Bolster will join the Board of the Company as Non-Executive Directors following the Meeting. As at the date of this Notice, they have not been paid any remuneration from the Company.

(e) **Existing relevant interests**

At the date of this Notice, the Related Party Participants hold the following relevant interests in Equity Securities of the Company:

Related Party Participants	Shares	Options
Tolga Kumova ¹	5,700,000	10,000,000
Evan Cranston ²	1,858	-
Mathew O'Hara ³	25,000	-
Peter Williams ⁴	200,000	-
Simon Bolster ⁵	-	-

Notes:

1. Mr Kumova's Securities are held as follows:
 - (a) 5,650,000 Shares held indirectly through Kitara Investments Pty Ltd as trustee for the Kumova Family Account, of which Mr Kumova is a director and shareholder;
 - (b) 50,000 Shares held indirectly through Gondwana Investments Group Pty Ltd <Kumova Family Super Fund>; and
 - (c) 10,000,000 unquoted Options exercisable at \$0.20 each on or before 17 April 2023.
2. Mr Cranston's Securities are held indirectly through Konkera Pty Ltd as trustee for Konkera Family Account.
3. Mr O'Hara's Shares are held as follows:
 - (a) 12,500 held directly; and
 - (b) indirectly held through O'Hara Investment Trust, of which Mr O'Hara is a director and beneficiary.
4. Held by Torr Family Pty Ltd, an entity controlled by Mr Peter Williams.
5. Proposed Directors Simon Bolster will join the Board of the Company as a Non-Executive Director following the Meeting. As at the date of this Notice, Mr Bolster does not hold any Securities in the Company.

Assuming that all Resolutions in this Notice is approved by Shareholders (including each of the Resolutions which form part of Resolution 3), all of the Shares are issued and no other Equity Securities are issued or exercised, the respective interests of the Related Party Participants in the Company would be as follows:

- (i) Mr Kumova's interest would represent approximately 9% of the Company's expanded capital;

- (ii) Mr Cranston's interest would represent approximately 2.8% of the Company's expanded capital;
- (iii) Mr O'Hara's interest would represent approximately 0.2% of the Company's expanded capital;
- (iv) Mr William's interest would represent approximately 0.8% of the Company's expanded capital; and
- (v) Mr Bolster's interest would represent approximately 0.3% of the Company's expanded capital.

(f) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

Highest: \$0.23 per Share on 9 and 31 December 2020
 Lowest: \$0.038 per Share on 24 - 26 March 2020

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.23 per Share on 31 December 2020.

(g) **Dilution**

The issue of the Shares will have a diluting effect on the percentage interest of existing Shareholders' holdings. The potential dilution effect is summarised below:

Placement Shares	Dilutionary effect
Placement Shares	6.6%

The above table assumes the current Share capital structure as at the date of this Notice (being 76,344,253 Shares on 31 December 2020) and that no Shares are issued other than: the 4,000,000 Consideration Shares the subject of Resolution 2; the 2,074,706 T2 Placement Shares the subject of Resolution 4; the 2,438,885 shortfall Shares pursuant to the Entitlement Offer; and the 5,950,000 Shares issued to the Related Party Participants. The issue of the Placement Shares will result in a total dilution of all other Shareholders' holdings of 6.6% on a fully diluted basis. The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **Corporate governance**

Evan Cranston is an executive director of the Company and therefore the Board believes that the grant of the Shares is in line with Recommendation 8.2 of the 3rd and 4th editions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board acknowledges the grant of the Shares to the non-executive Directors, Messrs Kumova and O'Hara and Proposed Directors, Messrs Williams and Bolster is contrary to Recommendation 8.2 of the 3rd and 4th editions of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. However, the Board considers the grant of Placement Shares to the non-executive

Directors reasonable in the circumstances for the reasons set out in Section **Error! Reference source not found.**

(i) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Placement Shares (including fringe benefits tax).

