

29 October 2020

Dear Shareholder

Carnavale Resources Limited – Notice of Meeting

Carnavale Resources Limited A.C.N 119 450 243 (**Company**) advises that the Annual General Meeting (“Meeting”) of the Company will be held in person at the offices of HLB Mann Judd, at Level 4, 130 Stirling Street, Perth, Western Australia on 27 November 2020 at 3.30pm (Perth time).

In accordance with temporary modifications to the Corporations Act under the Corporations (Coronavirus Economic Response) Determination (No.1) 2020, the Company will not be sending hard copies of the Notice of Meeting and Explanatory Memorandum to Shareholders. Instead, Shareholders can view and download the Notice of Meeting and accompanying Explanatory Memorandum on the Company’s website at www.carnavaleresources.com or from the ASX website at www.asx.com.au.

With regards to the COVID-19 pandemic, the Company will adhere to all social distancing measures prescribed by government authorities at the Meeting, and Shareholders attending the Meeting will need to ensure they comply with the protocols. We are concerned for the safety and health of Shareholders, staff and advisers, so we will put in place certain measures including social distancing requirements.

If Shareholders wish to attend the Meeting in person they will need to contact the Company Secretary, Mr Paul Jurman (email: admin@carnavaleresources.com) in order for the Company to ensure it is able to maintain compliance with COVID-19 related restrictions applicable as at the Meeting date.

As a precaution in relation to COVID-19, each Resolution will be decided by poll, based on proxy votes and by votes from Shareholders in attendance at the Meeting. Shareholders are strongly encouraged to vote by lodging the proxy form attached to this letter, in accordance with the instructions set out on that form, by no later than 3.30pm (Perth time) on 25 November 2020.

In the event that it is necessary or appropriate for the Company to make alternative arrangements for the Meeting, information will be lodged with the ASX at www.asx.com.au (ASX: CAV) and the Company’s website at www.carnavaleresources.com.

The Directors of the Company appreciate your understanding given the surrounding circumstances.

By order of the board



Mr Paul Jurman
Company Secretary



CARNAVALE RESOURCES LIMITED

ACN 119 450 243

NOTICE OF ANNUAL GENERAL MEETING

TIME: 3.30pm (WST)

DATE: 27 November 2020

PLACE: Offices of HLB Mann Judd at Level 4, 130 Stirling Street, Perth, Western Australia

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4pm (WST) on Wednesday 25 November 2020.

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

BUSINESS OF THE MEETING

Notice is given that the Annual General Meeting of Shareholders of Carnavale Resources Limited will be held at 3.30pm (WST) on 27 November 2020 at the offices of HLB Mann Judd at Level 4, 130 Stirling Street, Perth, Western Australia.

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

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

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020.”

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

Voting Prohibition Statement

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR A BECKWITH

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

“That Mr Andrew Beckwith, having retired in accordance with Clause 11.3 of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company.”

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES TO WESTERN RESOURCES PTY LTD

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 ratify the issue of 37,500,000 Shares (**Western Shares**) to Western Resources Pty Ltd, on the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue of the Western Shares or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

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

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – SHARES TO GOLD GEOLOGICAL CONSULTING PTY LTD

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 ratify the issue of 1,500,000 Shares (**GGC Shares**) to Gold Geological Consulting Pty Ltd, on the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue of the GGC Shares or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

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

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES TO DUANE BRIGGS

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 ratify the issue of 1,500,000 Shares (**Briggs Shares**) to Duane Briggs, on the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue of the Briggs Shares or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

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

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES TO WESTERN RESOURCES PTY LTD – ORA BANDA

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 ratify the issue of 10,000,000 Shares (**Western Ora Shares**) to Western Resources Pty Ltd, on the terms and conditions set out in the Explanatory Statement.”*

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue of the Western Ora Shares or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

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

7. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – MANAGEMENT OPTIONS TO MR H HALE

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

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 15,000,000 Management Options to Mr H Hale on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

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

8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE – MANAGEMENT OPTIONS TO MR A KNEESHAW

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

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 15,000,000 Management Options to Mr A Kneeshaw on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

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

9. RESOLUTION 9 – APPROVAL FOR THE ISSUE OF OPTIONS TO MR R GAJEWSKI

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, approval is given for the Company to issue 25,000,000 Options to Mr R Gajewski (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr R Gajewski (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

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

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

10. RESOLUTION 10 – APPROVAL FOR THE ISSUE OF OPTIONS TO MR A BECKWITH

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, approval is given for the Company to issue 25,000,000 Options to Mr A Beckwith (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr A Beckwith (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or

