



# VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

## NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

**Date of Meeting**

28 November 2018

**Time of Meeting**

10.00am (AWST)

**Place of Meeting**

Ground Floor, Conference Room, BGC Centre, 28 The Esplanade, Perth WA 6000

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

# VENUS METALS CORPORATION LIMITED

## ABN 99 123 250 582

### NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Venus Metals Corporation Limited ABN 99 123 250 582 will be held at Ground Floor, Conference Room, BGC Centre, 28 The Esplanade, Perth WA 6000 on 28 November 2018 at 10:00am (AWST) for the purpose of transacting the following business referred to in this Notice of General Meeting.

## AGENDA

### Financial Reports

To receive and consider the financial report of the Company for the year ended 30 June 2018, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

#### 1 Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding resolution**:

*"That the Remuneration Report for the year ended 30 June 2018 as set out in the 2018 Annual Report be adopted."*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- (b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 1, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

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

#### 2 Resolution 2 – Re-election of Mr Selvakumar Arunachalam as a Director

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

*"That, Mr Selvakumar Arunachalam, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."*

### 3 Resolution 3 – Election of Mr Alan Birchmore as a Director

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

*“That, Mr Alan Birchmore, who ceases to hold office in accordance with clause 13.5 of the Company’s Constitution and, being eligible, offers himself for election, be elected a Director of the Company.”*

### 4 Resolution 4 – Election of Barry Fehlberg as a Director

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

*“That, Mr Barry Fehlberg, who ceases to hold office in accordance with clause 13.5 of the Company’s Constitution and, being eligible, offers himself for election, be elected a Director of the Company.”*

### 5 Resolution 5 – Grant of Director Options to Timothy Hogan, Matthew Hogan and Paul Hogan as trustees for the Hogan Employee Super Fund (the Trustees)

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

*“That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 750,000 Director Options at an issue price of \$0.0001 per Director Option, with each Director Option having an exercise price of \$0.25 and an expiry date of 30 November 2021, to Timothy Hogan, Matthew Hogan and Paul Hogan as trustees for the Hogan Employee Super Fund<sup>1</sup> (Mr Matthew Hogan’s nominee) (**the Trustees**), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum).”*

Note 1: Mr Matthew Hogan (a Director of the Company) is one the trustees for the Hogan Employee Super Fund

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) the Trustees; or
- (b) an Associate of the Trustees.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 5 (in any capacity) by or on behalf a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 5 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party.

\* Note: In relation to the immediately preceding paragraph, the word “associate” has the meaning given to that term in the Corporations Act.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5 or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 5, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

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

**Please note: If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on Resolution 5.**

## 6 Resolution 6 – Grant of Director Options to Mr Barry Fehlberg (or his nominee(s))

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

*"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 750,000 Director Options at an issue price of \$0.0001 per Director Option, with each Director Option having an exercise price of \$0.25 and an expiry date of 30 November 2021, to Mr Barry Fehlberg (or his nominee(s)), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 6 by or on behalf of:

- (a) Mr Barry Fehlberg (or his nominee(s)); or
- (b) an Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 6 (in any capacity) by or on behalf a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 6 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party.

\* Note: In relation to the immediately preceding paragraph, the word "associate" has the meaning given to that term in the Corporations Act.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 6 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 6 or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 6. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 6, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 6 or to abstain from voting.

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

**Please note: If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on Resolution 6.**

## 7 Resolution 7 – Grant of Director Options to Mr Alan Birchmore (or his nominee(s))

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

*"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 500,000 Director Options at an issue price of \$0.0001 per Director Option, with each Director Option having an exercise price of \$0.25 and an expiry date of 30 November 2021, to Mr Alan Birchmore (or his nominee(s)), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 7 by or on behalf of:

- (a) Mr Alan Birchmore (or his nominee(s)); or
- (b) an Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 7 (in any capacity) by or on behalf a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 7 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party.

\* Note: In relation to the immediately preceding paragraph, the word "associate" has the meaning given to that term in the Corporations Act.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 7 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 7 or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 7. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 7, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 7 or to abstain from voting.

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

**Please note: If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on Resolution 7.**

## 8 Resolution 8 – Grant of Director Options to Mr Selvakumar Arunachalam (or his nominee(s))

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

*"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 500,000 Director Options at an issue price of \$0.0001 per Director Option, with each Director Option having an exercise price of \$0.25 and an expiry date of 30 November 2021, to Mr Selvakumar Arunachalam (or his nominee(s)), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 8 by or on behalf of:

- (a) Mr Selvakumar Arunachalam (or his nominee(s)); or
- (b) an Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 8 (in any capacity) by or on behalf a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 8 and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate\* of such a related party.

\* Note: In relation to the immediately preceding paragraph, the word "associate" has the meaning given to that term in the Corporations Act.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 8 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 8 or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 8. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 8, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 8 or to abstain from voting.

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

**Please note: If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on Resolution 8.**

## 9 Resolution 9 – Approval of Additional 10% Placement Capacity

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

*"That, for the purpose of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 9 by or on behalf of:

- (a) a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities); or
- (b) an Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 10 Resolution 10 – Issue of Shares to Bazco Pty Ltd for Repayment of Loan

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

*"That, for the purposes of Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 2,000,000 Shares at a deemed issue price of \$0.20 per Share to Bazco Pty Ltd on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast in favour of Resolution 10 by or on behalf of:

- (a) Bazco Pty Ltd; or
- (b) an Associate of Bazco Pty Ltd.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 11 Resolution 11 – Employee Equity Incentive Plan

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

*"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9, sections 259B(2) and 260C(4) of the Corporations Act and for all other purposes, Shareholders approve any issue of securities under the Employee Equity Incentive Plan for employees and executive Directors known as "Venus Metals Corporation Limited – Employee Equity Incentive Plan", a summary of the rules of which are set out in the Explanatory Memorandum, as an exception to Listing Rule 7.1."*

**Voting exclusion statement:**

The Company will disregard any votes cast in favour of Resolution 11 by or on behalf of:

- (a) a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company); or
- (b) an Associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 11 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 11 or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 11. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 11, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 11 or to abstain from voting.

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

**Please note: If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on Resolution 11.**

**OTHER BUSINESS**

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**To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.**

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Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

**By order of the Board**

A handwritten signature in black ink that reads "Patrick Tan". The signature is written in a cursive, flowing style.

**Patrick Tan**  
Company Secretary

Dated: 23 October 2018



## How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, email or by facsimile.

## Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the power of attorney, or the properly executed original power of attorney, under which an attorney has been authorised to attend and vote at the meeting, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below. If facsimile or email transmission is used the power of attorney must be certified.

## Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

## Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint a proxy. A Shareholder who is entitled to cast two or more votes at the Meeting may appoint two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, 5, 6, 7,8 and 11 in accordance with a direction on how the proxy is to vote or, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. However, in exceptional circumstances, the Chair of the Meeting may change [his/her] voting intention, in which case an ASX announcement will be made. These rules are explained in this Notice.
- To be effective, proxies must be received by 10:00am (AWST time) on 26 November 2018. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - by returning a completed Proxy Form in person or by post to:  
Security Transfer Australia Pty Ltd  
PO Box 52  
Collins Street West VIC 8007
  - by faxing a completed Proxy Form to  
+61 8 9315 2233
  - or
  - by emailing a completed Proxy Form to  
registrar@securitytransfer.com.au.