(j) **Director recommendations**

The Directors decline to make a recommendation to Shareholders in relation to Resolution 3(a) to (e) (inclusive) due to their material personal interests in the outcome of the Resolutions.

(k) **Other information**

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 Resolution 3(a) to (e) (inclusive).

6.7 **Board recommendation**

Resolutions 3(a) to (e) are ordinary resolutions.

The Directors' decline to make a recommendation to Shareholders in relation to Resolutions 3(a) to (e) due to their material personal interests in the outcome of the Resolutions.

7. **Resolution 4– Approval to issue T2 Placement Shares**

7.1 **General**

The Company does not currently have sufficient placement capacity under Listing Rules 7.1 or 7.1A to issue the remaining 2,074,706 T2 Placement Shares under the T2 Placement.

Resolution 4 seeks the approval of Shareholders for the issue of up to 2,074,706 T2 Placement Shares to Placement Participants to raise approximately \$207,470 under and for the purposes of Listing Rule 7.1. The Company is also separately seeking Shareholder approval under Resolution 3 for the Directors' to participate in the T2 Placement.

7.2 **Listing Rule 7.1**

A summary of Listing Rule 7.1 is contained in Section 4.2 above.

The proposed issue of T2 Placement Shares does not fall within any of these exceptions and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

To this end, Resolution 4 seeks the required Shareholder approval to the issue of T2 Placement Shares under and for the purposes of Listing Rule 7.1.

If Resolution 4 is passed, the Company will be able to proceed with the issue of the T2 Placement Shares and raise up to \$207,470 for the purposes set out in Section 3.4. In addition, the issue will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the T2 Placement Shares under the current terms of the Placement and the Company will be required to renegotiate the terms of the Placement with each of the Placement Participants subscribing under the T2 Placement.

7.3 **Specific information required by Listing Rule 7.3**

Under and for the purposes of Listing Rule 7.3, the following information is provided in relation to the proposed issue of the T2 Placement Shares:

- (a) the T2 Placement Shares will be issued to Placement Participants, being sophisticated and professional investors to whom a disclosure document does not need to be provided under the Corporations Act. Other than the Directors for whom separate Shareholder approval is being sought (refer to Resolution 3), none of the Placement Participants will be related parties of the Company. No lead manager has been appointed to manage the Placement. The participants in the T2 Placement are existing contacts of the Company and were identified by the Company after it sought expressions of interest from non-related parties to participate in the Placement. The Placement Participants are not considered to be Material Investors;
- (b) a maximum of 2,074,706 Shares are to be issued as T2 Placement Shares;
- (c) the T2 Placement Shares will be issued as fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (d) the T2 Placement Shares will be issued no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). It is intended that the T2 Placement Shares will be issued within one week of the date of the Meeting;
- (e) the T2 Placement Shares will be issued at \$0.10 per Share;
- (f) the funds raised will be used for the same purposes as all other funds raised under the Placement, as set out in Section 3.4);
- (g) there are no additional material terms with respect to the agreements for the issue of the T2 Placement Shares; and
- (h) a voting exclusion statement is included in the Notice.

7.4 **Board recommendation**

Resolution 4 is an ordinary resolution.

The Board recommends that Shareholders vote in favour of Resolution 4.

8. **Resolution 5 - Approval to issue Underwriting Options to Directors**

8.1 **General**

On 27 November 2020, the Company announced a non-renounceable entitlement offer to raise up to approximately \$997,245 (before costs).

A summary of the Entitlement Offer and respective underwriting is set out at Section 3.4.

Directors, Evan Cranston and Tolga Kumova have agreed to underwrite the Entitlement Offer up to a total of 9,972,549 Shares (**Underwritten Shares**) for up to a total value of up to \$997,254 (**Underwritten Amount**).