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

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
 - (b) the appointment does not specify the way the proxy is to vote on this Resolution.
- However, the above prohibition does not apply if:
- (a) the proxy is the Chair; and
 - (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

11. RESOLUTION 11 – APPROVAL FOR THE ISSUE OF OPTIONS TO MR R BRANS

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, approval is given for the Company to issue 10,000,000 Options to Mr R Brans (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr R Brans (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

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

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

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

12. RESOLUTION 12 – APPROVAL FOR THE ISSUE OF OPTIONS TO MR P JURMAN

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 7.1 and for all other purposes, approval is given for the Company to issue 10,000,000 Options to Mr P Jurman (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr P Jurman (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

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

13. RESOLUTION 13 – REPLACEMENT OF CONSTITUTION

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

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

14. RESOLUTION 14 – APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

Explanatory Notes

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

How the Chair will vote available proxies- The Chair of the Meeting intends to vote all available proxies in favour of all of the resolutions set out in the Notice. The proxy form expressly authorises the Chair to exercise undirected proxies in favour of remuneration related resolutions (Resolutions 1, 9, 10 and 11).

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

DATED: 15 OCTOBER 2020
BY ORDER OF THE BOARD



PAUL JURMAN
COMPANY SECRETARY

Voting by proxy

Shareholders are strongly urged to appoint the Chair of the Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a Shareholder's vote is to be exercised on each item of business, and the Chair of the Meeting must follow your instructions. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Proxy Form attached to the Notice of Meeting. Proxy votes must be received by 3.30pm (WST) on Wednesday 25 November 2020.

Voting in person

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

Questions

Shareholders may submit questions in advance of the Meeting to the Company Secretary. Questions must be submitted by email to the Company Secretary at admin@carnavalreresources.com. Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business as well as general questions in respect to the Company and its operations.

Enquiries

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

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 3.30pm (WST) on 27 November 2020 at the offices of HLB Mann Judd at Level 4, 130 Stirling Street, Perth, Western Australia.

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the requirements of the Company's Constitution and the Corporations Act, the Company's audited financial statements for the financial year ended 30 June 2020, together with the report of the auditor thereon will be tabled at the Meeting, and shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report.

Representatives from the Company's auditors, HLB Mann Judd, will be present to take shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

The Annual Report is available on the Company's website at www.carnavaleresources.com for you to download or read online. Alternatively, you can obtain a hard copy by contacting the Company.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for a financial year.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

2.2 Voting Consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will

cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR

In accordance with the requirements of the Company's Constitution, ASX Listing Rules and the Corporations Act, one-third of the directors of the Company (other than the Managing Director) and those who were last re-elected more than three years ago retire from office at this annual general meeting of the Company and, being eligible, offer themselves for re-election.

Mr Beckwith retires under this provision and, being eligible, offers himself for re-election.

Details of Mr Beckwith's experience and qualifications are available in the Annual Report and on the Company's website and are summarised briefly below:

Mr Beckwith is a geologist, with a career spanning 30 years across the Australian mining industry. Roles include senior technical and management roles within a range of companies from large gold producers to small explorers through to corporate positions in ASX listed companies including Managing Director at Westgold and more recently as Technical Director at De Grey Mining, where he has been intimately involved with the rapid growth of gold resources from 0.3Moz to the current 2.2Moz, and the recent discovery of the large Hemi deposit

Mr Beckwith was previously employed as Managing Director from his appointment to 30 June 2020 and for this reason, he cannot be considered an independent Director. The Board supports his re-election as a director.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE – SHARES TO WESTERN RESOURCES PTY LTD

4.1 General

In August 2020, the Company signed an exclusive and binding Option Agreement with Western Resources Pty Ltd, a West Australian private company, to acquire 80% of the Kookynie Gold Project – refer to ASX release dated 4 August 2020 for full details of the Option Agreement. Following completion of the due diligence period, the Company paid an option fee of \$100,000 cash and issued 37.5 million ordinary shares (**Western Shares**) to Western Resources Pty Ltd.

4.2 Listing Rule 7.1

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

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

4.3 Listing Rule 7.4

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

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, under Resolution 3, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Western Shares.

4.4 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Western Shares will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Western Shares.

If Resolution 3 is not passed, the Western Shares will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Western Shares.

