



Dakota Minerals Limited

ACN 009 146 794

Notice of Annual General Meeting and Explanatory Statement

**Annual General Meeting to be held at
25-27 Jewell Parade, North Fremantle, Western Australia
on 29 November 2016
commencing at 10.00am (WST)**

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

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Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Dakota Minerals Limited ACN 009 146 794 (**Dakota or Company**) will be held at 25-27 Jewell Parade, North Fremantle, Western Australia, on Tuesday, 29 November 2016 commencing at 10.00am (WST).

AGENDA

Financial statements and report

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the Directors' report and the independent auditor's report.

Resolution 1 – Adoption of Remuneration Report

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

That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report contained in the Company's annual financial report for the year ended 30 June 2016 be adopted by the Company.

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Resolution 2 – Election of Professor Dudley Kingsnorth

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

That Professor Dudley Kingsnorth, having been appointed by the Board as an additional Director on 22 August 2016, retires in accordance with Regulation 52.2 of the Constitution and, being eligible, offers himself for election, be elected as a Director.

Resolution 3 – Re-election of Mr John Fitzgerald

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

That Mr John Fitzgerald, a Director who retires by rotation in accordance with Listing Rule 14.4 and Regulation 53.2 of the Constitution, and being eligible offers himself for re-election, be re-elected as a Director.

Resolution 4 – Adoption of new Constitution

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

That, pursuant to section 136(2) of the Corporations Act and for all other purposes, the Company repeal its current Constitution and in its place adopt the new Constitution in the form tabled at the Meeting.

Resolution 5 – Adoption of proportional takeover provisions in new Constitution

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

That, subject to the approval of Resolution 4, pursuant to section 136(2) of the Corporations Act and for all other purposes, with effect from the close of the Meeting, Schedule 5 of the

proposed new Constitution (adopted pursuant to Resolution 4), which sets out proposed proportional takeover provisions, be approved and adopted in the new Constitution in the form set out in Annexure A to the Explanatory Statement.

Resolution 6 – Ratification of prior issue of Shares under the Placement

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

That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 61,658,473 Shares at an issue price of \$0.20 per Share on the terms and conditions set out in the Explanatory Statement.

Resolution 7 – Approval of Additional Placement Facility

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

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

Resolution 8 – Approval to vary terms of Performance Rights previously issued to Dr Francis Wedin

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

That, subject to ASX granting a waiver from Listing Rule 6.23.3 on terms acceptable to the Company, for the purposes of Listing Rules 6.23.4 and for all other purposes, Shareholders approve the amendment to the terms and conditions of 4 million Performance Rights previously issued to Dr Francis Wedin under the LTI Plan, on the terms and conditions set out in the Explanatory Statement.

Resolution 9 – Approval to vary terms of Performance Rights previously issued to Mr John Fitzgerald

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

That, subject to ASX granting a waiver from Listing Rule 6.23.3 on terms acceptable to the Company, for the purposes of Listing Rules 6.23.4 and for all other purposes, Shareholders approve the amendment to the terms and conditions of 2 million Performance Rights previously issued to Mr Fitzgerald under the LTI Plan, on the terms and conditions set out in the Explanatory Statement.

Resolution 10 – Approval to vary terms of Performance Rights previously issued to Mr David Frances

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

That, subject to ASX granting a waiver from Listing Rule 6.23.3 on terms acceptable to the Company, for the purposes of Listing Rules 6.23.4 and for all other purposes, Shareholders approve the amendment to the terms and conditions of 5 million Performance Rights

previously issued to Mr Frances under the LTI Plan, on the terms and conditions set out in the Explanatory Statement.

Resolution 11 – Approval to grant Performance Rights to Professor Dudley Kingsnorth

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

That for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of up to 1 million Performance Rights to Professor Dudley Kingsnorth (or his nominee) under the LTI Plan on the terms and conditions set out in the Explanatory Statement.

Resolution 12 – Approval to issue Shares to Professor Dudley Kingsnorth

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

That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 1 million Shares to Professor Dudley Kingsnorth (or his nominee) on the terms and conditions set out in the Explanatory Statement.

Resolution 13 – Approval of termination entitlements payable to Mr David Frances

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

That the termination entitlements described in the Explanatory Statement which may become payable to the Company's Chief Executive Officer and Managing Director, Mr David Frances, under the terms of the executive services agreement entered into between Mr Frances and the Company, be approved for the purposes of section 200E of the Corporations Act.

Resolution 14 – Approval of termination entitlements payable to Dr Francis Wedin

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

That the termination entitlements described in the Explanatory Statement which may become payable to the Company's Technical Director, Dr Francis Wedin, under the terms of the executive services agreement entered into between Dr Wedin and the Company, be approved for the purposes of section 200E of the Corporations Act.

Resolution 15 – Approval to increase non-executive Directors' fees

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

That for the purposes of Listing Rule 10.17 and Regulation 58.5 of the Constitution and for all other purposes, Shareholders approve an increase in the maximum total amount of Directors' fees payable to all of the non-executive Directors by \$90,000 per annum, to \$250,000 per annum.

Voting Exclusions

For the purposes of the Corporations Act and Listing Rule 14.11, the following voting exclusion statements apply to the Resolutions. The Company will disregard any votes on the following Resolutions cast by or on behalf of the following persons:

Resolution	Excluded parties
Resolution 1	Members of Key Management Personnel whose remuneration is detailed in the Remuneration Report and their Closely Related Parties (which includes spouse, child, dependent, other family members and any controlled company).
Resolution 2	N/A
Resolution 3	N/A
Resolution 4	N/A
Resolution 5	N/A
Resolution 6	A person who participated in the issue and any of their Associates.
Resolution 7	Any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the resolution is passed, and any of their Associates.
Resolution 8	Dr Francis Wedin and any of his Associates.
Resolution 9	Mr John Fitzgerald and any of his Associates.
Resolution 10	Mr David Frances and any of his Associates.
Resolution 11	Any Director who is eligible to participate in the Company's LTI Plan and Associates of those persons.
Resolution 12	Professor Dudley Kingsnorth, being a person who is to receive Securities in relation to the Company, and any person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder if the resolution is passed, and any of their Associates.
Resolution 13	Mr David Frances (the person who would receive the benefit in connection with their retirement from office or position of employment) or an Associate of Mr David Frances.
Resolution 14	Dr Francis Wedin (the person who would receive the benefit in connection with their retirement from office or position of employment) or an Associate of Dr Francis Wedin.
Resolution 15	A Director and any of their Associates.

However, the Company need not disregard a vote on Resolutions 1, 6 to 12, or 15 if it is cast by:

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

In relation to Resolutions 1 and 8 to 15, members of Key Management Personnel and their Closely Related Parties (other than the Chairman of the Meeting) may not vote as proxy if the appointment does not specify how the proxy is to vote. The Chairman of the Meeting may vote as proxy in accordance with an express authorisation on the Proxy Form.

By order of the Board of Directors

Mr Mathew Whyte
Company Secretary
25 October 2016

Proxy appointment and voting instructions

Voting eligibility – snapshot date

The Directors have determined that the persons eligible to attend and vote at the Annual General Meeting are those persons who are registered Shareholders at 10.00am (WST) on Sunday, 27 November 2016. Transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged no later than 10.00am (WST) on Sunday, 27 November 2016. Proxy Forms may be lodged:

By hand: 25-27 Jewell Parade, North Fremantle WA 6159

By mail: 25-27 Jewell Parade, North Fremantle WA 6159

By fax: +61 8 9335 3565

Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Appointment of a proxy

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

Please write the name of the person you wish to appoint as your proxy in the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman will be appointed as your proxy.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company on +61 8 9336 6619 or you may photocopy the Proxy Form. To appoint a second proxy you must state on each Proxy Form (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Directing your proxy to vote on Resolutions

You may direct your proxy how to vote by marking For, Against or Abstain for each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, your proxy may vote as he or she chooses (except where a voting exclusion applies). If you mark more than one box on a Resolution your vote on will be invalid on that Resolution.

Voting restrictions that may affect your proxy appointment

Members of the Key Management Personnel (except for the Chairman) and their Closely Related Parties are not able to vote your proxy on Resolutions 1 and 8 to 15 unless you have directed them how to vote. This exclusion does not apply to the Chairman if his appointment as proxy expressly authorises him to vote on matters of Key Management Personnel remuneration.

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

How the Chairman will vote undirected proxies

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

The Proxy Form expressly authorises the Chairman to exercise undirected proxies on all Resolutions including Resolutions 1 and 8 to 15 even though these Resolutions are connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Corporate Shareholders

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

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

Corporate Representatives

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

Defined terms

Capitalised terms used in the Notice and the Explanatory Statement are defined in the Glossary.

Questions from Shareholders

At the Meeting the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report.

Mr Michael Hoang, Partner at EY, as the auditor responsible for preparing the auditor's report for the year ended 30 June 2016 (or her representative) will attend the Meeting. The Chairman will also allow a reasonable opportunity for Shareholders to ask the auditor questions about:

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

In addition to asking questions at the Meeting, written questions to the Board about the management of the Company or the Remuneration Report, or to the Company's auditor about the content of the independent auditor's report or the conduct of the audit, may be submitted by no later than Tuesday, 22 November 2016.

By hand: 25-27 Jewell Parade, North Fremantle WA 6159

By mail: 25-27 Jewell Parade, North Fremantle WA 6159

By fax: +61 8 9335 3565

Copies of written questions will be available at the Meeting.

Explanatory Statement

This Explanatory Statement has been prepared to provide information to Shareholders about the business to be conducted at the Meeting.

1. Annual Financial Report

The Directors' report, independent auditor's report and the financial statements of the Company for the year ended 30 June 2016 will be tabled at the Meeting.

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the reports and the management of the Company.

2. Resolution 1 – Adoption of Remuneration Report

The Remuneration Report of the Company for the financial year ended 30 June 2016 is set out in the Company's 2016 Annual Financial Report which is available at www.dakotaminerals.com.au. The Remuneration Report sets out the remuneration arrangements for Directors and Key Management Personnel of the Company. The Chairman will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report.

Shareholders will be asked to vote for the adoption of the Remuneration Report at the Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company. The Board will consider the outcome of the vote and comments made by Shareholders at the Meeting when reviewing the Company's remuneration policies.