Any new Shares not subscribed for under the Entitlement Offer will be subscribed for by the Underwriters (or their nominees) pursuant to the underwriting agreement agreed between each of Kitara Investments and Konkera Holdings and the Company (**Underwriting Agreements**). Each of the Underwritten Shares to be issued to the Underwriters will be issued on the same terms and conditions of the new Shares being offered under the Offer (including the issue price). The Underwritten Shares will be issued not later than 15 Business Days after the close of the Entitlement Offer, in accordance with Exception 2 of Listing Rule 10.12.

The material terms of the Underwriting Agreements are set out in the Company's Entitlement Offer prospectus dated 27 November 2020, and include market standard termination events.

Mr Cranston and Mr Kumova will not be paid a cash fee for their underwriting commitments however, they will be issued 2,500,000 Options with an exercise price of \$0.20 each, expiring on or before the date that is three years from the date of issue (full terms and conditions of which are set out at Schedule 2) (**Underwriting Options**), subject to receiving Shareholder approval pursuant to the Resolutions which form part of this Resolution 5.

The Resolutions which form part of Resolution 5 seek the approval of Shareholders for the issue of up to 5,000,000 Underwriting Options to the Underwriters (or their nominees) as consideration for the Underwriters underwriting the Underwritten Amount pursuant to the Entitlement Offer, under and for the purposes of Listing Rule 10.11.

8.2 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5),

unless it obtains the approval of its shareholders.

The proposed issue of Underwriting Options to the Underwriters (or their respective nominees) fall within Listing Rule 10.11.1 and do not fall within any of the exceptions in Listing Rule 10.12. They therefore require the approval of Shareholders under Listing Rule 10.11.

The Resolutions which form part of Resolution 5 seek the required Shareholder approval to the proposed issues of Underwriting Options to the Underwriters under and for the purposes of Listing Rule 10.11.

If the Resolutions which form part of Resolution 5 are passed, the Company will be able to proceed with the issue of Underwriting Options to the Underwriters (or their respective nominees) and the Underwriters will be compensated accordingly in relation to their underwriting obligations pursuant to the Entitlement Offer.

If the Resolutions which form part of Resolution 5 are not approved, the Company will not be able to proceed with the issues of Underwriting Options to the Underwriters (or their respective nominees). Under the terms of the Underwriting Agreement, in the event that Shareholders do not approve the Resolutions which form part of Resolution 5, the Company will pay the relevant Underwriter a cash payment no greater than market standard to be negotiated in good faith between the Underwriter and the Company.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Underwriting Options to the Underwriters will not be included under the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

8.3 **Specific information required by Listing Rule 10.13**

Under and for the purposes of Listing Rule 10.13, the following information is provided in relation to the proposed issue of Underwriting Options:

- (a) the Underwriting Options will be issued to Directors: Tolga Kumova; and Evan Cranston (or their respective nominees);
- (b) Messrs Kumova and Cranston are related parties of the Company by virtue of being Directors and fall into the category stipulated by Listing Rule 10.11.1. In the event the Underwriting Options are issued to a nominee of either of the Underwriters, that person will fall into the category stipulated by Listing Rule 10.11.4;
- (c) the maximum number of Underwriting Options to be issued to the Underwriters is 5,000,000 in the following proportions:
 - (i) up to 2,500,000 Underwriting Options to Mr Tolga Kumova (or his nominee); and
 - (ii) up to 2,500,000 Underwriting Options to Mr Evan Cranston (or his nominee);
- (d) the Underwriting Options will be issued with an exercise price of \$0.20 each, expiring three years from the date of issue, and otherwise be on the terms set out at Schedule 2;
- (e) the Underwriting Options will be issued to the Underwriters (or their respective nominees) 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 Listing Rules);

- (f) the Underwriting Options will be issued for nil cash consideration as they will be issued as consideration for the Underwriters obligations in respect of the underwriting of the Underwritten Amount pursuant to the Entitlement Offer, and therefore no funds will be raised as a result of the issue. Funds raised upon any exercise of the Underwriting Options are intended to be used for general working capital purposes;
- (g) there are no additional material terms with respect to the agreement for the proposed issue of the Underwriting Options that have not already been disclosed as set out at Section 3.4; and
- (h) a voting exclusion statement is included in the Notice.