4.5 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) 37,500,000 fully paid ordinary shares were issued to Western Resources Pty Ltd, who is not a related party of the Company;
- (b) the Western Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (c) The Western Shares were issued on 26 August 2020 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (d) no funds were raised from the issue of the Western Shares, as they were issued as consideration for the right to acquire 80% of the Kookynie Gold Project; and
- (e) a voting exclusion statement is included in the Notice.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE – SHARES TO GOLD GEOLOGICAL CONSULTING PTY LTD

5.1 General

As referred to in Section 4.1 above, the Company signed an exclusive and binding Option Agreement with Western Resources Pty Ltd, a West Australian private company, to acquire 80% of the Kookynie Gold Project in August 2020. As part of this transaction, the Company agreed, subject to completion of legal and technical due diligence, to issue GGC 1.5 million shares (**GGC Shares**) as a fee for facilitating the agreement.

5.2 Listing Rule 7.1 and 7.4

A summary of ASX Listing Rules 7.1 and 7.4 is set out in sections 4.2 and 4.3 above. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the GGC Shares.

5.3 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the GGC Shares will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the GGC Shares.

If Resolution 4 is not passed, the GGC Shares will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the GGC Shares.

5.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) 1,500,000 fully paid ordinary shares were issued to Gold Geological Consulting Pty Ltd, who is not a related party of the Company;
- (b) the GGC Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (c) The GGC Shares were issued on 26 August 2020 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (d) no funds were raised from the issue of the GGC Shares, as they were issued as a fee for facilitating the agreement for the right to acquire 80% of the Kookynie Gold Project; and
- (e) a voting exclusion statement is included in the Notice.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE – SHARES TO DUANE BRIGGS

6.1 General

In September 2020 (refer ASX release dated 14 September 2020), the Company agreed to purchase 100% of tenement P40/1480 at the Kookynie Gold Project for a total consideration of \$10,000 cash and issued 1.5 million ordinary shares (**Briggs Shares**) to Duane Briggs.

6.2 Listing Rule 7.1 and 7.4

A summary of ASX Listing Rules 7.1 and 7.4 is set out in sections 4.2 and 4.3 above. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Briggs Shares.

6.3 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Briggs Shares will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Briggs Shares.

If Resolution 5 is not passed, the Briggs Shares will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Briggs Shares.

6.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) 1,500,000 fully paid ordinary shares were issued to Duane Briggs, who is not a related party of the Company;
- (b) the Briggs Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (c) The Briggs Shares were issued on 21 September 2020 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (d) no funds were raised from the issue of the Briggs Shares, as they were issued as consideration for the acquisition of P40/1480 at the Kookynie Gold Project; and
- (e) a voting exclusion statement is included in the Notice.

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES TO WESTERN RESOURCES PTY LTD – ORA BANDA

7.1 General

In October 2020 (refer ASX release dated 5 October 2020), the Company signed an exclusive and binding Option Agreement with Western Resources Pty Ltd to acquire 80% of the Ora Banda South Project. The Company paid an option fee of \$75,000 cash and issued 10 million ordinary shares (**Western Ora Shares**) to Western Resources Pty Ltd.

7.2 Listing Rule 7.1 and 7.4

A summary of ASX Listing Rules 7.1 and 7.4 is set out in sections 4.2 and 4.3 above. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Briggs Shares.

7.3 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Western Ora Shares will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Western Ora Shares.

If Resolution 6 is not passed, the Western Ora Shares will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Western Ora Shares.

7.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) 10,000,000 fully paid ordinary shares were issued to Western Resources Pty Ltd, who is not a related party of the Company;

- (b) the Western Ora Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.
- (c) The Western Ora Shares were issued on 6 October 2020 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (d) no funds were raised from the issue of the Western Ora Shares, as they were issued as consideration for the right to acquire 80% of the Ora Banda South Project; and
- (e) a voting exclusion statement is included in the Notice.

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE – MANAGEMENT OPTIONS TO MR H HALE

8.1 General

As announced to ASX on 29 July 2020, the Company engaged Mr Humphrey Hale as a consultant to assist in managing its exploration activities. Mr Hale's role is to drive success at Carnavale's projects and review possible future opportunities for the Company.

As compensation for his services, Carnavale agreed to issue Management Options to Mr Hale as follows:

Tranche 1 – 7.5 million options, which vested from the date of issue, are exercisable at \$0.01 and expire on 31 July 2022.

Tranche 2 – 7.5 million options, which vested from the date of issue, are exercisable at \$0.015 and expire on 31 July 2022.

The Management Options were issued pursuant to the Company's existing placement capacity under ASX Listing Rules 7.1.