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10:00am (AWST time) on 26 November 2018. If facsimile transmission is used, the power of attorney must be certified.

## Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5.00pm (AWST time) on 26 November 2018.

# VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

## EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

### FINANCIAL REPORTS

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2018, together with the Directors' declaration and report in relation to that financial year and the Auditor's Report on the financial report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2018 Annual Report be adopted. The Remuneration Report is set out in the Company's 2018 Annual Report and is also available on the Company's website ([www.venusmetals.com.au](http://www.venusmetals.com.au)).

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The remuneration report for the financial year ended 30 June 2017 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 29 November 2017. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

### Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

## **RESOLUTION 2 – RE-ELECTION OF MR SELVAKUMAR ARUNACHALAM AS A DIRECTOR**

Pursuant to Clause 13.2 of the Company's Constitution, Mr Selvakumar Arunachalam, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Selvakumar Arunachalam was first appointed as Executive Director/General Manager on 15 July 2011.

The Directors (excluding Mr Selvakumar Arunachalam) do not consider Mr Selvakumar Arunachalam to be an independent Director given Mr Selvakumar Arunachalam's current executive position with the Company.

A brief profile of Mr Selvakumar Arunachalam is set out below:

**Mr Selvakumar Arunachalam** MAusIMM M.Sc (Geology), M.Tech (Hydrogeology), PG Dip in Geothermal Tech (NZ), Dip in Science (GIS) (NZ)

Mr Selvakumar Arunachalam has over 30 years' experience in geology in India, New Zealand and Australia. Mr Arunachalam until February 2010 was also an employee of United Minerals Corporation NL.

Mr Arunachalam does not currently hold any other material directorships.

The Directors (with Mr Selvakumar Arunachalam abstaining) unanimously support the election of Mr Selvakumar Arunachalam and recommend that Shareholders vote in favour of Resolution 2.

## **RESOLUTION 3 – ELECTION OF MR ALAN BIRCHMORE AS A DIRECTOR**

Resolution 3 seeks approval for the election of Mr Alan Birchmore as a Director with effect from the end of the Meeting.

Clause 13.5 of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy, or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for election, but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Alan Birchmore retires from office in accordance with the requirements of clause 13.5 of the Constitution and submits himself for election in accordance with clause 13.5 of the Constitution.

Mr Alan Birchmore was first appointed as Non-Executive Chairman on 21 May 2018.

The Directors (excluding Mr Alan Birchmore) consider Mr Alan Birchmore to be an independent Director.

A brief profile of Mr Alan Birchmore is set out below:

**Mr Alan Birchmore** AO AAIL, FAICD

Alan Birchmore has had extensive management experience in Australia, the UK, Europe, South America and the United States. His activities have included gold, diamonds, iron and supply base/marine support to the offshore oil and gas industry.

As CEO of NYSE listed Bond International Gold Inc, he was responsible for a worldwide workforce of 3,300 employees, including the initial construction and start-up of the Super Pit at Kalgoorlie. Once commissioned, he negotiated the joint venturing of that operation with America's Homestake Gold. Through Northern Mining, he was a founding member through to development of what is now Argyle Diamonds.

Mr Birchmore was founding Chairman of St Barbara Mines (Gold) at its ASX listing and also led the listing of Mermaid Marine Australia Ltd as its Chairman. More recently he chaired United Minerals Corporation NL (UMC) culminating in a scheme of arrangement with BHP Billiton to merge UMC's proposed iron ore mine, with the adjoining BHP Billiton Area C iron ore production hub.

Mr Birchmore was appointed by the WA Government to Chair the Albany Port Authority and later Fremantle Ports.

Mr Birchmore does not currently hold any other material directorships.

The Directors (with Mr Alan Birchmore abstaining) unanimously support the election of Mr Alan Birchmore and recommend that Shareholders vote in favour of Resolution 3.

## **RESOLUTION 4 – ELECTION OF MR BARRY FEHLBERG AS A DIRECTOR**

Resolution 4 seeks approval for the election of Mr Barry Fehlberg as a Director with effect from the end of the Meeting.

Clause 13.5 of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy, or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for election, but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Barry Fehlberg retires from office in accordance with the requirements of clause 13.5 of the Constitution and submits himself for election in accordance with clause 13.5 of the Constitution.

Mr Barry Fehlberg was first appointed as Executive Director on 8 May 2018.

The Directors (excluding Mr Barry Fehlberg) do not consider Mr Barry Fehlberg to be an independent Director given Mr Barry Fehlberg's current executive position with the Company.

A brief profile of Mr Barry Fehlberg is set out below:

### **Barry Fehlberg** BSc (Hons), MAusIMM

Mr Fehlberg has 50 years of successful experience in exploration for gold, base metals, diamonds and iron ore.

Mr Fehlberg has been director of exploration for various ASX listed Companies since 1978, and during his career he has made numerous discoveries in all these commodities.

In 1980 he led the drilling team for Spargos Exploration N.L. that discovered the depth extensions of the Bellevue Gold mine which was successfully brought into production.

In more recent times, Mr Fehlberg led the exploration team as Technical Director that discovered the Railway Iron Ore deposit for United Minerals Corporation NL. This Company was taken over by BHP Billiton in 2010 in a \$204 million transaction.

Mr Barry Fehlberg is an Honours Geology graduate of the University of Adelaide (1968).

Mr Fehlberg does not currently hold any other material directorships other than as set out in this Notice in relation to Resolution 10.

The Directors (with Mr Barry Fehlberg abstaining) unanimously support the election of Mr Barry Fehlberg and recommend that Shareholders vote in favour of Resolution 4.

## **RESOLUTIONS 5, 6, 7 AND 8 – GRANT OF DIRECTOR OPTIONS**

### **Related Party Transactions Generally**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Directors is a related party of the Company.

Resolutions 5, 6, 7 and 8 relate to the proposed grant of Director Options to the Directors or their nominees, which is a financial benefit that requires Shareholder approval for the purposes of section 208 of the Corporations Act.

### **Information Requirements – Chapter 2E of the Corporations Act**

For the purposes of Chapter 2E of the Corporations Act, the following information is provided.

#### ***The related parties to whom the proposed Resolutions would permit the financial benefit to be given and the nature of the financial benefit***

Subject to Shareholder approval, the Director Options will be issued as set out in the table below.

The proposed financial benefit to be given is the grant of Director Options at an issue price of \$0.0001 per Director Option to the Directors or their nominees.

The table below also sets out the amounts that will need to be paid to the Company by the Directors or their nominees if the Director Options are exercised.

Director/nominee	Number of Director Options	Amount to be paid (A\$) on exercise of the Director Options
Timothy Hogan, Matthew Hogan and Paul Hogan as trustees for the Hogan Employee Super Fund (Mr Matthew Hogan's nominee) (the Trustees)	750,000 (375,000 Director Options will vest in 12 months from the date of issue and 375,000 Director Options will vest in 24 months from the date of issue)	187,500
Mr Barry Fehlberg, or his nominee(s)	750,000 (375,000 Director Options will vest in 12 months from the date of issue and 375,000 Director Options will vest in 24 months from the date of issue)	187,500
Mr Alan Birchmore, or his nominee(s)	500,000 (250,000 Director Options will vest in 12 months from the date of issue and 250,000 Director Options will vest in 24 months from the date of issue)	125,000
Mr Selvakumar Arunachalam, or his nominee(s)	500,000 (250,000 Director Options will vest in 12 months from the date of issue and 250,000 Director Options will vest in 24 months from the date of issue)	125,000
<b>Total</b>	<b>2,500,000</b>	<b>625,000</b>

***The details of the financial benefit including reasons for giving the type and quantity of the benefit***

The terms of the Director Options are set out in Annexure A to this Explanatory Memorandum.