8.4 **Section 195 of the Corporations Act**

Section 195(1) of the Corporations Act prohibits a director of a public company who has a material personal interest in a matter that is being considered at a meeting of directors from being present while the matter is being considered at the meeting or voting on the matter. If there is not a quorum of directors who are eligible to vote on a matter because of the operation of section 195(1) of the Corporations Act, one or more directors may call a general meeting and the general meeting may deal with the matter.

The Underwriters have a material personal interest in the outcome of each of their respective Resolutions under Resolutions 5(a) and (b). Given that at the date of this Notice Mr Mathew O'Hara is the only Director who does not have a material personal interest in the outcome of Resolutions 5(a) and (b), the Directors' have exercised their right under section 195(4) of the Corporations Act to put the issue of the Underwriting Options to the Underwriters to Shareholders to resolve upon.

8.5 **Chapter 2E of the Corporations Act**

A summary of Chapter 2E of the Corporations Act is in Section 6.5 above.

The grant of the Underwriting Options constitutes giving a financial benefit and the Underwriters are related parties of the Company by virtue of being Directors.

Given that it is proposed that the Underwriters are issued Underwriting Options pursuant to Resolution 5(a) and Resolution 5(b), they may be considered to have a material personal interest in the outcome of each of those Resolutions, in which case the Directors' would be unable to form a quorum to determine whether the exceptions set out in sections 210 to 216 of the Corporations Act apply in the current circumstances. Accordingly, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Underwriting Options proposed to be issued to the Underwriters pursuant to Resolution 5(a) and Resolution 5(b).

8.6 Information requirements for Chapter 2E of the Corporations Act

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Underwriting Options:

(a) **Identity of the related parties to whom Resolution 5(a) and (b) permit financial benefits to be given**

The Underwriting Options will be issued to Messrs Tolga Kumova and Evan Cranston or their respective nominees.

(b) **Nature of the financial benefit**

Resolution 5(a) and Resolution 5(b) seek approval from Shareholders to allow the Company to issue the Underwriting Options in the amounts specified in Section 8.3(c) above to the Underwriters or their nominees. The Underwriting Options are to be issued as consideration for the Underwriters performing their obligations in respect of the underwriting of the Underwritten Amount pursuant to the Entitlement Offer in accordance with the Underwriting Agreement, and otherwise on the terms and conditions in Schedule 2.

The Shares to be issued upon conversion of the Underwriting Options will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

(c) **Valuation of financial benefit**

A Black and Scholes valuation of the Underwriting Options is set out in Schedule 3, with a summary for each Underwriter set out below, with the assumption relating to the Market Price of the Shares calculated with reference to

- (i) the Placement Price;
- (ii) the 30-day VWAP Price as at 7 December 2020; and
- (iii) the Closing Price on 7 December 2020:

Related Party	Value of Underwriting Options (calculated with reference to the Placement Price)	Value of Underwriting Options (calculated with reference to the 30-day VWAP Price as at 7 December 2020)	Value of Underwriting Options (calculated with reference to the Closing Price as at 7 December 2020)
Tolga Kumova	\$150,000	\$300,000	\$300,000
Evan Cranston	\$150,000	\$325,000	\$325,000

(d) **Remuneration of Related Parties**

The current total remuneration package for each of the Underwriter's as at the date of this Notice is set out below:

Related Party	Salary and fees (inclusive of superannuation)
Tolga Kumova	\$52,560
Evan Cranston	\$65,700

(e) **Existing relevant interests**

At the date of this Notice, the Related Party Underwriters hold the following relevant interests in Equity Securities of the Company:

Related Party	Shares	Unquoted Options
Evan Cranston	1,858 ¹	Nil
Tolga Kumova	5,700,000 ²	10,000,000 ³

Notes:

1. Mr Cranston's Securities are held by Konkera Pty Ltd as trustee for the Konkera Family Account.
2. Mr Kumova's Securities are held as follows:
 - (a) 5,650,000 Shares held indirectly through Kitara Investments Pty Ltd as trustee for the Kumova Family Account, of which Mr Kumova is a director and shareholder;
 - (b) 50,000 Shares held indirectly through Gondwana Investments Group Pty Ltd <Kumova Family Super Fund>; and
3. 10,000,000 unquoted Options exercisable at \$0.20 each on or before 17 April 2023.