8.2 Listing Rule 7.1 and 7.4

A summary of ASX Listing Rules 7.1 and 7.4 is set out in sections 4.2 and 4.3 above. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 7 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Management Options to Mr Hale.

8.3 Technical information required by Listing Rule 14.1A

If Resolution 7 is passed, the Management Options issued to Mr Hale will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Management Options to Mr Hale.

If Resolution 7 is not passed, the issue of the Management Options to Mr Hale will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Management Options to Mr Hale.

8.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 7:

- (a) 15,000,000 Management Options were issued to Mr Hale, who is not a related party of the Company;
- (b) the issue price for the Management Options was nil;

- (c) the Management Options have an expiry date of 31 July 2022 and, are subject to the terms and conditions set out in Schedule 1;
- (d) The Management Options were issued on 31 July 2020 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (e) no funds were raised from the issue of the Management Options as they were issued for nil cash consideration to incentivise Mr Hale to manage the exploration activities and to drive success at Carnavale's projects; and
- (f) a voting exclusion statement is included in the Notice.

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE – MANAGEMENT OPTIONS TO MR A KNEESHAW

9.1 General

As announced to ASX on 29 July 2020, the Company has engaged Mr Allan Kneeshaw to provide technical expertise in guiding the path forward for the Grey Dam Nickel Project. The work commenced in October 2019, focussing on the prospectivity for nickel sulphide mineralisation across Carnavale's two nickel projects, Grey Dam and Mt Alexander. Mr Kneeshaw has also provided technical input in relation to the acquisition of the Kookynie Gold Project and the Ora Banda South Project. The purpose of the issue of the Management Options is to provide Mr Kneeshaw an incentive for future services. The issue of options as part of the remuneration for external consultants is an established practice of junior public listed companies and, in the case of the Company, has the benefit of conserving cash whilst properly rewarding the external consultants.

As compensation for his services, Carnavale agreed to issue Management Options to Mr Kneeshaw as follows:

Tranche 1 – 7.5 million options, which vested from the date of issue, are exercisable at \$0.01 and expire on 31 July 2022.

Tranche 2 – 7.5 million options, which vested from the date of issue, are exercisable at \$0.015 and expire on 31 July 2022.

The Management Options were issued pursuant to the Company's existing placement capacity under ASX Listing Rules 7.1.

9.2 Listing Rule 7.1 and 7.4

A summary of ASX Listing Rules 7.1 and 7.4 is set out in sections 4.2 and 4.3 above. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Resolution 8 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Management Options to Mr Kneeshaw.

9.3 Technical information required by Listing Rule 14.1A

If Resolution 8 is passed, the Management Options issued to Mr Kneeshaw will be excluded in calculating the Company's 15% limit under Listing Rule 7.1, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Management Options to Mr Kneeshaw.

If Resolution 8 is not passed, the issue of the Management Options to Mr Kneeshaw will be included in calculating the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Management Options to Mr Kneeshaw.

9.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 8:

- (a) 15,000,000 Management Options were issued to Mr Kneeshaw, who is not a related party of the Company;
- (b) the issue price for the Management Options was nil;
- (c) the Management Options have an expiry date of 31 July 2022 and, are subject to the terms and conditions set out in Schedule 1;
- (d) The Management Options were issued on 31 July 2020 pursuant to the Company's placement capacity under ASX Listing Rule 7.1;
- (e) no funds were raised from the issue of the Management Options as they were issued for nil cash consideration to incentivise Mr Kneeshaw to manage the exploration activities and to drive success at Carnavale's projects; and
- (f) a voting exclusion statement is included in the Notice.

10. RESOLUTIONS 9, 10 AND 11 – ISSUE OF OPTIONS TO DIRECTORS

10.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 60,000,000 Options (**Related Party Options**) to Mr R Gajewski, Mr A Beckwith and Mr R Brans (or their nominees) on the terms and conditions set out below.

Resolutions 9, 10 and 11 seek Shareholder approval for the issue of the Related Party Options to Messrs Gajewski, Beckwith and Brans (or their nominees).

10.2 Chapter 2E of the Corporations Act

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

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

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

The issue of Related Party Options to Messrs Gajewski, Beckwith and Brans (or their nominees) constitutes giving a financial benefit and Messrs Gajewski, Beckwith and Brans are related parties of the Company by virtue of being Directors.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to issue the Related Party Options, reached as part of the remuneration package for Messrs Gajewski, Beckwith and Brans, is considered reasonable remuneration in the circumstances and on terms that would be reasonable in the circumstances if the Company and the Directors were dealing at arm's length.