The grant of Director Options to the Trustees (Mr Matthew Hogan's nominee), Mr Barry Fehlberg and Mr Selvakumar Arunachalam, encourages Messrs Hogan, Fehlberg and Arunachalam, all Executive Directors, to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by in the future growth and prosperity of the Company through Share ownership. Under the Company's current circumstances, the Directors consider that the incentives represented by the grant of these Director Options is a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

Shareholders should note, it is proposed to grant Director Options to Mr Alan Birchmore the Company's Non-Executive Chairman, notwithstanding the guidelines contained in Box 8.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (3<sup>rd</sup> Edition) (**Principles**) which states that non-executive directors generally should not receive options with performance hurdles attached or performance rights as part of their remuneration as this may lead to bias in their decision-making and compromise their objectivity. The Board considers the grant of Director Options to Mr Alan Birchmore reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, while maintaining the Company's cash reserves.

The number of Director Options to be granted pursuant to Resolutions 5, 6, 7 and 8 has been determined based upon a consideration of:

- (a) the remuneration of the Directors;
- (b) the extensive experience and reputation of the Directors within the business community and exploration industry;
- (c) the Directors' wish to ensure that the remuneration offered is competitive with market standards or/and practice. The Directors have considered the proposed number of Options to be granted and will ensure that the Directors' overall remuneration is in line with market practice;
- (d) attracting and retaining suitably qualified non-executive directors; and

- (e) incentives to attract and ensure continuity of service of Directors 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 Options upon the terms proposed.

**Directors Current Holdings**

Set out below are details of each of the Directors' relevant interest in Shares and Options of the Company as at the date of this Notice:

Director	Number of Shares	Number of Options
Matthew Hogan	805,000	1,500,000 Unlisted Options (each with an exercise price of \$0.25 and an expiry date of 30 November 2019) 60,000 Listed Options (each with an exercise price of \$0.20 and an expiry date of 30 November 2019)
Barry Fehlberg	2,530,000	2,232,536 Listed Options (each with an exercise price of \$0.20 and an expiry date of 30 November 2019)
Alan Birchmore	1,550,000	541,667 Listed Options (each with an exercise price of \$0.20 and an expiry date of 30 November 2019)
Selvakumar Arunachalam	175,000	1,000,000 Unlisted Options (each with an exercise price of \$0.25 and an expiry date of 30 November 2019)
<b>Total</b>	5,060,000	2,500,000 Unlisted Options (each with an exercise price of \$0.25 and an expiry date of 30 November 2019) 2,834,203 Listed Options (each with an exercise price of \$0.20 and an expiry date of 30 November 2019)

**Dilution effect of grant of Director Options on existing members' interests**

If passed, Resolutions 5, 6, 7 and 8 will give the Directors power to grant a total of 2,500,000 Director Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company currently has 87,181,359 listed Shares, 57,037,722 listed Options and the following unlisted Options on issue:

Number	Exercise Price	Expiry Date
3,000,000	\$0.25	30 November 2019
2,400,000	\$0.30	30 November 2019

If all Director Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, the effect would be to dilute the shareholding of existing Shareholders by 1.63%. The market price of the Company's Shares during the period of the Director Options will normally determine whether or not the Directors exercise the Director Options. At the time any Director Options are exercised and Shares are issued pursuant to the exercise of the Director Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Director Options.

### **Directors' total remuneration package**

The Directors' fees per annum (including superannuation) and the total financial benefit to be received by them in this current period, as a result of the grant of the Director Options the subject of Resolutions 5, 6, 7 and 8, are as follows:

<b>Director</b>	<b>Fees p.a. (A\$)</b>	<b>Value of Director Options(A\$)</b>	<b>Total Financial Benefit (A\$)</b>
Matthew Hogan	\$175,000 (plus superannuation)	\$92,775	\$284,400
Barry Fehlberg	\$105,000 (plus superannuation)	\$92,775	\$207,750
Alan Birchmore	\$Nil	\$61,850	\$61,850
Selvakumar Arunachalam	\$175,000 (plus superannuation)	\$61,850	\$253,475

The indicative option valuation of A\$0.1237 is a theoretical valuation of each Option using the Black and Scholes Model as set out further below.

### **Valuation of Director Options**

The Company's advisers have valued the Director Options to be granted to the Directors using the Black – Scholes Model. The value of an Option calculated by the Black – Scholes Model is a function of a number of variables. The valuation of the Director Options has been prepared using the following assumptions:

<b>Variable</b>	<b>Input</b>
Share price	\$0.2150
Exercise price	\$0.25
Risk Free Interest Rate	2.11%
Volatility	93.52%
Time (years to expiry)	3.15

The Company's advisers have calculated the value of each Director Option based on the following assumptions:

- they have based the underlying value of each Share in the Company on the ASX closing price of A\$0.2150 on 10 October 2018;
- risk free rate of return – 2.11% (estimated, based on 3 year bond rate); and
- they used a volatility of the Share price of 93.52% as determined from the daily movements in Share price over the last 12 months, adjusted for abnormal trading.

Any change in the variables applied in the Black – Scholes calculation between the date of the valuation and the date the Director Options are granted would have an impact on their value.

Based on the assumptions, it is considered that the estimated average value of the Director Options to be granted to the Directors is A\$0.1237 per Director Options.

### **Company's historical Share price**

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 10 October 2018:

<b>Highest Price (A\$)/Date</b>	<b>Lowest Price (A\$)/Date</b>	<b>Latest Price (A\$)/Date</b>
\$0.230 / 5 September 2018	\$0.092 / 5 February 2018	\$0.215

### **Other Information**

Under the Australian Equivalent of the International Financial Reporting Standards (IFRS), the Company is required to expense the value of the Director Options in its statement of financial performance for the current financial year.

Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Director Options pursuant to Resolutions 5, 6, 7 and 8].

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 5, 6, 7 and 8.

#### ***Directors' recommendation***

All the Directors were available to make a recommendation.

Mr Matthew Hogan declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to Timothy Hogan, Matthew Hogan and Paul Hogan as trustees for the Hogan Employee Super Fund. Mr Barry Fehlberg, Mr Alan Birchmore and Mr Selvakumar Arunachalam also decline to make a recommendation about Resolution 5. ASIC Regulatory Guide 76: Related Party Transactions notes at paragraph 76.103 that it is good practice for directors to avoid making a recommendation for resolutions about each other's remuneration as there may be a conflict of interest. Whilst Mr Barry Fehlberg, Mr Alan Birchmore and Mr Selvakumar Arunachalam do not have a material personal interest in the outcome of Resolution 5, given it is proposed that they also be issued with Options under Resolutions 6, 7 and 8 respectively, they have declined to make a recommendation about Resolution 5 in line with the ASIC guidance.