Assuming that each of the resolutions which form part of Resolution 5 are approved by Shareholders, all of the Underwriting Options are issued, and exercised into Shares, and no other Equity Securities are issued or exercised, the respective interests of the Related Parties in the Company would be as follows:

- (i) Mr Kumova's interest would represent approximately 11.1% of the Company's expanded capital; and
- (ii) Mr Cranston's interest would represent approximately 3.4% of the Company's expanded capital.

(f) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

Highest: \$0.23 per Share on 9 and 31 December 2020

Lowest: \$0.038 per Share on 24 - 26 March 2020

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.23 per Share on 31 December 2020.

(g) **Dilution**

The issue of the Underwriting Options will have a diluting effect on the percentage interest of existing Shareholders' holdings if the Underwriting Options vest and are exercised. The potential dilution effect is summarised below:

Underwriting Options	Dilutionary effect
Underwriting Options	5.2%

The above table assumes the current Share capital structure as at the date of this Notice (being 76,344,253 Shares on 31 December 2020) and that no Shares are issued other than: the 4,000,000 Consideration Shares the subject of Resolution 2; the 2,074,706 T2 Placement Shares the subject of Resolution 4; the 2,438,885 shortfall Shares pursuant to the Entitlement Offer; and the 5,000,000 Shares issued on exercise of the Underwriting Options. The exercise of all of the Underwriting Options will result in a total dilution of all other Shareholders' holdings of 5.2% on a fully diluted basis (assuming that all Underwriting Options are exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Underwriting Options (including fringe benefits tax).

(i) **Director recommendations**

The Directors decline to make a recommendation to Shareholders in relation to Resolution 5(a) and (b) due to the majority of the Directors appointed at the date of this Notice having a material personal interest in the outcome of the Resolutions.

(j) **Other information**

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 Resolution 5(a) and (b).

8.7 Board recommendation

Each of the resolutions which forms part of this Resolution 5 is an ordinary resolution.

The Directors decline to make a recommendation to Shareholders in relation to Resolution 5(a) and (b) due to the majority of the Directors appointed at the date of this Notice having a material personal interest in the outcome of the Resolutions.

Schedule 1 Definitions

In the Notice, words importing the singular include the plural and vice versa.

- \$ or A\$** means Australian Dollars.
- Acquisition** has the meaning given in Section 3.1.
- Article** means an article of the Constitution.
- ASX** means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
- Business Days** has the meaning given in the Listing Rules.
- Board** means the board of Directors.
- Chair** means the person appointed to chair the Meeting of the Company convened by the Notice.
- Closely Related Party** means:
 - (a) a spouse or child of the member; or
 - (b) has the meaning given in section 9 of the Corporations Act.
- Company** means African Gold Limited ACN 624 164 852.
- Consideration Shares** means the 4,000,000 Shares that are the subject of Resolution 2.
- Constitution** means the constitution of the Company as at the date of the Meeting.
- Corporations Act** means the *Corporations Act 2001* (Cth).
- Director** means a director of the Company.
- Entitlement Offer** has the meaning given in Section 3.4.
- Equity Security** has the same meaning as in the Listing Rules.
- Existing Projects** means the Kedougou-Kenieba and Syama Shear Projects located in Mali, and the Agboville Project located in Cote d'Ivoire:

Project	Legal Holder (100%)	Beneficial Tenement Holder (100%)
Kedougou-Kenieba	Company	Company
Syama Shear	Company	Company
Agboville	Company	Company

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Geo Resources means Geo Resources SARL.