10.3 Listing Rule 10.11

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

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

unless it obtains the approval of its shareholders.

The issue of Related Party Options falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 9, 10 and 11 seek the required Shareholder approval for the issue of the Related Party Options under and for the purposes of Listing Rule 10.11.

10.4 Technical information required by Listing Rule 14.1A

If Resolutions 9, 10 and 11 are passed, the Company will be able to proceed with the issue of the Related Party Options to Messrs Gajewski, Beckwith and Brans within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Options (because approval is being obtained under Listing Rule 10.11), the issue of the Related Party Options will not use up any of the Company's 15% annual placement capacity.

If Resolutions 9, 10 and 11 are not passed, the Company will not be able to proceed with the issue of the Related Party Options.

10.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 9, 10 and 11:

- (a) the Related Party Options will be issued to Messrs Gajewski, Beckwith and Brans (or their nominees), who fall within the category set out in Listing Rule 10.11.1 as Messrs Gajewski, Beckwith and Brans are related parties of the Company by virtue of being Directors;
- (b) the maximum number of Related Party Options to be issued is 60,000,000, being 25,000,000 Related Party Options to each of Messrs Gajewski and Beckwith and 10,000,000 Options to Mr Brans;
- (c) the terms and conditions of the Related Party Options are set out in Schedule 2;
- (d) the Related Party Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that their issue will occur on the same date;
- (e) the issue price of the Related Party Options will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Options (other than in respect of funds received on any future exercise of the Related Party Options);

- (f) the purpose of the issue of the Related Party Options is to provide a performance linked incentive component in the remuneration package for Messrs Gajewski, Beckwith and Brans to motivate and reward their performance as Directors and to provide cost effective remuneration to Messrs Gajewski, Beckwith and Brans, enabling the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to Messrs Gajewski, Beckwith and Brans;
- (g) the Related Party Options are unquoted Options. The Company has agreed to issue the Related Party Options to the Related Parties subject to Shareholder approval for the following reasons:
- (i) the deferred taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Related Party Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options on the terms proposed as the exercise price of the Related Party Options will be at a 25% premium (rounded up to the nearest 0.1 cent) to the five-day volume weighted average price on the day of issue of the Related Party Options;
- (h) the number of Related Party Options to be issued to each of the Related Parties has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Related Parties; and
 - (iii) incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed;

- (i) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year (excluding the value of the Related Party Options, as set out in Schedule 3) are set out below:

Related Party	Current Financial Year (FY 2021)	Previous Financial Year (FY 2020)
Mr R Gajewski ¹	\$54,500	\$101,902
Mr A Beckwith ²	\$39,000	\$117,652
Mr R Brans ³	\$26,280	\$34,660

Notes:

1. Comprising Director fees of \$36,000, consulting fees of \$24,000 and share-based payments of \$41,902 in the previous financial year and director fees of \$36,000 in the current financial year. Mr Gajewski is entitled to charge consulting fees for services over and above his role as part-time executive Chairman as agreed by the Board and has charged \$18,500 from 1 July 2020 to the date of preparation of this Notice.
 2. Comprising Director fees of \$24,000, consulting fees of \$51,750 and share-based payments of \$41,902 in the previous financial year and director fees of \$24,000 in the current financial year. Mr Beckwith is entitled to charge consulting fees for services over and above his role as technical director as agreed by the Board and has charged \$15,000 from 1 July 2020 to the date of preparation of this Notice.
 3. Comprising Director fees of \$24,000, a superannuation payment of \$2,280 and share-based payments of \$8,380 in the previous financial year and director fees of \$24,000 and superannuation of \$2,280 in the current financial year.
- (j) the value of the Related Party Options and the pricing methodology is set out in Schedule 3;
- (k) the Related Party Options are not being issued under an agreement;
- (l) the relevant interests of the Related Parties in securities of the Company (excluding the Related Party Options) as at the date of this Notice are set out below:

Related Party	Shares ¹	Performance Rights
Mr R Gajewski	120,728,409	15,000,000 ²
Mr A Beckwith	33,361,370	15,000,000 ²
Mr R Brans	5,000,000	3,000,000 ³

Notes:

1. Fully paid ordinary shares in the capital of the Company (ASX: CAV).
2. Comprising:
 - (a) 5,000,000 Performance Rights which vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.03 for a consecutive period of at least 10 trading days and expire on 30 June 2021;
 - (b) 5,000,000 Performance Rights which vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.04 for a consecutive period of at least 10 trading days and expire on 30 June 2021; and
 - (c) 5,000,000 Performance Rights which vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.05 for a consecutive period of at least 10 trading days and expire on 30 June 2021.
3. Comprising:
 - (a) 1,000,000 Performance Rights which vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.03 for a consecutive period of at least 10 trading days and expire on 30 June 2021;
 - (b) 1,000,000 Performance Rights which vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.04 for a consecutive period of at least 10 trading days and expire on 30 June 2021; and

- (c) 1,000,000 Performance Rights which vest and convert into Shares in the event that the Company's Shares trade at a daily volume weighted average price of at least \$0.05 for a consecutive period of at least 10 trading days and expire on 30 June 2021.
- (m) if the Related Parties were to exercise the Related Party Options, a total of 60,000,000 Shares would be issued. This would increase the number of Shares on issue from 2,040,230,303 (being the total number of Shares on issue as at the date of this Notice) to 2,100,230,303 (assuming that no Shares are issued and no convertible securities vest or are exercised) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.94%, comprising 1.225% by Mr Gajewski, 1.225% by Mr Beckwith and 0.49% by Mr Brans.

The market price for Shares during the term of the Related Party Options would normally determine whether the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (n) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.0155	11 September 2020
Lowest	\$0.001	27 March 2020
Last	\$0.013	15 October 2020

- (o) each Director may be considered to have a personal interest in the outcome of Resolutions 9 to 11 on the basis that all of the Directors (or their nominees) are to be issued Related Party Options should Resolutions 9 to 11 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 9 to 11 of this Notice;
- (p) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 9 to 11; and
- (q) a voting exclusion statement is included in Resolutions 9, 10 and 11 of the Notice.

11. RESOLUTIONS 12 – APPROVAL FOR THE ISSUE OF OPTIONS TO MR P JURMAN

11.1 General

The Company has resolved to issue 10,000,000 Options (**Incentive Options**) to Mr P Jurman (or his nominee) in consideration for his services as company secretary of the Company on the terms and conditions set out below.

Resolution 12 seeks Shareholder approval for the issue of the Incentive Options to Mr Jurman (or his nominee).

11.2 Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in section 4.2 above. Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Incentive Options does not fit within any of these exceptions. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

11.3 Technical information required by Listing Rule 14.1A

If Resolution 12 is passed, the Company will be able to proceed with the issue of the Incentive Options to Mr Jurman (or his nominees). In addition, the issue of these Incentive Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 12 is not passed, the issue of the Incentive Options to Mr Jurman (or his nominees) can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

Resolution 12 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of these Incentive Options to Mr Jurman (or his nominees).

11.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 12:

- (a) the Incentive Options will be issued to Mr Paul Jurman, who is not a related party of the Company (or his nominees);
- (b) the maximum number of Incentive Options to be issued is 10,000,000. The terms and conditions of the Incentive Options are set out in Schedule 2;
- (c) the Incentive Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Incentive Options will occur on the same date;
- (d) the issue price of the Incentive Options will be nil. The Company will not receive any other consideration in respect of the issue of the Incentive Options (other than in respect of funds received on exercise of the Incentive Options);
- (e) the Incentive Options are not being issued under an agreement; and
- (f) a voting exclusion statement is included in the Notice.

12. RESOLUTION 13 – REPLACEMENT OF CONSTITUTION

12.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 13 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2006.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- (b) expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.carnavaleresources.com and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9380 9098). Shareholders are invited to contact the Company if they have any queries or concerns.

12.2 Summary of material proposed changes

Restricted Securities (clause 2.12)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12 which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended Listing Rule 8.14 with the effect that the Company may charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being in a manner consistent with the revised ASX Listing Rule 8.14 with respect to the Company's right under the ASX Listing Rules to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Direct Voting (clause 13, specifically clauses 13.35 – 13.40)

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

Closing date for Director nominations (clause 14.3)

On 19 December 2019, ASX amended Listing Rule 3.13.1 to provide that companies must release an announcement setting out the date of its meeting and the closing date for nominations at least 5 business days before the closing date for the receipt of such nominations. The closing date period under clause 14.3 of the Proposed Constitution has been reduced to at least 30 days (previously it was 30 Business Days) to allow the Company to issue the notification just prior to the notice of meeting which will reduce the risk of having to delay Shareholder meetings to comply with the Listing Rule requirement.

Dividends (clause 22)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 36)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 13.