Mr Barry Fehlberg declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him individually (or his nominee(s)). Mr Matthew Hogan, Mr Alan Birchmore and Mr Selvakumar Arunachalam also decline to make a recommendation about Resolution 6. Whilst Mr Matthew Hogan, Mr Alan Birchmore and Mr Selvakumar Arunachalam do not have a material personal interest in the outcome of Resolution 6, given it is proposed that they also be issued with Options under Resolutions 5, 7 and 8 respectively, they have declined to make a recommendation about Resolution 6 in line with the ASIC guidance outlined above.

Mr Alan Birchmore declines to make a recommendation about Resolution 7 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him individually (or his nominee(s)). Mr Matthew Hogan, Mr Barry Fehlberg and Mr Selvakumar Arunachalam also decline to make a recommendation about Resolution 7. Whilst Mr Matthew Hogan, Mr Barry Fehlberg and Mr Selvakumar Arunachalam do not have a material personal interest in the outcome of Resolution 7, given it is proposed that they also be issued with Options under Resolutions 5, 6 and 8 respectively, they have declined to make a recommendation about Resolution 7 in line with the ASIC guidance outlined above.

Mr Selvakumar Arunachalam declines to make a recommendation about Resolution 8 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Options to him individually (or his nominee(s)). Mr Matthew Hogan, Mr Barry Fehlberg and Mr Alan Birchmore also decline to make a recommendation about Resolution 8. Whilst Mr Matthew Hogan, Mr Barry Fehlberg and Mr Alan Birchmore do not have a material personal interest in the outcome of Resolution 8, given it is proposed that they also be issued with Options under Resolutions 5, 6 and 7 respectively, they have declined to make a recommendation about Resolution 8 in line with the ASIC guidance outlined above.

#### ***Information Requirements - Listing Rules 10.11 and 10.13***

Listing Rule 10.11 requires Shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Director Options to the Directors.

The following information in relation to the Director Options to be granted pursuant to Resolutions 5, 6, 7 and 8 is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Director Options will be issued to Timothy Hogan, Matthew Hogan and Paul Hogan as trustees for the Hogan Employee Super Fund, Mr Barry Fehlberg (or his nominee(s)), Mr Alan Birchmore (or his nominee(s)) and Mr Selvakumar Arunachalam (or his nominee(s)) as noted above;
- (b) the maximum number of Director Options to be issued is 2,500,000;
- (c) the Director Options will be issued on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (d) the Director Options will be issued at a price of \$0.0001 per Director Option;
- (e) the funds raised by the issue of the Director Options will be used for general working capital purposes; and
- (f) the terms and conditions of the Director Options are set out in Annexure A to this Explanatory Memorandum.

If approval is given for the grant of the Director Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.



## **Voting**

Note that a voting exclusion applies to Resolutions 5, 6, 7 and 8 in the terms set out in the Notice.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on these Resolutions.

## **RESOLUTION 9 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

### **Background**

Listing Rule 7.1A enables an eligible entity to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million or less; and
- (b) the entity that is not included in the S&P ASX 300 Index.

The Company has a market capitalisation of \$17,000,365 as at 23 October 2018 and is an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

Resolution 9 seeks Shareholders' approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards the Company's exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.

### **Listing Rule 7.1A**

The effect of Resolution 9 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has Shares, listed Options and unlisted Options on issue.

Based on the number of Shares on issue at the date of this Notice, the Company will have 87,181,359 Shares on issue and therefore, subject to Shareholder approval being obtained under Resolution 9, 8,718,135 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities. That formula is:

### **(A x D) – E**

- A is the number of Shares on issue 12 months before the date of issue or agreement:
- (a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
  - (b) plus the number of partly paid Shares that became fully paid in the 12 months;
  - (c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
  - (d) less the number of fully paid Shares cancelled in the 12 months.

Note that 'A' has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

- D is 10%
- E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue, that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0975 Issue Price at half the current market price	\$0.195 Issue Price at current market price	\$0.39 Issue Price at double the current market price
<b>Current Variable 'A'</b> 87,181,359 Shares	<b>Shares issued</b>	8,718,135	8,718,135	8,718,135
	<b>Funds raised</b>	\$850,018	\$1,700,036	\$3,400,073
	<b>Dilution</b>	10%	10%	10%
<b>50% increase in current Variable 'A'</b> 130,772,038 Shares	<b>Shares issued</b>	13,077,203	13,077,203	13,077,203
	<b>Funds raised</b>	\$1,275,027	\$2,550,055	\$5,100,109
	<b>Dilution</b>	10%	10%	10%
<b>100% increase in current variable 'A'</b> 174,362,718 Shares	<b>Shares issued</b>	17,436,271	17,436,271	17,436,271
	<b>Funds raised</b>	\$1,700,036	\$3,400,073	\$6,800,146
	<b>Dilution</b>	10%	10%	10%

**Note:** This table assumes:

- No Options are exercised before the date of the issue of the Equity Securities.
- The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised into Shares for the purposes of calculating the voting dilution effect on existing Shareholders.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- 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, with approval under Listing Rule 7.1 or ratified under Listing Rule 7.4.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Resolution 9 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

#### Specific information required by Listing Rule 7.3A

The following information in relation to the Shares proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days on which trades in the class were recorded immediately before:
  - the date on which the price at which the Equity Securities are to be issued is agreed; or
  - if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
  - the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - the Equity Securities may be issued:

- (A) at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities; or
  - (B) as consideration (or part thereof) for the acquisition of a new asset, both of which may have an effect on the amount of funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity.
- (c) The table above on page 9 shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable 'A' is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable 'A' is at its current level, and where variable 'A' has increased by 50% and by 100%;
  - (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 23 October 2018, being \$0.195 (current market price), where the issue price is halved, and where it is doubled; and
  - (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.
- (d) Approval of the Additional 10% Placement Capacity will be valid during the period (**Additional Placement Period**) from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
  - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (e) The Company may seek to issue the Equity Securities for the following purposes:
- (i) If Equity Securities are issued for cash consideration, the Company intends to use the funds for: advancing all exploration projects held by the Company at that time, general working capital requirements and the costs of the issue; and
  - (ii) If Equity Securities are issued for non-cash consideration, the Company intends to use the funds for assets, investments or in consideration of services provided to the Company. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.3 and 3.10.5A upon issue of any Equity Securities.

- (f) The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities and the Company's allocation policy, which involves consideration of matters including, but not limited to:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
  - (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The persons to whom Shares will be issued under the Additional 10% Placement Capacity have not been determined as at the date of this Notice, but will not include related parties (or their Associates) of the Company.

- (g) The Company previously obtained Shareholder approval under Listing Rule 7.1A on 29 November 2017. In the 12 months preceding the date of the Meeting, the Company has issued 10,416,666 Equity Securities which represents 15% of the total number of Equity Securities on issue at the commencement of that 12 month period. Set out in Annexure B is information in relation to each issue of Equity Securities in the 12 months preceding the date of the Meeting.

- (h) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined who the Company will issue Equity Securities to under the Additional 10% Placement Capacity, other than noting that the persons to whom Shares will be issued will be determined on a case by case basis having regard to the factors outlined in paragraph (f) above. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, therefore no existing security holders' votes would be excluded under the voting exclusion statement included in this Notice.