If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") to determine whether another meeting be held within 90 days at which all of the Directors (other than the managing director) must go up for re-election.

At the Company's previous annual general meeting the votes against the remuneration report was less than 25% of the votes cast on the resolution. As such, Shareholders will not need to consider a spill resolution at this Meeting.

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

2.1 Voting exclusions

The Company will disregard any votes cast on this Resolution by or on behalf of members of Key Management Personnel whose remuneration details are included in the Remuneration Report and any Closely Related Parties of those persons.

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year ended 30 June 2016. Their Closely Related Parties are defined by the Corporations Act and include certain of their family members, dependants and companies they control.

If you appoint the Chairman as your proxy and have not directed him how to vote, you are expressly authorising the Chairman to cast your undirected proxy on this Resolution in

accordance with his stated intentions. The Chairman intends to vote all undirected proxies in favour of this Resolution.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their Closely Related Parties as your proxy, they will not be able to vote your proxy on this Resolution unless you have directed them how to vote.

3. Resolution 2 – Election of Professor Dudley Kingsnorth

3.1 Background

Pursuant to Regulation 52.1 of the Constitution, the Directors may appoint any person as a Director either to fill a casual vacancy or as an additional Director. However, under article 52.2 of the Constitution, any such appointment concludes at the next general meeting of the Company following the appointment. The Director is then eligible for election but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Resolution 2 is an ordinary resolution that provide for the confirmation, pursuant to the Constitution, of the appointment of Professor Kingsnorth to the Board.

The Board appointed Professor Kingsnorth as a non-executive Director of the Company on 22 August 2016.

Professor Kingsnorth is a Fellow of the Australian Institute of Company Directors, in addition to being a Fellow and past VP of the Australasian Institute of Mining and Metallurgy (AusIMM), and a Fellow of the Institute of Materials, Minerals, and Mining (UK). He has more than 45 years' experience in the international mining industry, and is internationally recognised as a world authority on lithium and rare earths markets. Professor Kingsnorth is the current leader of the Curtin Graduate School of Business's Critical Materials Initiative. He is also an experienced director and has acted as chairman, managing director, CEO, director, project manager, and marketing manager, for various listed and unlisted Companies in the lithium, rare earths, tantalum, gold, iron ore and aluminium sectors.

3.2 Directors' recommendations

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

4. Resolution 3 – Re-election of Mr John Fitzgerald

Under Listing Rule 14.4 and Regulation 53.2 of the Constitution there must be an election of directors at each annual general meeting. A director is required to retire from office and is then eligible for re-election. The director to retire is the one who has held office the longest since the last election to that office, and if two or more directors have held office for the same period of time, the director determined by agreement.

Mr John Fitzgerald retires by rotation at this Meeting and, being eligible, offers himself for re-election.

Mr John Fitzgerald was appointed as a Director on 23 December 2015.

Mr Fitzgerald is an experienced company director and resource financier. He has worked with the resources sector for 30 years providing corporate advisory, project finance and commodity risk management services to a large number of companies in that sector. Mr Fitzgerald is a non-executive director of Northern Star Resources Ltd, Danakali Resources Ltd and non-executive Chairman of Carbine Resources Limited. He has previously held positions as Chairman of Integra Mining Ltd and Atherton Resources as well as senior executive roles with a number of investment banks with a focus on the provision of services to the mining sector. Mr Fitzgerald is a chartered accountant, a Fellow of the Financial Services Institute of Australasia and a graduate member of the Australian Institute of Company Directors.

Directors' recommendation

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

5. Resolution 4 – Adoption of new Constitution

5.1 Background

Resolution 4 seeks to adopt a new Constitution (with effect from the date Resolution 4 is passed).

The Constitution has not been amended since it was adopted by the Company in 2008 and there have been significant changes to the Corporations Act and the Listing Rules since that time. Consequently, the Constitution requires substantial updating. The Board considers that it is preferable to replace the Constitution in its entirety rather than put before Shareholders the significant number of amendments required.

It is not practicable to list all of the differences between the current Constitution and the proposed new Constitution in this Notice and Shareholders are invited to contact the Company if they have any queries or concerns. For this purpose, a copy of the proposed new Constitution is available for review by Shareholders at the office of the Company and on the Company's website, www.dakotaminerals.com.au. A copy of the proposed new Constitution will also be tabled and available for inspection at the Meeting and a copy will be sent to those Shareholders that request a copy prior to the Meeting free of charge.

The proposed new Constitution complies with the requirements of the Corporations Act and the Listing Rules.

Shareholders are invited to contact the Company if they have any queries or concerns in relation to this resolution. For this purpose, Shareholders may obtain a copy of both the existing Constitution and the proposed new Constitution by contacting the Company on +61 8 9336 6619. Shareholders may collect copies from the offices of the Company, or request copies to be sent to them at no cost.

5.2 Legal requirements

Section 136(2) of the Corporations Act provides that a company may amend or repeal its constitution by Special Resolution of its shareholders.

A Special Resolution requires approval of at least 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

5.3 Directors' recommendation

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

6. Resolution 5 – Adoption of proportional takeover provisions in new Constitution

6.1 Background

The Corporations Act permits a company's constitution to include a provision that enables it to refuse to register shares acquired under a proportional takeover bid unless shareholders approve the takeover bid. A proportional takeover is an off-market takeover offer that is sent by the bidder to all shareholders of a company offering to acquire a portion of each shareholder's shares in the Company.

As part of the proposal to adopt the new Constitution pursuant to Resolution 4, it is intended to insert into the new Constitution the proposed Schedule 5 (as set out in Annexure A to this Explanatory Statement), which contains proportional takeover provisions.

The Company seeks Shareholder approval to insert the proportional takeover provisions at Schedule 5 of the Constitution in the form set out in Annexure A. If this Resolution is passed then Schedule 5 of the Constitution will be inserted and become effective as and from the date of approval for a period of three years.

6.2 Legal requirements

Section 136(2) of the Corporations Act provides that a company may amend or repeal its constitution by Special Resolution of its shareholders.

A Special Resolution requires approval of at least 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

As Resolution 5 is for the insertion of proportional takeover provisions in the new Constitution, the information below is provided for the purposes of section 648G of the Corporations Act.

6.3 Effect of proportional takeover provisions

Having proportional takeover provisions in the Constitution ensures that if a proportional takeover bid is made, it will need to be put to a Shareholder's vote. If a proportional takeover bid is made, the Directors must ensure that a meeting is held no less than 14 days before the last day of the bid period at which Shareholders will consider a resolution whether to accept or reject the takeover bid. The resolution can only be approved by Shareholders if it is passed by a simple majority of votes. The bidder and its associates are not allowed to vote.

If the resolution is not passed, no transfer of Shares will be registered as a result of the takeover bid and the offer will be taken to have been withdrawn. If the resolution is not voted on the bid is taken to have been approved. If the bid is approved (or taken to have been approved) all valid transfers must be registered.

The proportional takeover provisions do not apply to full takeover bids.

6.4 Reason for proportional takeover provisions

Without the proportional takeover provisions in the Constitution, there is a risk that control of the Company could pass without Shareholders having the opportunity to sell all of their Shares. As such, Shareholders may be left as minority holders. By including the proportional takeover provisions, Shareholders will be able to decide collectively whether a proportional takeover bid is acceptable to them.

6.5 No knowledge of any acquisition proposals

As at the date of this Notice, none of the Directors is aware of any proposal by any person to acquire or to increase the extent of a substantial interest in the Company.

6.6 Potential advantages and disadvantages

The Directors consider that the proportional takeover provisions have no potential advantages to them. They will continue to be able to make a recommendation to Shareholders on whether a potential takeover bid should or should not be accepted.

The potential advantages of reinserting the proposed proportional takeover provisions in Schedule 5 of the Constitution include the following:

- (a) Shareholders have the right to decide by majority vote whether to accept or reject a proportional takeover bid;
- (b) it may help Shareholders to avoid being locked in as minority holders following a proportional takeover and avoid the bidder acquiring control of the Company without paying an adequate control premium (ie. by bidding for all of the Shares);
- (c) it increases Shareholders' bargaining power and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) knowing the view of the majority of Shareholders may help each individual Shareholder to assess the likely outcome of the takeover bid and assist in forming an opinion on whether to accept or reject an offer under the bid.

The Directors consider the potential disadvantages of reinserting the proposed proportional takeover provisions in Schedule 5 of the Constitution include the following:

- (a) proportional takeover bids for shares in the company may be discouraged;
- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium; and
- (c) it may reduce the likelihood of a proportional takeover bid succeeding.

While the proportional takeover provisions were in effect there were no proportional takeover bids for the Company and the Directors are not aware of any potential bid that was discouraged by reason of Schedule 5 of the Constitution.

6.7 Directors' recommendation

The Directors do not consider that the potential disadvantages outweigh the potential advantages of the proportional takeover provisions in Schedule 5 of the Constitution over the next three years. The Directors recommend that Shareholders vote in favour of this Resolution.

7. Resolution 6 – Ratification of prior issue of Shares under the Placement

7.1 Background

On 2 May 2016, the Company announced it had completed a placement of 61,658,473 Shares at an issue price of \$0.20 per Share to raise \$12.3 million (**Placement**). The Placement was pursuant to an offer without disclosure to sophisticated and professional investors (as those terms are defined in section 708 of the Corporations Act). Settlement occurred on 10 May 2016.

The 36,093,832 Shares were issued pursuant to the Company's 15% placement capacity under Listing Rule 7.1 and 25,564,641 Shares were issued pursuant to the Company's additional 10% placement capacity under Listing Rule 7.1A.

The funds raised by the Placement will be used to fund phases 2 and 3 drilling at the Company's Lynas Find Lithium Project, and potentially, to explore further opportunities in the lithium sector.

7.2 Requirements of the Listing Rules

Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of Equity Securities (including shares) if the Equity Securities will, when aggregated with the Equity Securities issued by a company during the previous 12 months, exceed 15% of the number of Equity Securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that an issue by a company of Equity Securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it. Such approval replenishes the company's 15% capacity and enables it to issue further Equity Securities up to that limit.

Having obtained shareholder approval at the Company's Annual General Meeting on 26 November 2015, the Company has an additional 10% placement capacity under Listing Rule 7.1A.