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.

KGL means Kouroufaba Gold Limited Pty Ltd (ACN 621 779 548).

Kitara Investments means Kitara Investments Pty Ltd (being an entity controlled by Tolga Kumova, a Director of the Company).

Konkera Holdings Konkera Holdings Pty Ltd (being an entity controlled by Evan Cranston, a Director of the Company).

Listing Rules means the listing rules of ASX.

Material Investors means, in relation to the Company:

- (a) a related party;
- (b) Key Management Personnel;
- (c) a substantial Shareholder;
- (d) an advisor; or
- (e) an associate of the above,

who received Shares which constituted more than 1% of the Company's capital structure at the time of issue.

Meeting has the meaning given in the introductory paragraph of the Notice.

New Project means the Kouroufaba Gold Project, comprising the following permits or applications for permits located in Cote d'Ivoire, West Africa, as set out below:

Project	Holder	Application status
Didievi	Geo Resources SARL	Granted permit
Konahiri North	Geo Resources SARL	Application for permit
Konahiri South	Geo Resources SARL	Application for permit

Koyekro	Geo Resources SARL	Application for permit
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Notice	means this notice of general meeting.
Offer	has the meaning given in Section 3.4.
Placement Participants	means the professional and sophisticated investors who subscribed for Shares under one of the following: <ul style="list-style-type: none"> (a) T1 Placement, none of which is a Related Party or Material Investor; (b) T2 Placement none of which is a Related Party or Material Investor save for as set out in Section 7.3(a); and (c) Director Placement, which comprises the Directors and Proposed Directors as set out in Section 6.3(a).
Placement Price	means \$0.10.
Placement Shares	means the T1 Placement Shares, the T2 Placement Shares, and any Placement Shares to be issued to the Related Party Participants.
Proposed Directors	means Messrs Simon Bolster and Peter Williams.
Proxy Form	means the proxy form attached to the Notice.
Related Party	has the meaning given to it under section 228 of the Corporations Act.
Related Party Participants	has the meaning given in Section 6.1.
Resolution	means a resolution referred to in the Notice.
Schedule	means a schedule to the Notice.
Section	means a section of the Explanatory Memorandum.
Securities	means any Equity Securities of the Company (including Shares).
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means the holder of a Share.
T1 Placement	means the placement the subject of the T1 Placement Shares.
T1 Placement Shares	means the 8,975,294 Shares that are the subject of Resolution 1.
T2 Placement	means the placement the subject of the T2 Placement Shares.
T2 Placement Shares	means the 2,074,706 Shares that are the subject of Resolution 4.
Terms Sheet	has the meaning given in Section 3.1.
Trading Day	has the meaning given in the Listing Rules.

Underwriters	means each of Tolga Kumova and Evan Cranston (or their nominated entities), each being a Related Party of the Company by virtue of being a Director.
Underwriting Agreement	has the meaning given in Section 3.4.
Underwriting Options	means the 5,000,000 Options that are the subject of Resolution 5, terms of which are set out in Schedule 2.
Underwritten Amount	has the meaning given in Section 3.4.
Underwritten Shares	has the meaning given in Section 3.4.
Vendors	has the meaning given in Section 3.1.
VWAP	means volume weighted average market price.
WST	means Western Standard Time being the time in Perth, Western Australia.

Schedule 2 Terms and conditions of Underwriting Options

The terms and conditions of the Underwriting Options (for the purpose of this Schedule 2, referred to as the "Options") are as follows:

(a) **Entitlement**

Each Option entitles the holder (**Optionholder**) to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon exercise of the Option.

(b) **Issue Price**

The Options are free-attaching and have a nil issue price.

(c) **Exercise Price and Expiry Date**

Each Option has an exercise price of \$0.20 and will expire three years after the date of issue (**Expiry Date**).

Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time and from time to time on or prior to the Expiry Date.

(e) **Quotation of the Options**

The Company will not apply for quotation of the Options on ASX.