## **RESOLUTION 10 – ISSUE OF SHARES TO BAZCO PTY LTD FOR REPAYMENT OF LOAN**

### ***Background***

As announced on 4 September 2018, the Company entered into a convertible loan agreement with Bazco Pty Ltd (**Bazco**), an entity controlled by Mr Barry Fehlberg, a Director, pursuant to which Bazco advanced A\$400,000 (**Principal**) to the Company (**Convertible Loan**).

The Convertible Loan was negotiated on arm's length terms, and the Company was not required to provide any security for the Convertible Loan. The Convertible Loan accrues interest at a rate of 8% per annum. The Convertible Loan is repayable on the date that is 12 months following the date of advancement of funds (**Repayment Date**).

On or at any time prior to the Repayment Date, the Company may elect to: (a) repay the Principal in cash; or (b) subject to Shareholders approving the conversion under the ASX Listing Rules, issue up to 2,000,000 Shares at a deemed issue price of \$0.20 per Share in satisfaction of the Principal. Any interest accrued on the Principal will be repaid in cash.

If Shareholder approval is obtained prior to the Repayment Date, and provided the Convertible Loan has not already been repaid or converted, Mr Fehlberg may elect to convert the Convertible Loan into up to 1,000,000 Shares at a deemed issue price of \$0.20 per Share, with the balance of the Convertible Loan and any interest accrued to be repaid in cash or converted at the election of the Company.

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

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, Bazco is a related party of the Company as it is controlled by Mr Barry Fehlberg, a Director.

One of the nominated exceptions to the provision provides member approval is not needed to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a).

As noted above, the Convertible Loan was negotiated on arm's length terms, and the Company was not required to provide any security for the Convertible Loan.

### ***The impact of passing Resolution 10 on Mr Barry Fehlberg's voting power in the Company,***

The table below assumes Bazco is issued the maximum number of Shares under Resolution 10 (being 2,000,000 Shares), and assumes the issue of 750,000 Director Options as referred to above at Resolution 6.

Director	Number of Shares	Number of Options	Percentage voting power in the Company on an undiluted basis (Total issued share capital of the Company is 89,181,359 <sup>3</sup> )	Percentage voting power in the Company on a fully diluted basis (Total issued share capital of the Company is 153,619,081 <sup>4</sup> )
Mr Barry Fehlberg, or nominee(s)	4,530,000 <sup>1</sup>	2,232,536 Listed Options (each with an exercise price of \$0.20 and an expiry date of 30 November 2019)  750,000 Director Options (each with an exercise price of \$0.25 and an expiry date of 30 November 2021) <sup>2</sup>	5.08%	4.89%

Notes:

1. This includes 2,000,000 Shares, being the maximum number Shares the subject of Resolution 10.
2. The issue of these Director Options are subject to the approval of Resolution 4.
3. Comprising 87,181,359 Shares on issue as at the date of this Notice and 2,000,000 Shares, being the maximum number Shares the subject of Resolution 10.
4. Comprising 87,181,359 Shares on issue as at the date of this Notice, 2,000,000 Shares, being the maximum number Shares the subject of Resolution 10, 57,037,722 Shares issued upon exercise of 57,037,722 listed Options on issue as at the date of this Notice, 5,400,000 Shares issued upon exercise of 5,400,000 unlisted Options on issue as at the date of this Notice and 2,000,000 Shares issued upon exercise of 2,000,000 Director Options the subject of Resolution 5 to 8 (inclusive).

Resolution 10 seeks Shareholder approval for the purposes of Listing Rule 10.11 and for all other purposes to issue up to 2,000,000 Shares in satisfaction of the Principal.

The following further information is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Shares will be issued to Bazco;
- (b) the maximum number of Shares to be issued is 2,000,000;
- (c) the Shares will be issued on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (d) Bazco is an entity controlled by Mr Barry Fehlberg, an Executive Director of the Company and, as such, is a related party of the Company;
- (e) the Shares will be issued at a deemed issue price of \$0.20 per Share and the Shares issued will rank equally in all respects with the Company's existing Shares on issue; and
- (f) No funds will be raised from the issue. The Shares will be issued in satisfaction of the Principal.

If approval is given for the grant of the Shares under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

## RESOLUTION 11 – EMPLOYEE EQUITY INCENTIVE PLAN

### Background

The Directors considered that it was desirable to establish an incentive plan under which employees and executive Directors may be offered the opportunity to subscribe for Shares, Options and Performance Rights (**Awards**) to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly adopted the Venus Metals Corporation Limited – Employee Equity Incentive Plan (**Plan**) on 11 October 2018. The Plan is designed to provide incentives to the employees of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances, the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can

assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by encouraging continued improvement in performance over time and by encouraging personnel to acquire and retain significant shareholdings in the Company.

### **Summary of the Plan**

The key features of the Plan are as follows:

- (a) The Board will determine:
  - (i) the number of Awards (Shares, Options or Performance Rights) to be granted to Eligible Employees (or their permitted nominees); and
  - (ii) the terms of the Awards including any vesting conditions, expiry date and the exercise price of the securities,in its sole discretion.
- (b) The Awards must not be dealt with unless they have vested, with the prior written approval of the Board and provided that the transfer complies with the Corporations Act.
- (c) The Board will have discretion to permit "cashless exercise" of Options and/or Performance Rights. If permitted by the Board, in lieu of paying the aggregate exercise price to purchase Shares, Eligible Employees (or their permitted nominees) may elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options or Performance Rights to the Company, a number of Shares determined in accordance with a specified formula (set out in Annexure C).
- (d) The Board will have discretion to provide a non-recourse loan to fund the exercise of Options and/or Performance Rights as applicable and take security over the resultant Shares.
- (e) Subject to the Corporations Act and the Listing Rules, the Board will have the power to amend the Plan as it sees fit.
- (f) The Board may determine, in its sole and absolute discretion, how unvested Awards will be treated in circumstances where there is a change of control event.

A detailed overview of the terms of the Plan is attached in Annexure C.

### **Listing Rule approval**

Shareholder approval is required if any issue of securities pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without Shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the following information is provided to Shareholders:

- (a) a detailed summary of the Plan is set out in Annexure C and a full copy of the proposed Plan is available on the Company's website at [www.venusmetals.com.au](http://www.venusmetals.com.au);
- (b) this is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan. A total of 2,475,000 Options have been issued pursuant to the Company's previous share option plan; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 11.

### **Corporations Act approvals**

Pursuant to section 260A of the Corporations Act, a company may financially assist persons to acquire shares in itself only if:

- (a) giving the assistance does not materially prejudice:
  - (i) the interests of the company or its shareholders; or
  - (ii) the company's ability to pay its creditors;
- (b) the assistance is approved by the company's shareholders in accordance with section 260B of the Corporations Act; or
- (c) the assistance is exempt under section 260C.

Under section 260C(4) of the Corporations Act, the granting of financial assistance does not require shareholder approval if the assistance is made under an employee share scheme that has been approved by shareholders.

Section 259B of the Corporations Act prevents a company from taking security over its shares unless the security is obtained pursuant to an employee share scheme that has been approved by shareholders.