Issues of securities made under Listing Rule 7.1A can also be ratified under Listing Rule 7.4, which ratification replenishes the company's additional 10% limit, enabling the company to issue further Equity Securities up to that limit

If Resolution 6 is approved by Shareholders, the Shares issued under the Placement will not be included in the Company's issuing capacity calculation for the purposes of Listing Rules 7.1 or 7.1A.

For the purposes of this Resolution the following information is provided to Shareholders:

- (a) Number of securities issued

61,658,473 Shares were issued.

- (b) The price at which the securities were issued

All Shares were issued at an issue price of \$0.20 each.

- (c) The terms of the securities

The Shares were fully paid ordinary shares that ranked equally with all existing Shares then on issue.

- (d) The names of the persons to whom the securities were issued or the basis on which those persons were determined

The Shares were issued to clients and contacts of Argonaut Securities Pty Ltd and to other sophisticated and professional investors who the Company approached to support the Company's capital raising by participating in the Placement.

None of the investors in the Placement was a related party of the Company.

Each investor was a sophisticated investor (for the purposes section 708(8) or (10) of the Corporations Act) or a professional investor (for the purposes of section 708(11) of the Corporations Act).

- (e) The use or intended use of the funds raised

As announced by the Company on 2 May 2016, the purpose of the Placement was to fund phases 2 and 3 drilling at the Company's Lynas Find Lithium Project, and potentially, to explore further opportunities in the lithium sector.

7.3 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6 as it will replenish the Company's capacity to issue Equity Securities without shareholder approval within the Listing Rule 7.1 and 7.1A limits (discussed at Section 7.2 above).

The Directors consider the ability to issue Equity Securities within the Listing Rule 7.1 and 7.1A issuing capacities is important as it provides the Company with the flexibility to conduct capital raisings if required (often on short notice) or to issue Securities in satisfaction of financial obligations so as to preserve the Company's cash reserves.

8. Resolution 7 – Approval of Additional Placement Facility

Resolution 7 must be passed as a Special Resolution.

Listing Rule 7.1A permits eligible entities that have obtained the approval of shareholders by Special Resolution at an annual general meeting to issue an additional 10% of issued capital by way of placements over a 12 month period (**Additional Placement Facility**).

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

8.1 Requirements for approval under Listing Rule 7.1A

(a) *Quoted securities*

Any Equity Securities issued under the Additional Placement Facility must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX. As at the date of this Notice, the Company has one class of Equity Securities quoted on ASX, being fully paid ordinary shares.

(b) *Number of Equity Securities that may be issued*

Listing Rule 7.1 permits the Company to issue 15% of issued capital over a 12 month period without shareholder approval. The Additional Placement Facility under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1. The effect of Shareholders passing this Resolution is to allow the Company to issue up to 25% of its issued capital during the next 12 months without obtaining specific Shareholder approval beforehand.

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

At the date of this Notice the Company has 362,629,879 Shares on issue. If Resolution 6 is passed, to ratify the issue of 61,658,473 Shares under the Placement, and Resolution 7 is passed as a Special Resolution, the Company will be permitted to issue (as at the date of this Notice):

- (i) 54,394,482 Equity Securities under Listing Rule 7.1 (15% placement capacity); and
- (ii) 36,262,988 Equity Securities under Listing Rule 7.1A (10% Additional Placement Facility).

- (c) *Formula for calculating the number of Equity Securities that may be issued under the Additional Placement Facility.*

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

$$(A \times D) - E$$

Where:

A	<p>The number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue:</p> <ul style="list-style-type: none"> • plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2, • plus the number of partly paid ordinary securities that became fully paid in the 12 months, • plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rule 7.1 or Listing Rule 7.4, • less the number of fully paid ordinary securities cancelled in the 12 months.
D	10%
E	The number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

8.2 Information required under the Listing Rules

- (a) *Minimum price*

The issue price of any equity security under the Additional Placement Facility will be no less than 75% of the VWAP for securities in the same class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

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

- (b) *Risk of economic and voting dilution*

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

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

The table below identifies the potential dilution to existing Shareholders following the issue of Equity Securities under the Additional Placement Facility (based on the formula set out above) using different variables for the number of issued Shares and the market price of Shares. The numbers are calculated on the basis of the latest available market price of Shares before the date of this Notice and the current number of Shares on issue.

Variable A in Listing Rule 7.1A		Nominal issue price		
		\$0.069 (market price)	\$0.052 (25% decrease in market price)	\$0.0345 (50% decrease in market price)
Current issued capital A = 362,629,879 Shares	Shares issued under LR 7.1A	36,262,988	36,262,988	36,262,988
	Voting dilution	10%	10%	10%
	Funds raised	\$2,502,146	\$1,876,610	\$1,251,073
	Economic dilution	0%	2.27%	4.55%
50% increase in issued capital A = 543,944,819 Shares	Shares issued under LR 7.1A	54,394,482	54,394,482	54,394,482
	Voting dilution	10%	10%	10%
	Funds raised	\$3,753,219	\$2,814,914	\$1,876,610
	Economic dilution	0%	2.27%	4.55%
100% increase in issued capital A = 725,259,758 Shares	Shares issued under LR 7.1A	72,525,976	72,525,976	72,525,976
	Voting dilution	10%	10%	10%
	Funds raised	\$5,004,292	\$3,753,219	\$2,502,146
	Economic dilution	0%	2.27%	4.55%

This table has been prepared on the following assumptions:

- (i) Resolution 6 is passed by Shareholders to ratify the prior issue of 61,658,473 Shares under the Placement;
- (ii) the latest available market price of Shares as at the date of the Notice was \$0.069;
- (iii) the Company issues the maximum number of Equity Securities available under the Additional Placement Facility;

- (iv) existing Shareholders' holdings do not change from the date of this Meeting to the date of the issue under the Additional Placement Facility;
- (v) the Company issues Shares only and does not issue other types of Equity Securities (such as options) under the Additional Placement Facility;
- (vi) the impact of placements under Listing Rule 7.1 or following the exercise of options is not included in the calculations; and
- (vii) economic dilution is calculated using the following formula:

$$ED = (MP - (NMC / TS)) / MP$$

where:

MC = market capitalization prior to issue of equity securities, being the MP multiplied by the number of shares on issue;

MP = the market price of shares traded on ASX, expressed as in dollars;

NMC = notional market capitalization, being the market capitalization plus the NSV;

NSV = new security value, being the number of new equity securities multiplied by the issue price of those equity securities; and

TS = total shares on issue following new equity security issue.

(c) *Placement period*

Equity securities may be issued under the Additional Placement Facility at any time after the date of this Meeting until that date that is 12 months after this Meeting. The approval to the Additional Placement Facility under this Resolution will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

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

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

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

(e) *Allocation policy*

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

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;

- (ii) the effect of the issue of the new securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate and other advisors.

As at the date of this Notice the proposed allottees under the Additional Placement Facility have not been determined but may include existing substantial Shareholders, other Shareholders and/or new investors. None of the allottees will be a related party or an Associate of a related party of the Company. Existing Shareholders may or may not be entitled to subscribe for Equity Securities under the Additional Placement Facility and it is possible that their shareholding will be diluted.

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

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

(f) *Equity securities issued under previous placement facility approval*

Shareholders approved an Additional Placement Facility at the 2015 annual general meeting.

The total number of Equity Securities issued in the 12 months before this Meeting is 358,795,973, comprising 40,000,000 Options, 24,500,000 Performance Rights, and 294,295,973 Shares (including Shares issued on the exercise of 11,687,500 Options, and the vesting of 12,250,000 Performance Rights). These represent 425% of the total number of Equity Securities on issue at the commencement of that 12 month period.

The details for each separate issue of Equity Securities issued during the 12 months before this Meeting are set out in Annexure B.

8.3 Directors' recommendation

The Directors recommend that Shareholders vote in favour of this Special Resolution.

9. Resolutions 8 to 10 – Approval to vary the terms of Performance Rights previously issued to Directors – Dr Francis Wedin, Mr John Fitzgerald and Mr David Frances

9.1 Background

The Company seeks Shareholder approval to vary the terms of Performance Rights previously issued to three of the Company's Directors under the Company's long term incentive plan (**LTI Plan**), as follows:

- (a) 5 million Performance Rights held by Mr David Frances, the Company's Managing Director;
- (b) 4 million Performance Rights held by Dr Francis Wedin, the Company's Technical Director; and
- (c) 2 million Performance Rights held by Mr John Fitzgerald, the Company's non-executive Chairman.

The Performance Rights to be varied represent the second tranche of Performance Rights previously issued to the abovementioned Directors (each a **Performance Rights Holder**) as a part of their remuneration. The variation to the terms of the Performance Rights pursuant to Resolutions 8 to 10 is conditional on the receipt by the Company of a waiver of Listing Rule 6.23.3, outlined in Section 9.4 below.

If Resolutions 8 to 10 are passed, the number of Performance Rights held by each of Messrs Frances, Wedin and Fitzgerald will not change, but the Performance Hurdles to which they are subject will change.

9.2 Reason for variation to terms of Performance Rights

The Company considers that the variation of the terms of the Performance Rights held by each Performance Rights Holder is appropriate, as the proposed new Performance Hurdles more accurately reflect the Company's current operations and proposed direction.

The amendment to the Performance Rights is driven by the change of emphasis from Australia to Portugal whilst ensuring Shareholders do not incur any additional dilution. The same quantum of Performance Rights is proposed but the Performance Hurdles have been altered to reflect that the Company is in the process of selling the Lynas Find project and is focusing on developing a standalone lithium (petalite/spodumene) project in Portugal.

To enable the viability of such a project, defining a maiden resource which meets certain minimum tonnage criteria is critical. In this regard we have set a minimum target of 7.5 million tonnes with additional targets of 15 million and 30 million tonnes. The minimum tonnage criteria reflects the resource size needed to justify the capital expenditure of building a project in Europe, taking into account factors such as ready access to infrastructure, labour, power, reagents and markets.

The new tonnage targets are considerably higher than the residual target for the existing Tranche 2 rights whereby only a further 7.7 million tonnes needed to be defined. In addition, to reflect the nature of the likely resources which contain a combination of spodumene and petalite we have lowered the grade threshold to 1% due to the theoretical maximum lithium value of petalite.