(f) **Transferability of the Options**

The Options will be transferable with the Board's consent and subject to compliance with the Corporations Act and Listing Rules.

(g) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company in a form reasonably acceptable to the Company (**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.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at 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**).

The Optionholder agrees not to exercise an Option if the effect of doing so would be to increase Optionholder's relevant interest in the Company from below 20% to 20% or greater. In the event the Optionholder wishes to exercise an Option in such circumstances, it must provide notice to the Company that of that intention (**20% Notice**). Upon receipt of a 20% Notice, the Company must use its reasonable

endeavours to seek Shareholder approval under item 7 section 611 of the Corporations Act to allow for the exercise of the Options in a timely manner.

(h) **Shares Issued on Exercise**

Shares issued on exercise of the Options rank equally with the then Shares of the Company.

(i) **Timing of Issue of Shares**

Within 5 Business Days of the Exercise Date, the Company will:

- (i) issue the Shares specified in the Notice of Exercise;
- (ii) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent required); 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 the Company is unable to deliver a notice under paragraph (ii) or such a notice for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Shares issued on exercise of the Options may not be traded and will be subject to a holding lock until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

(j) **Change of control**

A change of control occurs where:

- (i) a person or entity becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; or
- (ii) a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued capital of the Company.

On the occurrence of a Change of Control Event, the Board will determine in its sole and absolute discretion, how unvested Options will be dealt with.

(k) **Adjustments for Reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholders will be varied in accordance with the Listing Rules.

(l) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

Schedule 3 Valuation of Underwriting Options

The Underwriting Options to be issued to the Related Parties pursuant to the resolutions which form part of Resolution 5 have been valued according to the Black & Scholes valuation model using the assumptions as outlined in the table below. The assumption relating to the Market Price of Shares has been presented under three separate scenarios, being:

- (a) the Placement Price;
- (b) the 30-day VWAP Price as at 7 December 2020; and
- (c) the Closing Price on 7 December 2020:

Assumption	Placement Price	30-day VWAP to 7 December 2020	Closing Price on 7 December 2020
Valuation Date	7-December-2020	7-December-2020	7-December-2020
Market price of Shares (Valuation Date)	\$0.10	\$0.175	\$0.185
Exercise Price	\$0.20	\$0.20	\$0.20
Expiry Date	7-December-2023	7-December-2023	7-December-2023
Risk free rate	0.11%	0.11%	0.11%
Volatility	122%	122%	122%
Dividend yield	0%	0%	0%
Indicative valuation per Underwriter Option	\$0.06	\$0.12	\$0.13

Need assistance?

 **Phone:**
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

 **Online:**
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **11:00am (AWST) on Wednesday, 3 February 2021.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

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

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number:
SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of African Gold Limited 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 individual or body corporate named, or if no individual or body corporate is named, the Chairman 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, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of African Gold Limited to be held at Suite 23, 513 Hay Street, Subiaco WA 6008 on Friday, 5 February 2021 at 11:00 AM (AWST) and at any adjournment or postponement of that meeting.

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 Items 5(a) and 5(b) (except where I/we have indicated a different voting intention in step 2) even though Items 5(a) and 5(b) are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

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 Items 5(a) and 5(b) by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE 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		For	Against	Abstain
1	Ratification of prior issue of T1 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5(b) Approval to issue Underwriting Options to Director - Mr Evan Cranston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Approval to issue Consideration Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3(a)	Approval to issue Placement Shares to Mr Tolga Kumova	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3(b)	Approval to issue Placement Shares to Mr Evan Cranston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3(c)	Approval to issue Placement Shares to Mr Mathew O'Hara	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3(d)	Approval to issue Placement Shares to Mr Peter Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3(e)	Approval to issue Placement Shares to Mr Simon Bolster	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4	Approval to issue T2 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5(a)	Approval to issue Underwriting Options to Director - Mr Tolga Kumova	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

Mobile Number Email Address By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