#### *Effect of the Plan*

If Resolution 11 is passed, the Company will be able to grant loans to Eligible Employees, or their permitted nominees, as the case may be, and to obtain security over Shares acquired using the loan in accordance with the Plan without the need for further Shareholder approval to be obtained when each loan is granted. If loans are granted to a salaried Director, Shareholder approval may also be required under section 208 (related party approval) of the Corporations Act.

The Directors do not consider the provision of the loans under the Plan will materially affect the Company's ability to pay its creditors as it does not involve any actual payments of cash, nor does it involve the Company disposing of any assets.

The Directors do not consider that the giving of the financial assistance will be likely to materially prejudice the interests of the Company or its Shareholders or the Company's ability to pay its creditors.

The maximum value of loans that may be provided to related parties of the Company, and other persons specified in Listing Rule 10.1, under this Resolution may not be equal to or greater than 5% of the Equity Interests of the Company as set out in the latest accounts provided to ASX from time to time. As disclosed in the financial report for the year ended 30 June 2018, the value of the Equity Interest in the Company is approximately \$2,416,024, with 5% of that figure being \$10,801.

As the loan funds are used for payment of the exercise price payable on exercise of the Options, the funds will be immediately returned to the Company in the form of subscription money (i.e., the exercise price). The granting of the loans will therefore have no effect on the Company's cashflow (other than in respect of any costs associated with the granting of the loans which are not expected to be material).

The financial assistance will assist employees (including salaried Directors) to participate in the Plan by exercising Options and/or Performance Rights that they hold.

The success of the Company and its Shareholders depends greatly on the people employed by the Company. To maintain and improve performance, the Company has an ongoing need to motivate, incentivise and retain an experienced and dedicated management team and key employees and to recognise the significant past contributions of key employees.

The provision of the financial assistance when used as part of the Plan provides additional means to achieve this goal and will continue to:

- provide an incentive to employees to work to improve the performance of the Company;
- attract and retain valued employees essential for the continued growth and development of the Company;
- establish a sense of ownership in the Company for the employees;
- promote and foster loyalty and support amongst employees for the benefit of both the employees and the Company;
- enhance the relationship between the Company and its employees for the long term mutual benefit of all parties; and
- enable the Company to attract high calibre individuals, who can bring expertise to the Company.

The Directors consider that the limited recourse nature of the loan will provide a strong incentive to employees, or their permitted nominees as the case may be, to exercise their Options and/or Performance Rights and enable the Company to achieve the goals stated above as it removes the risk of the employee, or permitted nominee as the case may be, suffering any loss if Shares acquired under the Plan are subsequently sold for a value less than their exercise price and any interest on the loan. The Directors consider that the benefits that will be achieved by offering a limited recourse loan exceed the potential detriment to the Company of the loan and any interest on the loan not being fully repaid in the event of a loss on the sale of the Shares.

## GLOSSARY

**\$** means Australian dollars.

**Accounting Standards** has the meaning given to that term in the Corporations Act.

**Additional 10% Placement Capacity** has the meaning set out on page 8.

**Additional Placement Period** has the meaning set out on page 10.

**Annual Report** means the annual report of the Company for the year ended 30 June 2018.

**Associate** has the meaning given to that term in the Listing Rules.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Auditor** means the Company's auditor from time to time (if any).

**Auditor's Report** means the report of the Auditor contained in the Annual Report for the year ended 30 June 2018.

**Awards** has the meaning set out on page 12.

**AWST** means western standard time as recognised in Perth, Western Australia.

**Bazco** has the meaning set out on page 11.

**Board** means the Directors.

**Chair or Chairman** means the individual appointed under clause 12.4 of the Constitution.

**Child Entity** has the meaning given to that term in the Listing Rules.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Venus Metals Corporation Limited ABN 99 123 250 582.

**Constitution** means the Company's constitution, as amended from time to time.

**Convertible Loan** has the meaning set out on page 11.

**Corporations Act** means *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**Director Option** means an option to acquire a Share the terms of which are set on in Annexure A.

**Eligible Employee** has the meaning set out on page 1 of Annexure C..

**Equity Securities** has the meaning given to that term in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Key Management Personnel** has the meaning given to that term in the Accounting Standards.

**Listing Rules** means the ASX Listing Rules.

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

**Notice** means this Notice of Annual General Meeting.

**Notice of Meeting** means this Notice of Annual General Meeting.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Participant** has the meaning set out on page 1 of Annexure C.

**Plan** has the meaning set out on page 12.

**Principal** has the meaning set out on page 11.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Annual Report for the year ended 30 June 2018.

**Repayment Date** has the meaning set out on page 11.

**Resolution** means a resolution contained in the Notice.

**Restricted Voter** means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

**Shareholder** means a member of the Company from time to time.

**Shares** means fully paid ordinary shares in the capital of the Company.

**Spill Meeting** has the meaning set out on page 1.

**Spill Resolution** has the meaning set out on page 1.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.



## ANNEXURE A

### TERMS AND CONDITIONS OF DIRECTOR OPTIONS TO BE ISSUED TO DIRECTORS OR THEIR NOMINEE

- (a) The Options have an issue price of \$0.0001 each.
- (b) Each Option entitles the holder to subscribe for one ordinary share in the Company upon the payment of \$0.25.
- (c) The Options will lapse at 5.00pm, Western Standard Time on 30 November 2021 (**Expiry Date**).
- (d) 50% of the Options granted to the Optionholder will vest and become exercisable on the date that is 12 months from the date of issue of the Options and 50% of the Options granted to the Optionholder will vest and become exercisable on the date that is 24 months from the date of issue of the Options. However, if in the opinion of the Board a Change of Control has occurred, or is likely to occur all unvested Options which have not expired immediately vest. For the purposes of this clause (c), a Change of Control means:
- in the case of a takeover bid (as defined in section 9 of the Corporations Act), an offer or a person who previously had voting power of less than 50% in the Company obtains voting power of more than 50%;
  - a Court approves under Section 411(4)(b) of the Corporations Act, a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
  - any person becomes bound or entitled to acquire shares in the Company under: (a) section 414 of the Corporations Act (compulsory acquisition following a scheme or contract); (b) Chapter 6A of the Corporations Act (compulsory acquisition of securities); or (c) a selective capital reduction is approved by shareholders of the Company pursuant to section 256C(2) of the Corporations Act which results in a person who previously had voting power of less than 50% in the Company obtaining voting power of more than 50%; or
  - in any other case, a person obtains voting power in the Company which the Board (which for the avoidance of doubt will comprise those directors holding office immediately prior to the person acquiring that voting power) determines, acting in good faith and in accordance with their fiduciary duties, is sufficient to control the composition of the Board.
- (e) The Options are not transferable.
- (f) The Options will not be quoted on ASX.
- (g) There are no rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
- (h) Optionholders have the right to exercise their vested Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 6 business days before books closing date to exercise the vested Options.
- (i) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (j) Vested Options shall be exercisable at any time before the Expiry Date (**Exercise Period**) by the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the Optionholder to exercise all or a specified number of Options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Optionholder to the balance of the Options held by the Optionholder.
- (k) The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
- (l) The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- (m) There is no right to change the exercise price of Options nor the number of underlying fully paid ordinary shares over which the Options can be exercised, if the Company completes any bonus or pro rata issue.