9.3 Detail of variation to terms of Performance Rights

The terms of the Performance Rights that are the subject of Resolutions 8 to 10 are to be varied only in respect of their Performance Hurdles. In all other respects, the terms of the

relevant Performance Rights will remain unchanged from the terms that were approved by Shareholders at the Company's general meeting held on 12 February 2016.

The proposed Performance Hurdles of the Performance Rights that are the subject of Resolutions 8 to 10 are the same as the Performance Hurdles of the Performance Rights that are proposed to be issued to Professor Dudley Kingsnorth pursuant to Resolution 11.

The table below sets out the existing Performance Hurdles to which the Performance Rights are subject, and their proposed new Performance Hurdles.

Director	Performance Hurdles	
	Existing Hurdles	Proposed Performance Hurdles
Mr David Frances	5 million Performance Rights, vesting on the establishment by the Company of a JORC Compliant 15 million tonne resource of Li ₂ O of a grade of at least 1.2% within 3 years of the grant date.	5 million Performance Rights, vesting in three tranches on the establishment by the Company of Li ₂ O resources as follows: <ul style="list-style-type: none"> • 2.5 million (50%) vesting on establishment of a 7.5 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 2 years of the date of the Meeting; • 1.25 million (25%) vesting on establishment of a 15 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 3 years of the date of the Meeting; and • 1.25 million (25%) vesting on establishment of a 30 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 4 years of the date of the Meeting.
Dr Francis Wedin	4 million Performance Rights, vesting on the establishment by the Company of a JORC Compliant 15 million tonne resource of Li ₂ O of a grade of at least 1.2% within 3 years of the grant date.	4 million Performance Rights, vesting in three tranches on the establishment by the Company of Li ₂ O resources as follows: <ul style="list-style-type: none"> • 2 million (50%) vesting on establishment of a 7.5 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 2 years of the date of the Meeting; • 1 million (25%) vesting on establishment of a 15 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 3 years of the date of the Meeting; and • 1 million (25%) vesting on establishment of a 30 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 4 years of the date of the Meeting.

Director	Performance Hurdles	
	Existing Hurdles	Proposed Performance Hurdles
Mr John Fitzgerald	2 million Performance Rights, vesting on the establishment by the Company of a JORC Compliant 15 million tonne resource of Li ₂ O of a grade of at least 1.2% within 3 years of the grant date.	2 million Performance Rights, vesting in three tranches on the establishment by the Company of Li ₂ O resources as follows: <ul style="list-style-type: none"> • 1 million (50%) vesting on establishment of a 7.5 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 2 years of the date of the Meeting; • 0.5 million (25%) vesting on establishment of a 15 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 3 years of the date of the Meeting; and • 0.5 million (25%) vesting on establishment of a 30 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 4 years of the date of the Meeting.

All Performance Rights that have not vested within the time period specified in the table above with respect to a particular tranche (either 2 years, 3 years or 4 years of the date of the Meeting), will automatically lapse and be forfeited.

The proposed variation of the Performance Hurdles of the abovementioned Performance Rights is intended to:

- (a) provide an appropriate and adequate incentive for each Proposed Recipient;
- (b) ensure the Company retains the services of each Proposed Recipient; and
- (c) reinforce the commitment of each Proposed Recipient as a Director.

9.4 Waiver of Listing Rule 6.23.3

Listing Rule 6.23.3 provides that a change which has the effect of reducing the exercise price, increasing the period for exercise or conversion, or increasing the number of securities received on exercise of an option or conversion of a right, cannot be made.

The Company has applied to ASX for a waiver in respect of Listing Rule 6.23.3 (**Waiver**) to allow the variation of the Performance Rights set out in Section 9.2 above (**Variations**), subject to Shareholder approval being obtained in respect of the Variations.

At the date of the Notice, the Company had not received a decision from ASX with respect to its proposed waiver application. There is no assurance that the Waiver will be granted.

If the Waiver is not granted, the terms of the Performance Rights that are the subject of Resolutions 8 to 10 will not be varied.

A voting exclusion statement in respect of each of Resolutions 8 to 10 is set out in the Notice.

9.5 Section 208 of the Corporations Act

Section 208 of the Corporations Act provides that a public company cannot give a “financial benefit” (including an issue of securities) to a “related party” of the company unless one of the exceptions set out in sections 210 to 216 of the Corporations Act apply or the holders of

ordinary securities have approved the giving of the financial benefit to the related party at a general meeting.

The variation of the Performance Rights will confer a financial benefit on each of Mr Frances, Dr Wedin and Mr Fitzgerald. However, Shareholder approval is not being sought for the purposes of the related party benefit provisions of the Corporations Act (particularly section 208 of the Corporations Act) on the basis that the benefit is considered to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the company's and the related party's circumstances.

Having considered the Company's circumstances and each of Mr Frances', Dr Wedin's and Mr Fitzgeralds' positions with the Company:

- (a) with respect to Mr Frances, the Board other than Mr Frances considers that the financial benefit conferred by the grant of the Performance Rights to Mr Frances is reasonable and therefore, the exception in section 211 applies;
- (b) with respect to Dr Wedin, the Board other than Dr Wedin considers that the financial benefit conferred by the grant of the Performance Rights to Dr Wedin is reasonable and therefore, the exception in section 211 applies; and
- (c) with respect to Mr Fitzgerald, the Board other than Mr Fitzgerald considers that the financial benefit conferred by the grant of the Performance Rights to Mr Fitzgerald is reasonable and therefore, the exception in section 211 applies.

9.6 Directors' recommendations

The Directors (other than Dr Francis Wedin) recommend that Shareholders vote in favour of Resolution 8.

The Directors (other than Mr John Fitzgerald) recommend that Shareholders vote in favour of Resolution 9.

The Directors (other than Mr David Frances) recommend that Shareholders vote in favour of Resolution 10.

9.7 Proxy voting restrictions

If you appoint the Chairman as your proxy and have not directed him how to vote with respect to any of Resolutions 8, 9 or 10, you are expressly authorising the Chairman to cast your undirected proxy on that Resolution in accordance with his stated intentions. The Chairman intends to vote all undirected proxies for each of Resolutions 8 to 10.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their closely related parties as your proxy, they will not be able to vote your proxy on any of Resolutions 8 to 10 unless you have directed them how to vote.

10. Resolution 11 – Approval to grant Performance Rights to Professor Dudley Kingsnorth

10.1 Background

The Company seeks Shareholder approval for the grant of 1 million Performance Rights to Professor Dudley Kingsnorth, a non-executive Director.

The proposed grant of Performance Rights forms part of the remuneration package for Professor Kingsnorth.

The proposed grant of Performance Rights to Professor Kingsnorth is intended to:

- (a) provide an appropriate and adequate incentive for Professor Kingsnorth;
- (b) ensure the Company retains the services of Professor Kingsnorth; and
- (c) reinforce the commitment of Professor Kingsnorth as a Director.

10.2 Regulatory requirements

Listing Rule 10.14 generally provides that the approval of shareholders is required before a director of a company can acquire securities issued under an employee incentive scheme. Accordingly, in order for a Director to acquire a beneficial interest in the Performance Rights and any Shares which may be issued on the vesting of Performance Rights, the Company must first obtain Shareholder approval pursuant to Listing Rule 10.14. If Resolution 11 is approved for the purposes of Listing Rule 10.14, then approval is not required under Listing Rule 7.1 for the issue of the relevant Performance Rights.

Listing Rule 10.15A sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under Listing Rule 10.14. In accordance with Listing Rule 10.15A, the information in Sections 10.3 and 10.4 below is provided to Shareholders in relation to Resolution 11.

The grant of the Performance Rights will confer a financial benefit on Professor Kingsnorth. However, Shareholder approval is not being sought for the purposes of the related party benefit provisions of the Corporations Act (particularly section 208 of the Corporations Act) on the basis that the benefit is considered to constitute reasonable remuneration and, therefore, the exception in section 211 of the Corporations Act applies. Section 211 provides that shareholder approval is not required for the purposes of section 208 in circumstances where the benefit constitutes remuneration which would be reasonable given the company's and the related party's circumstances.

Having considered the Company's circumstances and Professor Kingsnorth's position with the Company, the Board other than Professor Kingsnorth considers that the financial benefit conferred by the grant of the Performance Rights to Professor Kingsnorth is reasonable and therefore, the exception in section 211 applies.

10.3 Terms of Performance Rights offered to Professor Dudley Kingsnorth

The terms of the Performance Rights proposed to be granted to Professor Kingsnorth, including the conditions on which the Performance Rights may vest, are set out in Annexure

C. Apart from the terms set out in Annexure C, the Performance Rights will otherwise be subject to the rules of the LTI Plan.

In summary, the key terms of the Performance Rights proposed to be granted to Professor Kingsnorth are as follows:

- (a) The 1 million Performance Rights will vest on the establishment by the Company of Li₂O resources as follows:
 - (i) 0.5 million (50%) vesting on establishment of a 7.5 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 2 years of the grant date;
 - (ii) 0.25 million (25%) vesting on establishment of a 15 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 3 years of the grant date; and
 - (iii) 0.25 million (25%) vesting on establishment of a 30 million tonne JORC Compliant resource of Li₂O of a grade of at least 1% within 4 years of the grant date.
- (b) All Performance Rights that have not vested within the time period specified above with respect to a particular tranche (either 2 years, 3 years or 4 years of the grant date), will automatically lapse and be forfeited.
- (c) The unvested Performance Rights of Professor Kingsnorth will automatically lapse and be forfeited if Professor Kingsnorth voluntarily resigns otherwise than to take up employment with a Related Body Corporate of the Company or if he is dismissed from employment for a material breach of his contract of employment, gross negligence or other conduct justifying termination without notice. Professor Kingsnorth's Performance Rights will not lapse if he ceases employment due to death, permanent disablement, retirement, redundancy or any other circumstance in which the Board determines his Performance Rights should not lapse.
- (d) Each Performance Right entitles Professor Kingsnorth to receive, upon vesting, one Share. The Performance Rights are unquoted and non-transferable. The Performance Rights will not entitle Professor Kingsnorth to receive dividends on Shares before vesting and do not carry any voting rights.