13. RESOLUTION 14 – APPROVAL OF 10% PLACEMENT CAPACITY

13.1 General

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

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Resolution 14 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 14 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 14 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

13.2 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to Resolution 14:

(a) **Period for which the 7.1A Mandate is valid**

The 7.1A Mandate will commence on the date of the Meeting and expire on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that 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 Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 trading days of the date in Section 13.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds raised under the 7.1A Mandate**

The purposes for which funds raised by an issue of Equity Securities under the 7.1A Mandate may be used include the following:

- exploration activities on the Company's mineral interests;
- assessment of any future mineral property opportunities;
- assessment of any other investment opportunities; and
- ongoing future working capital purposes.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 14 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 15 October 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable A in Listing Rule 7.1A.2)		Shares issued – 10% voting dilution	Dilution		
			Issue Price		
			\$0.0065	\$0.013	\$0.026
			50% decrease	Issue Price	100% increase
Funds Raised					
Current	2,040,230,303 Shares	204,023,030 Shares	\$1,326,150	\$2,652,299	\$5,304,599
50% increase	3,060,345,455 Shares	306,034,545 Shares	\$1,989,225	\$3,978,449	7,956,898
100% increase	4,080,460,606 Shares	408,046,061 Shares	\$2,652,299	\$5,304,599	\$10,609,198

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 2,040,230,303 Shares on issue.
2. The issue price set out above is the closing market price of the Shares on the ASX on 15 October 2020.
3. The Company issues the maximum possible number of Equity Securities under the 7.1A Mandate.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1.
5. The issue of Equity Securities under the 7.1A Mandate consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 7.1A mandate, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(e) Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous approval under Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A at its annual general meeting held on 22 November 2019 (**Previous Approval**).

During the 12-month period preceding the date of the Meeting, being on and from 27 November 2019, the Company did not issue any Shares under Listing Rule 7.1A.2.

13.3 Voting Exclusion Statement

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

Cautionary Notes

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

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

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

GLOSSARY

7.1A Mandate has the meaning given in Section 13.1.

\$ means Australian dollars.

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

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

- a) a spouse or child of the member;
- b) a child of the member's spouse;
- c) a dependent of the member or the member's spouse;
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- e) a company the member controls; or
- f) a person prescribed by the *Corporations Regulations 2001 (Cth)* for the purposes of the definition of 'closely related party' in the Corporations Act.

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

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Proposed Constitution means the new constitution which the Company intend to adopt subject to Shareholder approval of Resolution 13.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2020.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a holder of a Share.

Variable A means "A" as set out in the formula in Listing Rule 7.1A.2.

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

SCHEDULE 1 - TERMS AND CONDITIONS OF MANAGEMENT OPTIONS – RESOLUTIONS 7 AND 8

The Management Options entitle the holder to subscribe for Shares on the following terms:

1. Each Management Option entitles the holder to subscribe for and be allotted one Share.
2. The Management Options may be exercisable at any time prior to 5:00pm WST on 31 July 2022 (**Expiry Date**). Management Options not exercised on or before the Expiry Date will automatically lapse.
3. The exercise price of each Management Option will be in two tranches:
 - Tranche 1: The exercise price will be \$0.01
 - Tranche 2: The exercise price will be \$0.015.
4. If an optionholder ceases to provide services to the Company, Options held at that time will lapse unless exercised within sixty days (60) of cessation of service, except where service has ceased as a result of special circumstances such as death or disablement.
5. The Management Options may be exercised wholly or in part by completing an application form for Shares (Notice of Exercise) delivered to the Company's share registry and received by it any time prior to the Expiry Date.
6. The Management Options will not be listed on the ASX.
7. The Management Options are not transferable except to an offeror under a takeover offer or under a scheme of arrangement proposed by the Company, or except with the consent of the Directors of the Company in circumstances where the proposed transfer is to an entity wholly owned and controlled by the optionholder.
8. Upon the exercise of a Management Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares. The Company will apply to ASX to have the Shares granted official quotation on the ASX.
9. There will be no participating entitlement inherent in the Management Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Management Options. Prior to any new pro rata issue of securities to Shareholders, Management Option holders will be notified by the Company in accordance with the requirements of the ASX Listing Rules.
10. There is no right to a change in the exercise price of the Management Options or to the number of Shares over which the Management Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Management Options.
11. In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Management Option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.
12. Shares issued pursuant to the exercise of a Management Option will be issued not more than 14 days after the date of the Notice of Exercise.