**ANNEXURE B**  
**Equity Securities Issued by the Company during the 12 months preceding the Annual General Meeting**

Box	Date	Type of Equity Securities	Number issued	Summary of Terms	Allottees	Issue Price and discount to market price on date of issue (if any)	Consideration
1	12 July 2018	Shares	1,600,000	Fully paid ordinary shares	Alan Birchmore, Matthew Hogan and Barry Fehlberg (Directors)	\$0.12 per Share (25% discount to market price)	The Shares were issued to Directors following Shareholder approval for the Directors to participate in the placement of Shares announced 3 April 2018 ( <b>Placement</b> ). A total of \$192,000 was raised from the issue of Shares to Directors under the Placement. Additional details in relation to the use of funds raised under the Placement is set out in box 3 below.
2	22 June 2018	Shares	3,333,333	Fully paid ordinary shares	Shareholders who participated in the share purchase plan	\$0.12 per Share (8% discount to market price)	Amount raised: \$400,000 Amount spent: \$200,000 Amount remaining: \$200,000 Use of funds: Exploration, due diligence and working capital. Proposed use of remaining funds: Exploration and working capital
3	24 May 2018	Shares	3,400,000	Fully paid ordinary shares	Sophisticated and professional investors	\$0.12 per Share (8% discount to market price)	Amount raised: \$600,000 (note this includes the \$192,000 raised by the issue of Shares to Directors who participated in the Placement as set out in box 1 above). Amount spent: \$600,000 Amount remaining: \$Nil Use of funds: Exploration, due diligence and working capital. Proposed use of remaining funds: N/A
4	6 April 2018	Shares	2,083,333	Fully paid ordinary shares	Sophisticated and professional investors	\$0.12 per Share (8% discount to market price)	Amount raised: \$250,000 Amount spent: \$250,000 Amount remaining: \$Nil Use of funds: Exploration, due diligence and working capital. Proposed use of remaining funds: N/A

**ANNEXURE C –  
SUMMARY OF THE EMPLOYEE EQUITY INCENTIVE PLAN**

**1 Awards**

Under the Plan, Participants (as defined below) will be granted incentive awards (**Awards**) which may comprise:

- (a) shares, issued at a price (if any) determined by the Board in their sole and absolute discretion, subject to any vesting conditions (**Shares**); and/or
- (b) options, issued at a price (if any) determined by the Board in their sole and absolute discretion, each to subscribe for one Share on payment of an exercise price (if any) determined by the Board in their sole and absolute discretion, and subject to any vesting conditions (**Options**); and/or
- (c) performance rights, issued at a price (if any) determined by the Board in their sole and absolute discretion, each being a conditional right to subscribe for one Share on payment of an exercise price (if any) determined by the Board in their sole and absolute discretion, and subject to the satisfaction of any vesting conditions (**Performance Rights**).

**2 Eligibility**

At the discretion of the Board, a person who is a full time or part time employee or executive director of the Company is permitted to participate in the Plan.

People eligible to participate in the Plan are called "**Eligible Employees**". The Board may permit an Award the subject of an offer to be issued to another party nominated by an Eligible Employee (for example, the Eligible Employee's (a) immediate family member; (b) a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993) where the Eligible Employee is a director of the trustee; or (c) a company whose members are no-one other than the Eligible Employee or their immediate family members) (**Nominated Party**).

A "**Participant**" is an Eligible Employee or Nominated Party to whom an Award has been granted.

**3 Payment for Awards**

Awards can be issued at a price (if any) determined by the Board in their sole and absolute discretion.

**4 Limits on number of Awards granted**

Under the Plan rules, where an offer is made under the Plan in reliance on ASIC Class Order 14/1000 (or any amendment or replacement of it) the Board must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or, in respect of Options or Performance Rights, the total number of Shares which would be issued if those Options or Performance Rights were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under the Plan or any other employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

This limit is in accordance with the current ASIC Class Order which provides disclosure, licensing, advertising and hawking relief for employee incentive schemes, and which the Company may seek to rely on in connection with making offers under the Plan.

**5 Entitlements of Participants**

- (a) Notice of meeting

Unless otherwise resolved by the Board when it makes an offer, and subject to the terms of issue, a Participant is entitled to notice of a meeting of the Shareholders of the Company and may exercise (whether in person or by proxy) any voting rights attaching to any Shares registered in the Participant's name which were the subject of the offer.

- (b) Dividends

The Board may determine, at the time of an offer of Shares, whether the Participant is entitled to receive any dividends declared or paid by the Company on unvested Shares (including whether any such dividends are to be held in escrow until the Shares are fully vested).

Participants who hold Options or Performance Rights are not entitled to receive any dividends declared by the Company. No adjustment will be made to the number of Performance Rights or Options granted to a Participant under the Plan if dividends or other distributions are paid on the Shares prior to their vesting or exercise.

- (c) Changes in capital

Unless otherwise resolved by the Board when it makes an offer, a Participant who holds Shares has the same entitlement as any other Shareholder to participate in a bonus issue or rights offer, provided that if the Shares are unvested and/or have any restrictions on sale imposed on them, any Shares issued to a Participant under the

bonus issue or rights offer will be subject to the Plan as if those shares were Shares issued under the offer made to the Participant.

Options or Performance Rights do not confer on the Participant the right to participate in new issues of Shares by the Company.

In the event of a capital reconstruction, subject to any provision in the Listing Rules, the Board may adjust any or all of the number of Shares, Options or Performance Rights issued pursuant to the offer to a Participant as the Board deems appropriate. If there is a reorganisation of capital, the rights of a Participant will be changed to the extent necessary to comply with the Listing Rules.

If the Company makes a pro rata issue (except a bonus issue) of Shares to Shareholders the exercise price of Options and Performance Rights will be reduced in accordance with the Listing Rules.

If the Company makes a bonus issue of Shares to Shareholders the number of underlying Shares over which the Option or Performance Right is exercisable will be increased by the number of Shares that would have been received if the relevant Option or Performance Right had been exercised before the record date for the bonus issue. No adjustment will be made to the exercise price.

If a resolution for a voluntary winding up is proposed, the Board may give notice to Participants providing a period to exercise Options or Performance Rights, subject to the relevant vesting conditions.

## **6 Dealing, vesting and exercise**

### **(a) Dealing**

Participants must not dispose of, grant (or purport to grant) any security interest in or over, or otherwise deal with (or purport to dispose or deal with) an Award unless:

- (i) it is in compliance with the terms of the Share offer and any Share vesting conditions;
- (ii) in respect of Options and Performance Rights, the prior consent of the Board is obtained (which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion) or such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

While the Shares are subject to any restrictions, the Board may do such things it considers necessary and appropriate to enforce the restrictions, including but not limited to imposing a holding lock on the Shares during the relevant restriction period.

### **(b) Vesting**

Awards only vest if the applicable vesting conditions are satisfied, waived by the Board or are deemed to have been satisfied under the Plan. The vesting conditions are determined prior to the granting of such Awards by the Company.

### **(c) Exercise**

Vested Options and Performance Rights can only be exercised during the exercise period specified in the invitation to participate in the Plan.

The exercise price per Share in respect of an Option or Performance Right granted pursuant to the Plan will be determined by the Board. Upon exercise, one Share in the Company will be issued to the Participant for each exercised Option or converted Performance Right.

Options and Performance Rights will expire on the date that is two years after the date of issue, or such other period determined by the Board or the Plan.