10.4 Listing Rules information requirements

The following further information is provided in accordance with the requirements of the Listing Rules:

- (a) The Performance Rights will be issued to Professor Dudley Kingsnorth.
- (b) The maximum number of securities that may be acquired by Professor Dudley Kingsnorth (pursuant to Resolution 11) is 1 million Performance Rights which may then convert into 1 million Shares if the Performance Hurdles and Vesting Conditions are met.
- (c) The Performance Rights will be granted for no cash consideration.
- (d) The names of the persons who have received Securities or rights under the LTI Plan since the last approval, the number of the Securities or rights received and the acquisition price for each Security is set out in the table below.

Name of recipient	Number of Securities or rights	Acquisition price
Mr David Frances	10 million Performance Rights, of which 5 million have vested, resulting in the issue of 5 million Shares.	Nil
Dr Francis Wedin	8 million Performance Rights, of which 4 million have vested, resulting in the issue of 4 million Shares.	Nil
Mr John Fitzgerald as trustee for the JD & TJ Family Trust	4 million Performance Rights, of which 2 million have vested, resulting in the issue of 2 million Shares.	Nil
Mr Mathew Whyte and Mrs Sara Whyte as trustees for the M&S Whyte Family Trust	1.5 million Performance Rights, of which 750,000 have vested, resulting in the issue of 750,000 Shares.	Nil
Mr Iain Michael Groves	1 million Performance Rights, of which 500,000 have vested, resulting in the issue of 500,000 Shares.	Nil

- (e) The names of the persons referred to in Listing Rule 10.14 who are entitled to participate in the LTI Plan are David Frances, Francis Wedin, John Fitzgerald, and Dudley Kingsnorth.
- (f) There are no loans proposed to be granted to Professor Kingsnorth for the grant of the Performance Rights.
- (g) Details of any Securities issued under the LTI Plan will be published in each annual report of the Company relating to a period in which Securities have been issued, and that approval for the issue of Securities was obtained under Listing Rule 10.14.
- (h) Any additional persons who become entitled to participate in the LTI Plan after Resolution 11 is approved and who were not named in the Notice will not participate until Shareholder approval is obtained under Listing Rule 10.14.
- (i) The Performance Rights will be granted as soon as practicable after the Meeting and in any event within 3 years of the Meeting.

10.5 Interests of Professor Dudley Kingsnorth

Professor Kingsnorth has a material personal interest in the outcome of Resolution 11 as pursuant to that Resolution it is proposed that he be issued Performance Rights.

As a non-executive Director, Professor Kingsnorth is entitled to Director's fees in the amount of \$50,000 per annum (including taxes and non-cash benefits, but excluding statutory superannuation entitlements, fringe benefits tax and payroll tax).

Set out below is a breakdown of Professor Kingsnorth's total remuneration package for the current financial year.

Salary, fees and superannuation	Long term benefits (equity)	Total remuneration
\$54,750	Up to 2 million Performance Rights	\$50,000 and up to 1 million Performance Rights

Note: Of the 2 million Performance Rights comprising Professor Kingsnorth's long term benefits, the Performance Hurdles and Vesting Conditions of 1 million Performance Rights that were to be issued to Professor Kingsnorth have already been satisfied. Consequently, Shareholder approval for the issue of those 1 million Performance Rights to Professor Kingsnorth is not being sought. Instead, Shareholder approval for the issue of 1 million Shares to Professor Kingsnorth is being sought pursuant to Resolution 12.

If Shareholder approval is given under Resolution 12 for the issue of 1,000,000 Shares to Professor Kingsnorth, and the 1,000,000 Performance Rights granted to Professor Kingsnorth are subsequently converted to Shares, Professor Kingsnorth will have a direct interest in 2,000,000 Shares, in addition to the 150,000 Shares in which he has a relevant interest as a major shareholder and director of Industrial Minerals Company of Australia Pty Ltd. The total number of Shares in which Professor Kingsnorth may acquire a relevant interest is 2,150,000 being approximately 0.67% of the Share capital on issue in the Company.

10.6 Directors' recommendations

The Directors (other than Professor Dudley Kingsnorth) recommend that Shareholders vote in favour of Resolution 11.

10.7 Proxy voting restrictions

If you appoint the Chairman as your proxy and have not directed him how to vote with respect to Resolution 11, you are expressly authorising the Chairman to cast your undirected proxy on that Resolution in accordance with his stated intentions. The Chairman intends to vote all undirected proxies for Resolution 11.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their closely related parties as your proxy, they will not be able to vote your proxy on Resolution 11 unless you have directed them how to vote.

11. Resolution 12 – Approval to issue Shares to Professor Dudley Kingsnorth

11.1 Background

Pursuant to the terms of his appointment, Professor Dudley Kingsnorth is entitled to be issued 2 million Performance Rights, subject to approval by Shareholders.

The Performance Rights to be issued to Professor Dudley Kingsnorth were to be issued in two tranches of 1 million Performance Rights each. The Performance Rights that were to comprise the second tranche are the subject of Shareholder approval pursuant to Resolution 11.

However, the Performance Hurdles and Vesting Conditions to which the first tranche of Performance Rights were to be subject have already been satisfied. Consequently, rather than issue the first tranche of 1 million Performance Rights to Professor Kingsnorth, the Company has determined that it would be more appropriate to issue to Professor Kingsnorth the Shares that would have been issued to him on the vesting of those 1 million Performance Rights.

Resolution 12 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of 1 million Shares to Professor Kingsnorth.

No funds will be raised from the issue of the Shares to Professor Kingsnorth as they are being issued as a part of the remuneration payable to Professor Kingsnorth for his services to the Company in his capacity as a non-executive Director.

11.2 Section 208 of the Corporations Act

Section 208 of the Corporations Act provides that a public company cannot give a “financial benefit” (including an issue of securities) to a “related party” of the company unless one of the exceptions set out in sections 210 to 216 of the Corporations Act apply or the holders of ordinary securities have approved the giving of the financial benefit to the related party at a general meeting.

The issue of Shares to a Director or their nominee constitutes the giving of a financial benefit to the related parties of the Company for the purposes of section 208 of the Corporations Act.

However, the Board has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the 1 million Shares to Professor Kingsnorth as those Shares are being issued as a part of the remuneration payable to Professor Kingsnorth for his services to the Company in his capacity as a non-executive Director, which remuneration is considered to be reasonable for the purposes of the exception in section 211 of the Corporations Act.

11.3 Listing Rule 10.11

Listing Rule 10.11 restricts the Company from issuing securities to a related party of the Company, unless approval is obtained from Shareholders.

A “related party” for the purposes of the Corporations Act is defined widely and includes a director of a public company and former directors of a public company. Professor Kingsnorth is a Director of the Company and as such is a related party of the Company.

The effect of passing Resolution 12 will be to allow the Company to issue up to 1 million Shares to Professor Kingsnorth (or his nominee) without using up the Company’s 15% placement capacity under Listing Rule 7.1.

If Shareholder approval is not received under Resolution 12, the Company will not issue the 1 million Shares to Professor Kingsnorth.

11.4 Information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Shares will be issued to Professor Kingsnorth (or his nominee).
- (b) The number of Securities to be issued is 1 million Shares.
- (c) The Shares will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (d) No subscription amount will be paid to the Company for the issue of the Shares.
- (e) The Shares will be fully paid ordinary shares in the capital of the Company and will rank equally with the Company's existing Shares. The Company will apply for quotation of the Shares on ASX.
- (f) No funds will be raised by the issue of the Shares as they are being issued as a part of the remuneration payable to Professor Kingsnorth for his services to the Company in his capacity as a non-executive Director.

11.5 Directors' recommendation

The Directors recommend that Shareholders vote in favour of Resolution 12.

12. Resolutions 13 and 14 – Approval of termination entitlements payable to Mr David Frances and Dr Francis Wedin

12.1 Background

Resolutions 13 and 14 seek Shareholder approval for certain termination payments and benefits which Mr David Frances and Dr Francis Wedin respectively (together the **Executive Directors**), may become entitled to if their employment is terminated.

Details of the termination events and the payments and benefits which may be made to the Executive Directors are set out below.

12.2 Section 200E of the Corporations Act

Shareholder approval is sought under section 200E of the Corporations Act. Section 200B of the Corporations Act prevents a company from giving a benefit to a director in connection with the director's retirement or removal from office unless the company's shareholders approve that benefit under section 200E or unless the benefit falls within certain exceptions set out in the Corporations Act.

A payment or benefit will only fall within the exceptions set out in the Corporations Act if the amount of the payment is less than a prescribed multiple of the director's remuneration and if the nature of the payment falls within one of a number of categories set out in the Corporations Act (for example, a payment by way of damages for breach of contract or a payment for past services).

The Executive Directors' termination entitlements under the terms of their employment agreements may not technically fall within any of the categories of exception set out in the Corporations Act and accordingly Shareholder approval is sought.

The Board has formed the view that the circumstances in which the payments may be made to the Executive Directors are appropriate and the amounts of such payments are not excessive or unusual for an executive with the role and responsibilities of the Executive Directors.

Section 200E of the Corporations Act requires that where shareholders are asked to approve a payment or other benefit to a director that would otherwise be prohibited by section 200B, shareholders must be given details of the amount of the payment or benefit, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount or benefit is to be calculated and any matter, event or circumstance that will, or is likely to affect the calculation of the amount. The amount of any payment or other benefit that may be made to the Executive Directors in connection with their retirement or removal from office depends on both their remuneration at the time that they cease to hold office and the circumstances in which they cease to hold office.

To inform Shareholders of the manner in which termination payments and benefits may be calculated, the following paragraphs summarise the remuneration and termination provisions of the Executive Directors' employment agreements.

12.3 Listing Rules 10.18 and 10.19

Listing Rules 10.18 and 10.19 restrict the circumstances in which termination benefits can be paid, and restrict the termination benefits that can be paid to officers of the Company.

The Company considers that the termination benefits that are the subject of Shareholder approval pursuant to Resolutions 13 and 14 (**Proposed Termination Benefits**) do not infringe either Listing Rule 10.18 or 10.19 for the following reasons:

- (a) with respect to Listing Rule 10.18, the Proposed Termination Benefits do not entitle any officer of the Company or of any of its Related Bodies Corporate (each a **Group Company**), to termination benefits if a change occurs in the shareholding or control of a Group Company; and
- (b) with respect to Listing Rule 10.19, the Proposed Termination Benefits, when aggregated with all other termination benefits that are or may become payable to any officer of a Group Company, do not exceed 5% of the equity interests (as defined in the Listing Rules) of the Company, as set out in the Company's annual financial report for the year ended 30 June 2016, which contains the latest accounts given to ASX by the Company under the Listing Rules.