SCHEDULE 2 - TERMS AND CONDITIONS OF RELATED PARTY OPTIONS AND INCENTIVE OPTIONS – RESOLUTIONS 9, 10, 11 AND 12

The Options entitle the holder to subscribe for Shares on the following terms:

1. Each Option entitles the holder to subscribe for and be allotted one Share in the Company upon payment of the exercise price. The exercise price shall be a 25% premium (rounded up to the nearest 0.1 cent) to the five-day volume weighted average price on the day of issue of the Options.
2. The Options may be exercisable at any time prior to 5:00pm WST on 30 November 2023 (**Expiry Date**). Options not exercised on or before the Expiry Date will automatically lapse.
3. Shares will be allotted and issued pursuant to the exercise of Options not more than 10 business days after receipt of a properly executed notice of exercise and payment of the requisite application moneys.
4. The Options are not transferable except to an offeror under a takeover offer or under a scheme of arrangement proposed by the Company, or except with the consent of the Directors of the Company in circumstances where the proposed transfer is to an entity wholly owned and controlled by the optionholder.
5. All Shares issued upon exercise of the Options will be fully paid ordinary shares in the capital of the Company.
6. The Company will apply for Official Quotation by the ASX of all Shares issued upon exercise of the Options.
7. There will be no participating entitlement inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, Option holders will be notified by the Company in accordance with the requirements of the ASX Listing Rules.
8. There is no right to a change in the exercise price of the Options or to the number of Shares over which the Options are exercisable in the event of a new issue of capital (other than a bonus issue) during the currency of the Options.
9. In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

SCHEDULE 3 - VALUATION OF RELATED PARTY OPTIONS AND PRICING METHODOLOGY

The Company does not have any ASX quoted options with identical or similar terms and conditions as the proposed Related Party Options and as such there is no comparable market value. Each Related Party Option grants the holder a right to be allotted one Share upon exercise of the Related Party Option and payment of the exercise price of the Related Party Option. Accordingly, the Related Party Options arguably have a value at the date of their grant. The Related Party Options may acquire future value dependent upon the extent to which the market value of Shares exceeds the exercise price of the Related Party Options during the term of the Related Party Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- a) the period outstanding before the expiry date of the options;
- b) the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- c) the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- d) the value of the shares into which the options may be converted; and
- e) whether or not the options are listed (ie readily capable of being liquidated).

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula).

The Company has estimated the value of the Related Party Options using the Black-Scholes Model, which is the most widely used and recognised model for pricing options. The value of an option calculated by the Black-Scholes Model is a function of the relationship between a number of variables, being the share price, the exercise price, the time to expiry, the risk-free interest rate and the volatility of the Company's underlying share price.

Inherent in the application of the Black-Scholes Model are a number of inputs, some of which must be assumed and judgement applied. The data relied upon in applying the Black-Scholes Model in the present case were as follows:

- a) the exercise price for the Related Party Options is a 25% premium to the five day VWAP on the day of issue (rounded up to the nearest 0.1 cent). Based on the VWAP of \$0.014 on 15 October 2020 the exercise price used for the purposes of the Black-Scholes Model is \$0.018;
- b) length of period prior to conversion being 3 years. For the purposes of the analysis it was assumed that the Related Party Options would not be exercised any earlier than the expiration date, being 30 November 2023;
- c) the Company has not forecast any future dividend payments. For the purposes of the analysis, it was assumed that the Company's share price is "ex-dividend";
- d) the risk free rate used for the purposes of the analysis is the Reserve Bank of Australia cash rate as at 15 October 2020 being 0.25%;
- e) a volatility measure of 150%; and
- f) the valuation of the Company's share price being \$0.013, being the value of the Company's share price as at 15 October 2020.

Using the Black-Scholes Model and the assumed data outlined above, the directors have valued the Related Party Options as at 15 October 2020 at \$0.01 each.

Using this analysis (\$0.01 attributed to each Director Option), the total value of the proposed Related Party Options to be granted to each of Messrs Gajewski, Beckwith and Brans is as follows:

	Number of Related Party Options	Total Value of Related Party Options
Mr Gajewski	25,000,000	\$250,000
Mr Beckwith	25,000,000	\$250,000
Mr Brans	10,000,000	\$100,000
TOTAL	<hr/> 60,000,000 <hr/>	<hr/> \$600,000 <hr/>

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Your proxy voting instruction must be received by **3.30pm (WST) on Wednesday, 25 November 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item 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 items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

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

Joint holding: Where the holding is in more than one name, either Shareholder may sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

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GPO Box 5193
Sydney NSW 2001

IN PERSON:

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Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

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