## **7 Cashless Exercise**

In lieu of paying the aggregate exercise price to purchase Shares, the Board may, in its sole and absolute discretion, permit a Participant to elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Options or Performance Rights to the Company, a number of Shares determined in accordance with the following formula (a **Cashless Exercise**):

$$A = \frac{B(C - D)}{C}$$

where:

- A = the number of Shares (rounded down to the nearest whole number) to be issued to the Participant under the Cashless Exercise;
- B = the number of Shares otherwise issuable upon the exercise of the Option or Performance Right (as applicable) or portion of the Option or Performance Right (as applicable) being exercised;

C = the market value (being the volume weighted average closing sale price of a Share sold on ASX on the last 5 trading days on which sales were recorded immediately before the relevant date) (**Market Value**) of one Share determined as of the date of delivery to the Company Secretary of the items required to exercise the Options or Performance Rights; and

D = the exercise price.

**For example only:** If a Participant holds 50 Options capable of exercise, each with an exercise price of \$1.00 and they elect to exercise all of their Options by paying the exercise price, they would pay \$50 and receive 50 Shares. However, if the Participant elects their rights under the Cashless Exercise, and the Market Value of one Share prior to exercise is \$1.50, the Participant will pay no cash and receive 16 Shares (being  $50(\$1.50 - \$1.00)/\$1.50 = 16.67$ , rounded down to 16 Shares).

## **8 Loan and security**

The Company or any of its subsidiaries may agree to assist a Participant to fund the exercise price to purchase Shares in such manner as the Board may determine, and the Company (or its subsidiary) may take security over the purchased Shares in connection with such assistance. Any such loan will be subject to:

- (i) the loan being a limited recourse loan;
- (ii) unless otherwise agreed by the Board in its sole discretion, be made solely to the Participant and in the name of the Participant;
- (iii) the Participant complying with the requirements relating to the loan set out in an offer document, or any other relevant documentation issued by the Company in respect of the offer, including entering into a loan agreement evidencing the loan with the Company; and
- (iv) the Company or its subsidiary complying with the requirements of the Corporations Act in relation to financial assistance.

## **9 Lapse of Awards**

if an Eligible Employee who is a Participant or has nominated a Nominated Party to receive Awards ceases to be an employee for any reason:

- (a) unvested Shares will be forfeited;
- (b) unvested Options and Performance Rights will lapse;
- (c) vested Options and Performance Rights that have not been exercised will lapse on the date of cessation of employment or office,

unless the Board determines different treatment is warranted (subject to compliance with the Listing Rules and the Corporations Act).

## **10 Forfeiture of Shares**

Unvested Shares will be forfeited on the earlier of:

- (a) the Board determining any applicable vesting condition has not been, or is not capable of being, satisfied, reached or met;
- (b) the Shares being forfeited under the Plan provisions dealing with cessation of employment, change of control, breach, fraud or misconduct; or
- (c) unless the Board determines otherwise, the Participant purporting to deal with the Shares in breach of the vesting conditions and the Plan or enter into an arrangement to affect their economic exposure to unvested Shares where restricted by applicable law.

The Company must:

- (a) sell forfeited Shares in the ordinary course of trading on ASX;
- (b) buy back and cancel the forfeited Shares; or
- (c) deal with the forfeited Shares in any other manner determined by the Board from time to time.

No consideration or compensation is payable to a Participant for or in relation to the forfeiture of Shares under the Plan.

## **11 Breach, fraud or misconduct**

If the Board determines that a Participant has:

- (a) been dismissed or removed where a Group Company was entitled to do so without notice;
- (b) been indicted for an offence under the Corporations Act;

- (c) had civil judgement entered against them;
- (d) committed fraud, defalcation or gross misconduct; or
- (e) materially breaches their duties or obligations,

in connection with a Group Company, or has done an act which brings a Group Company into disrepute, the Board may determine that:

- (a) unvested Shares will be forfeited;
- (b) unvested Options and Performance Rights will lapse.

## **12 Change of control events**

On the occurrence of a change of control event (as defined in the Plan, which includes an unconditional takeover offer, a court approved scheme of arrangement, a merger resulting in the current Shareholders being entitled to 50% or less of the shares of the merged entity, a Group Company agreeing to sell a majority of its business or assets or a determination of the Board that control of the Company has or is likely to change), the Board may in its sole and absolute discretion determine how unvested Awards will be treated, including but not limited to:

- (a) determining that all or a portion of unvested Awards will vest; and/or
- (b) reducing or waiving vesting conditions.

## **13 Amendments to terms of exercise or the Plan**

The Board may vary the terms of exercise of Options or Performance Rights, and may reduce or waive vesting conditions. However, no variation to the terms of exercise of an Option or Performance Right will be made without the consent of the Participant if it would have a material prejudicial effect on them, unless introduced primarily to comply with the law, to correct manifest error or to enable regulatory compliance.

The Board may amend the terms of the Plan, provided that rights or entitlements granted before the amendment shall not be reduced or adversely affected without the prior written approval of the affected Participant.

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# VENUS METALS CORPORATION LIMITED

ACN: 123 250 582

REGISTERED OFFICE:  
MEZZANINE LEVEL  
BGC CENTRE  
28 THE ESPLANADE  
PERTH WA 6000  
SHARE REGISTRY:  
Security Transfer Australia Pty Ltd  
All Correspondence to:  
PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

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«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

Code:

Holder Number:

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson **OR**

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am WST on Wednesday 28 November 2018 at Ground Floor, Conference Room, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000 and at any adjournment of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 1, 5, 6, 7,8 and 11 (except where I/we have indicated a different voting intention) even though Resolutions 1, 5, 6, 7,8 and 11 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair of the Meeting.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*	RESOLUTION	For	Against	Abstain*
1. Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Grant of Director Options to Mr Alan Birchmore (or his nominee(s))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr Selvakumar Arunachalam as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Grant of Director Options to Mr Selvakumar Arunachalam (or his nominee(s))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Mr Alan Birchmore as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Election of Barry Fehlberg as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Issue of Shares to Bazco Pty Ltd for Repayment of Loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Grant of Director Options to Timothy Hogan, Matthew Hogan and Paul Hogan as trustees for the Hogan Employee Super Fund (the Trustees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Employee Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Grant of Director Options to Mr Barry Fehlberg (or his nominee(s))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder <input type="text"/> Sole Director & Sole Company Secretary	Security Holder 2 <input type="text"/> Director	Security Holder 3 <input type="text"/> Director/Company Secretary
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Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am WST on Monday 26 November 2018.



My/Our contact details in case of enquiries are:

Name:

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Number:

( 

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

 )

**1. NAME AND ADDRESS**

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

**2. APPOINTMENT OF A PROXY**

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

**3. DIRECTING YOUR PROXY HOW TO VOTE**

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

**4. APPOINTMENT OF A SECOND PROXY**

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

**5. SIGNING INSTRUCTIONS**

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

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

**6. LODGEMENT OF PROXY**

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

**Security Transfer Australia Pty Ltd**

**Postal Address** PO BOX 52  
Collins Street West VIC 8007

**Street Address** Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000

**Telephone** 1300 992 916

**Facsimile** +61 8 9315 2233

**Email** registrar@securitytransfer.com.au

**PRIVACY STATEMENT**

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