12.4 Remuneration and incentive arrangements

(a) Mr David Frances

Mr Frances is presently entitled to a base salary of \$250,000 (including taxes and non-cash benefits, but excluding statutory superannuation entitlements, fringe benefits tax and payroll tax), which is subject to review on an annual basis (**Remuneration**). The base salary of Mr Frances was increased by resolution of the Board from \$200,000 to \$250,000 per annum, effective from 1 July 2016.

Mr Frances' current incentive arrangements comprise:

- (i) an annual cash bonus payment of up to 50% of Mr Frances' base remuneration as a short term incentive (**Short Term Incentive**); and
- (ii) 10,000,000 Performance Rights which have been granted under the LTI Plan pursuant to Shareholder approval at the Company's General Meeting held on 12 February 2016. 5,000,000 of these Performance Rights are to be cancelled by agreement between the Company and Mr Frances, and replaced with the Performance Rights that are the subject of Resolution 10 (refer to the background on Resolution 10 in this Explanatory Statement for further details).

Mr Frances is also entitled to reimbursement for all reasonable expenses incurred when travelling in connection with the performance of his duties.

The full terms of Mr Frances' employment are set out in his executive services agreement, a summary of which was released to ASX on 24 December 2015. Those terms were updated in the Remuneration Report in the Company's Annual Financial Report for year ended 30 June 2016, which is available on the Company's website (www.dakotaminerals.com.au). The terms of offer of Performance Rights as set out in Annexure C to this Explanatory Statement operate as a variation to his employment agreement.

(b) Dr Francis Wedin

Dr Wedin is presently entitled to a base salary of \$200,000 (including taxes and non-cash benefits, but excluding statutory superannuation entitlements, fringe benefits tax and payroll tax), which is subject to review on an annual basis (**Remuneration**). The base salary of Dr Wedin was increased by resolution of the Board from \$150,000 to \$200,000 per annum, effective from 1 July 2016.

Dr Wedin's current incentive arrangements comprise:

- (i) an annual cash bonus payment of up to 50% of Dr Wedin's base remuneration as a short term incentive (**Short Term Incentive**); and
- (ii) 8,000,000 Performance Rights which have been granted under the LTI Plan pursuant to Shareholder approval at the Company's General Meeting held on 12 February 2016. 4,000,000 of these Performance Rights are to be cancelled by agreement between the Company and Dr Wedin, and replaced with the Performance Rights that are the subject of Resolution 8 (refer to the background on Resolution 8 in this Explanatory Statement for further details).

Dr Wedin is also entitled to reimbursement for all reasonable expenses incurred when travelling in connection with the performance of his duties.

The full terms of Dr Wedin's employment are set out in his executive services agreement, a summary of which was released to ASX on 24 December 2015. Those terms were updated in the Remuneration Report in the Company's Annual Financial Report for year ended 30 June 2016 which is available on the Company's website (www.dakotaminerals.com.au). The terms of offer of Performance Rights as set out in Annexure C to this Explanatory Statement operate as a variation to his employment agreement.

12.5 Termination arrangements and entitlements

The termination provisions of the executive services agreements and entitlements of the Executive Directors on termination of their employment are described below.

12.6 Termination with notice by the Company

The Company may terminate either Executive Directors' employment at any time by giving 3 months' notice in writing, or by paying an equivalent amount of remuneration in lieu of notice.

On termination with notice by the Company, the relevant Executive Director would be entitled to:

- (a) payment equal to the amount of Remuneration payable in lieu of notice;
- (b) payment of accrued but untaken annual leave;
- (c) any portion of the Short Term Incentive to which they are entitled at the time of termination;
- (d) all Performance Rights which have vested at the time of termination (refer to the terms of Performance Rights offered to Mr David Frances and Dr Francis Wedin set out in Annexure C to this Explanatory Statement); and
- (e) if termination occurs after 7 years' continuous service with the Company, payment in lieu of pro-rata long service leave equal to 8.667 weeks for every 10 years of continuous employment.

12.7 Summary termination by the Company

The Company may terminate either Executive Director's employment by notice in writing effective immediately in certain circumstances specified in their executive service agreements, including:

- (a) in the case of grave misconduct or wilful neglect in the discharge of their duties; or

- (b) in the event of any serious or persistent breach of any provisions of their executive service agreement, where the breach is not remedied within 14 days of the receipt of written notice from the Company requesting the employee to do so.

On summary termination by the Company, the relevant Executive Director would be entitled to:

- (a) payment of all outstanding Remuneration and Short Term Incentives which they are entitled to at the time of their termination; and
- (b) payment of accrued but untaken annual leave,

but neither Executive Director would be entitled to any unvested portion of Short Term Incentive or any unvested Performance Rights and all Performance Rights granted under the LTI Plan would automatically be forfeited.

If either Executive Director's employment were terminated by reason of serious misconduct, the relevant Executive Director would not be entitled to any payment in lieu of pro-rata long service leave.

12.8 Termination by Mr Frances or Dr Wedin

Each Executive Director may terminate their employment by giving the Company 3 months' notice in writing, in which event the Company may elect to pay the relevant Executive Director an equivalent amount of remuneration in lieu of notice and terminate the employment immediately.

If either Executive Director terminates their employment, the relevant Executive Director would be entitled to:

- (a) payment of all outstanding Remuneration and Short Term Incentives which they are entitled to at the time of their termination;
- (b) payment of accrued but untaken annual leave; and
- (c) if termination occurs after 7 years' continuous service with the Company, payment in lieu of pro-rata long service leave equal to 8.667 weeks for every 10 years of continuous employment,

but neither Executive Director would be entitled to any unvested portion of Short Term Incentive.

If either Executive Director terminates his employment to take up employment with a Related Body Corporate of the Company, then the Performance Rights granted to that Executive Director under the LTI Plan will not lapse or be forfeited.

Where the Executive Director terminates his employment and does not take up employment with a Related Body Corporate of the Company, all Performance Rights granted to that Executive Director will automatically lapse and be forfeited.

12.9 Termination on material diminution

If either Executive Director's reporting structure, duties, responsibilities and/or level of compensation are materially diminished, subject to the Corporations Act and the Listing Rules, the relevant Executive Director may terminate their employment, in which case the Company must pay the relevant employee a lump sum payment equal to 6 months' of base salary (including any unpaid Short Term Incentive), net of all deductions required by law.

12.10 Cessation of employment for other reasons

An Executive Director's Performance Rights will not lapse or be forfeited if the Executive Director ceases employment or is removed from his position in the Company in circumstances of death, total permanent disability, retirement, redundancy or any other circumstance in which the Board determines the Performance Rights should not lapse

If an Executive Director ceases employment or is removed from his position in the Company after 7 years' continuous service by reason of death, total permanent disability, retirement, redundancy or any other reason except serious misconduct, that Executive Director will be entitled to payment in lieu of pro-rata long service leave equal to 8.667 weeks for every 10 years of continuous employment.

The Executive Directors' additional entitlements (if any) on cessation of employment in circumstances of death, total permanent disability, retirement or redundancy are otherwise determined by application of the common law.

12.11 Protection of Company interests

The Employment Agreement contains standard provisions relating to the protection of the Company's confidential information and intellectual property.

12.12 Directors' recommendations

All Directors, other than Mr Frances, recommend that Shareholders vote in favour of Resolution 13. Mr Frances makes no recommendation in light of his personal interest in this Resolution.

All Directors, other than Dr Wedin, recommend that Shareholders vote in favour of Resolution 14. Dr Wedin makes no recommendation in light of his personal interest in this Resolution.

13. Resolution 15 – Approval to increase non-executive Directors’ fees

13.1 Background

Resolution 15 seeks approval to increase the total aggregate amount of fees payable to non-executive Directors from the existing limit of \$160,000 to \$250,000.

The total aggregate fees payable to non-executive Directors has not been increased since 16 April 2013. The Board considers that it is reasonable and appropriate at this time to seek an increase in the remuneration pool for its non-executive Directors for the following reasons:

- (a) to pay Directors in accordance with market rates for companies of similar size and complexity having regard to the duties and responsibilities of the position;
- (b) to ensure the Company maintains the ability to remunerate competitively and attract and retain non-executive Directors with the skills and experience appropriate for the Company’s business;
- (c) to allow for growth in non-executive Directors’ remuneration in the future to reflect performance and market conditions; and
- (d) to allow for the appointment of additional non-executive Directors.

Total fees paid to the non-executive Directors amounted to \$83,233 during the financial year ended 30 June 2016. The remuneration paid to each non-executive Director for the financial year ended 30 June 2016 is set out in the Remuneration Report in the Company’s 2016 Annual Financial Report.

Listing Rule 10.17 and Regulation 58.5 of the Constitution require Shareholders to approve an increase in the total aggregate amount of Directors’ fees payable to non-executive directors. The requirement for Shareholder approval does not apply to the remuneration of an Executive Director.

The total aggregate amount of fees payable to non-executive Directors includes superannuation contributions made for the benefit of non-executive Directors and any fees that a non-executive director chooses to sacrifice on for other benefits. It does not include reimbursement of genuine out-of-pocket expenses, genuine special exertion fees paid in accordance with the Constitution or securities issued to a non-executive Director under the Listing Rules.

13.2 Information required under the Listing Rules

- (a) The amount of the increase is \$90,000.
- (b) If this Resolution is passed, the maximum aggregate amount of fees that may be paid to all of the Company’s non-executive Directors each year will be \$250,000, to be apportioned between them as determined by the Board.

- (c) The Securities and rights that have been issued to non-executive Directors of the Company under each of Listing Rules 10.11 and 10.14 with the approval of Shareholders within the past 3 years is as follows:

Name of non-executive Director	Securities or rights issued
Mr John Fitzgerald as trustee for the JD & TJ Family Trust	4 million Performance Rights, of which 2 million have vested, resulting in the issue of 2 million Shares.
Mr Ping Zhao	200,000 Shares
Mr Wade Guo	200,000 Shares
Mr Joshua Wellisch	400,000 Shares
Mr Anthony Rechner	400,000 Shares
Mr Tim Neesham	400,000 Shares

13.3 Directors' recommendation

The non-executive Directors, Mr John Fitzgerald and Professor Dudley Kingsnorth have an interest in this Resolution and do not make a recommendation to Shareholders. The Managing Director, Mr David Frances, and the Company's Technical Director, Dr Francis Wedin, recommend that Shareholders vote in favour of this Resolution.

13.4 Proxy voting restrictions

If you appoint the Chairman as your proxy and have not directed him how to vote, you are expressly authorising the Chairman to cast your undirected proxy on this Resolution in accordance with his stated intentions. The Chairman intends to vote all undirected proxies for this Resolution.

If you appoint any other member of the Board, a member of senior management who is named in the Remuneration Report, or their closely related parties as your proxy, they will not be able to vote your proxy on this Resolution unless you have directed them how to vote.

Glossary of terms

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

Annual General Meeting or Meeting	The annual general meeting of Shareholders or any adjournment thereof, convened by this Notice.
Associate	Has the meaning set out in the Listing Rules.
ASX	ASX Limited ACN 008 624 691.
Board	Board of Directors of the Company.
Chairman	The chairman of the Meeting.
Closely Related Parties	has the meaning set out in the Corporations Act.
Company or Dakota	Dakota Minerals Limited ACN 009 146 794.
Constitution	The constitution of the Company.
Contractor	Means a consultant or contractor that has entered into a contract which requires or might reasonably be expected to require the consultant or contractor to provide the pro-rata equivalent of 40% or more of a comparable full-time position with the Company or any of its Related Bodies Corporate: <ul style="list-style-type: none">(a) directly in their individual capacity; or(b) through a company (e.g. a small family owned company or a corporate trustee of a family trust) where the individual who performs the work under o in relation to the contract is a director of the company or the spouse of a director of that company.
Corporations Act	<i>Corporations Act 2001</i> (Cth) as amended from time to time.
Director	A director of the Company.
Employee	Means full time and part time employees, and any casual employee where they are, or might reasonably be expected to be, engaged to work the pro-rata equivalent of 40% or more of a comparable full-time position.
Equity Security	Has the meaning given to that term in the Listing Rules.
Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice.
Key Management Personnel	Those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rules	The listing rules of ASX, as amended from time to time.
LTI Plan	The long term incentive plan for employees adopted by the Company.

Notice or Notice of Annual General Meeting	The notice of Annual General Meeting which accompanies the Explanatory Statement.
Option	An option to acquire a Share.
Placement	The placement described in Section 7.1.
Performance Hurdle	A performance hurdle in respect of a tranche of Performance Rights.
Performance Right	A right to subscribe for a Share.
Proxy Form	The proxy form accompanying the Notice.
Related Body Corporate	Has the meaning given to that term in the Corporations Act.
Remuneration Report	The remuneration report contained in the Directors' report for the year ended 30 June 2016.
Resolution	A resolution set out in the Notice.
Securities	Shares and Options.
Share	A fully paid ordinary share in the Company.
Shareholder	A registered holder of a Share.
Special Resolution	A resolution: <ul style="list-style-type: none"> (a) of which an intention to propose the resolution has been set out and the resolution has been stated in the Notice; and (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.
Vesting Conditions	The conditions which must be satisfied before a Performance Right can vest.
Vesting Date	The vesting date for a tranche of Performance Rights.
VWAP	The volume-weighted average price of Shares traded on ASX.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

Annexure A

Schedule 5 to the proposed new Constitution

Set out below is Schedule 5 of the proposed new Constitution that is the subject of Shareholder approval pursuant to Resolution 4.

Proportional Takeover Bid Approval

1. Definitions

In this Schedule:

Approving Resolution means a resolution to approve a proportional takeover bid in accordance with this Schedule.

Deadline means the 14th day before the last day of the bid period for a proportional takeover bid.

Voter means a person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid.

2. Refusal of Transfers

2.1 Requirement for an Approving Resolution

- (a) The Company must refuse to register a transfer of Shares giving effect to a takeover contract for a proportional takeover bid unless and until an Approving Resolution is passed in accordance with this Schedule 5.
- (b) This Schedule 5 ceases to apply on the 3rd anniversary of its last adoption, or last renewal, in accordance with the Corporations Act.

2.2 Voting on an Approving Resolution

- (a) Where offers are made under a proportional takeover bid, the Directors must, call and arrange to hold a meeting of Voters for the purpose of voting on an Approving Resolution before the Deadline.
- (b) The provisions of this Constitution concerning meetings of Members (with the necessary changes) apply to a meeting held under paragraph 2.2(a).
- (c) Subject to this Constitution, every Voter present at the meeting held under paragraph 2.2(a) is entitled to one vote for each Share in the bid class securities that the Voter holds.
- (d) To be effective, an Approving Resolution must be passed before the Deadline.
- (e) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (f) If no Approving Resolution has been voted on as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this Schedule, to have been passed in accordance with this Schedule.

Annexure B

Equity securities issued 12 months prior to AGM

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
27/11/2015	400,000 fully paid ordinary shares	Mr Wade Guo (or his nominee)	\$0.025 (deemed issue price) Discount: nil	Nil	N/A	Issued as remuneration in lieu of cash, as approved at Annual General Meeting held on 26 November 2016. Current value: \$26,400
27/11/2015	400,000 fully paid ordinary shares	Mr Anthony Rechner (or his nominee)	\$0.025 (deemed issue price) Discount: nil	Nil	N/A	Issued as remuneration in lieu of cash, as approved at Annual General Meeting held on 26 November 2016. Current value: \$26,400
27/11/2015	400,000 fully paid ordinary shares	Mr Timothy Neesham (or his nominee)	\$0.025 (deemed issue price) Discount: nil	Nil	N/A	Issued as remuneration in lieu of cash, as approved at Annual General Meeting held on 26 November 2016. Current value: \$26,400
27/11/2015	400,000 fully paid ordinary shares	Mr Joshua Wellisch (or his nominee)	\$0.025 (deemed issue price) Discount: nil	Nil	N/A	Issued as remuneration in lieu of cash, as approved at Annual General Meeting held on 26 November 2016. Current value: \$26,400

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
24/12/2015	17,483,000 fully paid ordinary shares	Various non-related sophisticated and professional investors pursuant to mandate with Argonaut Securities Pty Ltd dated 16/12/2015 (Argonaut Mandate)	\$0.03 Discount: 50%	\$524,490.00	All of the \$524,490 raised was applied to the Company's consolidated bank account and \$300,000 was spent on the in paying the first tranche of the cash component of the consideration, being the aggregate amount of \$300,000, payable to Asgard Metals Pty Ltd and Slipstream Resources Investments Pty Ltd (Vendors) pursuant to the binding heads of agreement between the Company and the Vendors dated 16/12/2015 (Heads of Agreement); with the remaining balance spent on exploration at the Company's Lynas Find Project and on general working capital and administration expenses	Current value: \$1,153,878
19/02/2016	102,517,000 fully paid ordinary shares	Various non-related sophisticated and professional investors pursuant to Argonaut Mandate	\$0.03 Discount: 50%	\$3,075,510.00	All of the \$3,075,510 raised was applied to the Company's consolidated bank account and \$216,000 was spent on costs of the issue, \$1,280,000 was spent on exploration at the Company's Lynas Find Project and \$636,000 on general working capital and administration expenses. The remaining balance forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$6,766,122

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
19/02/2016	50,000,000 fully paid ordinary shares	Asgard Metals Pty Ltd and Slipstream Resources Investments Pty Ltd on a 45:55 basis	\$0.03 (deemed issue price) Discount: 50%	N/A	N/A	Issued as consideration for the acquisition by the Company of the interests of the Vendors in the Pilangoora Project, pursuant to the Heads of Agreement. Current value: \$3,300,000
19/02/2016	100,000 fully paid ordinary shares	Clients and contacts of CPS Capital Group Pty Ltd for underwriting services provided to the Company regarding the placement of Shares (refer to ASX announcement of 30/12/2014)	\$0.016 Discount: 76.67%	\$1,600.00	All of the \$1,600 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$6,600
19/02/2016	10,000,000 unquoted options exercisable at \$0.035 on or before 31 December 2017	Argonaut Securities Pty Ltd	Nil	N/A	N/A	Issued pursuant to the Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the placement of 120,000,000 Shares to sophisticated and professional investors (see issue of 17,483,000 fully paid ordinary shares on 24/12/2015 and issue of 102,517,000 fully paid ordinary shares on 19/02/2016) (Placement). Current value: \$362,571

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
19/02/2016	20,000,000 unquoted options exercisable at \$0.06 on or before 31 December 2017	Argonaut Securities Pty Ltd	Nil	N/A	N/A	Issued pursuant to the Mandate Agreement in consideration of Argonaut Securities Pty Ltd acting as Lead Manager to the Placement. Current value: \$474,477
19/02/2016	10,000,000 unquoted options exercisable at \$0.09 on or before 31 December 2017	Argonaut Securities Pty Ltd	Nil	N/A	N/A	Issued pursuant to the Mandate Agreement in consideration of Argonaut Securities Pty Ltd acting as Lead Manager to the Placement. Current value:\$149,082
19/02/2016	10,000,000 Performance Rights	Mr David Frances, the Company's Managing Director	Nil	N/A	N/A	Issued as a portion of the Director's remuneration in respect of his provision of services to the Company. Current value: \$659,905
19/02/2016	8,000,000 Performance Rights	Dr Frances Wedin, the Company's Technical Director	Nil	N/A	N/A	Issued as a portion of the Director's remuneration in respect of his provision of services to the Company. Current value:\$527,924
19/02/2016	4,000,000 Performance Rights	Mr John Fitzgerald, the Company's non-executive Chairman, as trustee for the JD & TJ Family Trust	Nil	N/A	N/A	Issued as a portion of the Director's remuneration in respect of his provision of services to the Company. Current value:\$263,962

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
12/06/2016	1,500,000 Performance Rights	Mr Mathew Whyte, the Company Secretary, and Mrs Sara Whyte as trustees for the M&S Whyte Family Trust	Nil	N/A	N/A	Issued as a portion of the Director's remuneration in respect of his provision of services to the Company. Current value:\$98,985
6/09/2016	1,000,000 Performance Rights	Mr Iain Michael Groves	Nil	N/A	N/A	Issued as a portion of the Director's remuneration in respect of his provision of services to the Company. Current value: \$65,990
31/03/2016	1,400,000 fully paid ordinary shares	Clients and contacts of CPS Capital Group Pty Ltd for underwriting services provided to the Company regarding the placement of Shares (refer to ASX announcement of 30/12/2014)	\$0.016 Discount: 80%	\$22,400.00	All of the \$22,400 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the of the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$107,800.00
19/04/2016	4,200,000 fully paid ordinary shares	Clients and contacts of CPS Capital Group Pty Ltd for underwriting services provided to the Company regarding the placement of Shares (refer to ASX announcement of 30/12/2014)	\$0.016 Discount: 91.35%	\$67,200.00	All of the \$67,200 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the of the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$277,200

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
19/04/2016	500,000 fully paid ordinary shares	Clients and contacts of Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the placement of 120,000,000 Shares to sophisticated and professional investors (see issue of 17,483,000 fully paid ordinary shares on 24/12/2015 and issue of 102,517,000 fully paid ordinary shares on 19/02/2016) (Placement).	\$0.03 Discount: 83.78%	\$15,000.00	All of the \$15,000 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$33,000
19/04/2016	500,000 fully paid ordinary shares	Clients and contacts of Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the Placement.	\$0.03 Discount: 83.78%	\$15,000.00	All of the \$15,000 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$33,000
2/05/2016	100,000 fully paid ordinary shares	Clients and contacts of Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the Placement.	\$0.016 Discount: 92.73%	\$1,600.00	All of the \$1,600 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$6,600

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
2/05/2016	6,562,500 fully paid ordinary shares	Clients and contacts of Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the Placement.	\$0.035 Discount: 84.09%	\$229,687.50	All of the \$229,687 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$433,125
2/05/2016	2,000,000 fully paid ordinary shares	Clients and contacts of Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the Placement.	\$0.06 Discount: 72.73%	\$120,000.00	All of the \$120,000 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$132,000
9/05/2016	350,000 fully paid ordinary shares	Clients and contacts of Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the Placement.	\$0.016 Discount: 92.89%	\$5,600.00	All of the \$5,600 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$23,100

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
10/05/2016	61,658,473 fully paid ordinary shares	Clients and contacts of Argonaut Securities Pty Ltd and to other sophisticated and professional investors who the Company approached, all of whom were non-related parties.	\$0.20 Discount: 11.11%	\$12,331,694.60	All of the \$12,331,694 raised was applied to the Company's consolidated bank account with \$803,000 having been spent on costs of the issue and the remaining balance forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects and on general working capital and administration expenses.	Current value: \$4,069,459
27/05/2016	950,000 fully paid ordinary shares	Clients and contacts of CPS Capital Group Pty Ltd for underwriting services provided to the Company regarding the placement of Shares (refer to ASX announcement of 30/12/2014)	\$0.016 Discount: 90%	\$15,200.00	All of the \$15,200 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the of the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$62,700
27/05/2016	500,000 fully paid ordinary shares	Clients and contacts of Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the Placement.	\$0.035 Discount: 78.13%	\$17,500.00	All of the \$17,500 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$33,000

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
27/05/2016	875,000 fully paid ordinary shares	Clients and contacts of Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the Placement.	\$0.06 Discount: 62.5%	\$52,500.00	All of the \$52,500 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$57,750
27/05/2016	750,000 fully paid ordinary shares	Clients and contacts of Argonaut Mandate in consideration of Argonaut acting as Lead Manager to the Placement.	\$0.09 Discount: 43.75%	\$67,500.00	All of the \$67,500 raised was applied to the Company's consolidated bank account and forms part of the Company's current cash reserves which will be spent on exploration and evaluation, including the Company's Portugal Projects, and on general working capital and administration expenses.	Current value: \$49,500
10/10/2016	5,000,000 fully paid ordinary shares	Mr David Frances, the Company's Managing Director	Nil	N/A	N/A	Issued on the vesting of Performance Rights that were issued to Mr Frances as a portion of his remuneration in respect of his provision of services to the Company. Current value: \$330,000
10/10/2016	4,000,000 fully paid ordinary shares	Dr Francis Wedin, the Company's Technical Director	Nil	N/A	N/A	Issued on the vesting of Performance Rights that were issued to Dr Wedin as a portion of his remuneration in respect of his provision of services to the Company. Current value: \$264,000

Date of issue	Equity Securities issued	Person	Issue price	Total cash consideration	Use of funds	Non-cash consideration and current value
10/10/2016	2,000,000 fully paid ordinary shares	Mr John Fitzgerald, the Company's non-executive Chairman, as trustee for the JD & TJ Family Trust	Nil	N/A	N/A	Issued on the vesting of Performance Rights that were issued to Mr Fitzgerald as a portion of his remuneration in respect of his provision of services to the Company. Current value: \$132,000
10/10/2016	750,000 fully paid ordinary shares	Mr Mathew Whyte, the Company Secretary, and Mrs Sara Whyte as trustees for the M&S Whyte Family Trust	Nil	N/A	N/A	Issued on the vesting of Performance Rights that were issued to Mr Whyte as a portion of his remuneration in respect of his provision of services to the Company. Current value: \$49,500
10/10/2016	500,000 fully paid ordinary shares	Mr Iain Michael Groves	Nil	N/A	N/A	Issued on the vesting of Performance Rights that were issued to Mr Groves as a portion of his remuneration in respect of his provision of services to the Company. Current value: \$33,000
10/10/2016	30,000,000 fully paid ordinary shares	Asgard Metals Pty Ltd and Slipstream Resources Investments Pty Ltd (Vendors) pursuant to the binding heads of agreement between the Company and the Vendors dated 16/12/2015 for the sale and purchase of tenements (Acquisition Agreement)	\$0.03 Discount: 61.04%	Nil	N/A	Issued as consideration for the acquisition of tenements pursuant to the Acquisition Agreement. Current value: \$1,980,000

Notes:

1. The current value of Equity Securities is based on a value of \$0.066 per Share, being the closing price of Shares as at 20 October 2016.
2. The current values of Options and Performance Rights have been calculated using Black-Scholes methodology.

Annexure C

Terms of Performance Rights for Professor Dudley Kingsnorth

1. Professor Dudley Kingsnorth has been offered Performance Rights pursuant to the LTI Plan (**Offer**).
2. The Offer has been made pursuant to the terms and conditions of the Rules of the LTI Plan (**LTI Plan Rules**) and the terms of the Offer must be read in conjunction with the LTI Plan Rules. The Performance Rights will be governed by the LTI Plan Rules and the terms of the Offer.
3. To the extent of any inconsistency between the terms of the Offer and the LTI Plan Rules, the terms of the Offer will prevail.
4. Each Performance Right entitles an Eligible Participant (as defined in the LTI Plan Rules) to acquire one (1) Share, by way of issue of new Shares or transfer of existing Shares. The Performance Rights issued to Professor Dudley Kingsnorth will convert into up to 1 million Shares, in each case subject to satisfaction of the Performance Hurdles and Vesting Conditions described in paragraphs 5 and 6 below) and otherwise in accordance with the LTI Plan Rules.
5. The Performance Rights to be issued to Professor Dudley Kingsnorth are as follows (subject to satisfaction of the applicable Performance Hurdles and Vesting Conditions):

Recipient	Total number of Performance Rights	Tranche	Performance Rights per Tranche	Performance Hurdles
Professor Kingsnorth	1 million	Tranche 1	500,000	Vesting on establishment of a 7.5 million tonne JORC Compliant resource of Li ₂ O of a grade of at least 1% within 2 years of the date of the Meeting.
		Tranche 2	250,000	Vesting on establishment of a 15 million tonne JORC Compliant resource of Li ₂ O of a grade of at least 1% within 3 years of the date of the Meeting.
		Tranche 3	250,000	Vesting on establishment of a 30 million tonne JORC Compliant resource of Li ₂ O of a grade of at least 1% within 4 years of the date of the Meeting.

6. The Vesting Conditions in respect of each tranche of Performance Rights are as follows:
 - (a) Performance Rights in respect of the each Performance Hurdle achieved will vest on 1 January of the year following achievement of the Performance Hurdle.
 - (b) If a Performance Hurdle in respect of a tranche of Performance Rights is not achieved within the time period specified in paragraph 5 above (**Performance Period**), that tranche of Performance Rights will not vest, subject to the terms of the Offer and the LTI Plan Rules.
 - (c) The Company's determination as to whether a Performance Hurdle has been achieved shall be final.

- (d) Satisfaction of the Vesting Conditions is to be determined in relation to each Performance Period and each tranche of Performance Rights, subject to the terms of the Offer and the LTI Plan Rules.
 - (e) The Performance Rights may also vest in the circumstances set out in the LTI Plan Rules.
 - (f) The Vesting Date in respect of a tranche of Performance Rights is the earlier of:
 - (i) the date specified in paragraph 6(a) above;
 - (ii) the date a Change in Control Event (as defined in the LTI Plan Rules) occurs; and
 - (iii) the date the Company makes an announcement to the effect that the Board recommends that Shareholders accept a takeover bid for the Company.
 - (g) If the Vesting Conditions for Performance Rights are satisfied during the period of an Eligible Participant's employment with or directorship of the Company or any Related Body Corporate, those Performance Rights will vest and will not be subject to forfeiture.
 - (h) If a Eligible Participant ceases to be employed by and to be a director of the Company or any Related Body Corporate prior to the vesting of any Performance Rights, those Performance Rights may be automatically forfeited in accordance with the LTI Plan Rules.
 - (i) Any Shares that are acquired on the vesting of Performance Rights in accordance with the Offer will be issued or transferred to the Eligible Participant free of any holding lock or other restriction on dealing, subject to any restriction on trading by reason of the provisions of the Corporations Act applicable to secondary trading in securities.
 - (j) The grant of the Performance Rights is subject to the approval of the LTI Plan by Shareholders at the Meeting
7. All Performance Rights that have not vested within the time period specified in paragraph 5 above with respect to a particular tranche (either 2 years, 3 years or 4 years of the grant date), will automatically lapse and be forfeited.

