



VENUS METALS CORPORATION LIMITED

ABN 99 123 250 582

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

29 March 2019

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 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 GENERAL MEETING

Notice is given that the 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 29 March 2019 at 10:00am (AWST) for the purpose of transacting the following business referred to in this Notice of General Meeting.

AGENDA

1 Resolution 1 – Ratification of issue of Shares to sophisticated and professional investors

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,333,332 Shares (at an issue price of A\$0.15 each) on 22 January 2019 to sophisticated and professional investors 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 1 by or on behalf of:

- (a) a person who participated in the issue the subject of Resolution 1; 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.

2 Resolution 2 – Potential Issue of Shares to Vendors

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

"That, for the purpose of Listing Rule 7.1 and all other purposes, Shareholders approve the issue of up to 20,000,000 Shares at an issue price of not less than \$0.15 and not more than \$0.20 per Share 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 2 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 in 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.

OTHER BUSINESS

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

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, appearing to read "Patrick Tan", written in a cursive style.

Patrick Tan
Company Secretary

Dated: 25 February 2019

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.
- 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.
- To be effective, proxies must be received by 10:00am (AWST time) on 27 March 2019. 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
registrars@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 27 March 2019. 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 4.00pm (AWST time) on 27 March 2019.

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 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.

RESOLUTION 1 – RATIFICATION OF ISSUES OF SHARES TO PROFESSIONAL AND SOPHISTICATED INVESTORS

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further Shares up to 15% of the issued capital of the Company without requiring Shareholder approval.

Resolution 1 seeks ratification under Listing Rule 7.4 of the issue of 3,333,332 Shares on 22 January 2019 in order to restore the ability of the Company to issue further Shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 3,333,332 Shares were issued;
- (b) the Shares were issued at an issue price of A\$0.15 each;
- (c) the Shares issued were fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (d) the Shares were issued to professional and sophisticated investors, all of whom are unrelated parties of the Company; and
- (e) funds raised from the issue are being used for exploration at the DeGrussa North Copper Project, Bell Chambers Gold Project and general working capital purposes.

RESOLUTION 2 – POTENTIAL ISSUE OF SHARES TO VENDORS

On 28 May 2018, the Company announced that it had entered into an option agreement to purchase all of the issued shares in Oz Youanmi Gold Pty Ltd (**OYZ**) from its shareholders (**the Vendors**) (**Option Agreement**). OYZ is a special purpose vehicle that owns mining leases (**OYZ Tenements**) which are surrounded by tenements owned by the Company and on which the Company is exploring for gold. Other assets of OYZ are the infrastructure representing the Youanmi Gold Mine and workers' village, plant and equipment, and related mining information.

The option may be exercised on or before 30 June 2019.

As announced on 31 December 2018, the Company completed its due diligence and evaluation of the Youanmi Gold Mine and was assessing several different strategies / proposals for the potential settlement of the transaction by 30 June 2019.

The Company previously obtained approval to issue Shares to the Vendors in July 2018. That approval expired on 31 December 2018. As a result the Company is seeking fresh Shareholder

approval to issue the Shares to the Vendors, should the Company elect to exercise the option. As consideration for exercise of the option, the Company must pay \$5,000,000 to the Vendors by way of cash or by way of cash and Shares. If the Company chooses to pay by way of cash and Shares, the Company will pay approximately \$1,800,000 in cash (being \$2,000,000 less: (i) an option fee of \$100,000; and (ii) any amounts paid by the Company in relation to the reimbursement of rent paid in respect of the OYZ Tenements up to an aggregate amount of \$100,000) and \$3,000,000 in Shares.

The Company emphasises that no final decision has yet been reached that the option will be exercised. The Company further emphasises that no final decision has yet been reached that, even if the option were exercised, the Company will issue Shares as consideration. Accordingly, Resolution 2 seeks Shareholder approval in the event that:

- (a) on or before 30 June 2019, the Company chooses to exercise the option; and
- (b) the Company decides to pay the Vendors by way of cash and Shares as described above and does not decide to pay the Vendors by way of cash only.

Resolution 2 seeks Shareholder approval for the purpose of Listing Rule 7.1 and for all other purposes for the issue of up to \$3,000,000 in Shares, being from 15,000,000 Shares up to a maximum of 20,000,000 Shares, at an issue price of not less than \$0.15 per Share and not more than \$0.20 per Share. If the volume weighted average market price of the closing sale price of the Company's Shares on the ASX on the ten days on which sales of the Shares are recorded immediately preceding the date of issue is between \$0.15 and \$0.20, then the Shares will be issued at that price.

The table below summaries the effect of the issue of Shares under the Option Agreement (on an undiluted basis) on the capital structure of the Company in 3 scenarios:

Shares	Scenario 1	Scenario 2	Scenario 3
Shares currently on issue	90,514,691	90,514,691	90,514,691
Shares to be issued under the Option Agreement	20,000,000 at an issue price of \$0.15 per Share	17,142,857 at an issue price of \$0.175 per Share	15,000,000 at an issue price of \$0.20 per Share
Dilution	18.10%	15.92%	14.22%
Total Shares upon completion	110,514,691	107,657,548	105,514,691

Shareholders should note that:

- (a) the Company has not yet decided whether to exercise the option under the Option Agreement;
- (b) the Company has not yet decided whether, if it were to exercise the option under the Option Agreement, it will issue Shares as consideration for exercising the option, or whether consideration will be by way of cash only;
- (c) any changes to the capital structure of the Company pursuant to the Option Agreement will only occur if the Company chooses to issue Shares as consideration for exercising the option;
- (d) the effect of the issue of Shares on the capital structure of the Company summarised above does not take into account any Shares issued to raise funds for the cash component of the consideration for exercising the option, should the Company choose to exercise the option;
- (e) if Shares are to be issued under this Shareholder approval, they will be issued on a date no

later than three months after the date of the Meeting; and

- (f) in the event that the Shares issued would give the Vendors a combined voting power of 20% or more, the Company will not issue the Shares without complying with the requirements of Chapter 6 of the Corporations Act.

There will be no changes to the number of Options on issue.

As noted above, Listing Rule 7.1 requires Shareholder approval for the proposed issue of securities in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

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

- (a) the maximum number of Shares that can be issued is 20,000,000;
- (b) the Company will issue the Shares no later than three months after the date of the Meeting;
- (c) the \$3,000,000 in Shares will be issued at a price not less than \$0.15 per Share and not more than \$0.20 per Share, and if the volume weighted average market price of the closing sale price of Shares on the ASX, calculated over the last ten days on which sales are recorded immediately preceding the date of issue is between \$0.15 and \$0.20, then the Shares will be issued at that price;
- (d) the Shares will be issued to the Vendors;
- (e) the Shares will be fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (f) no funds will be raised by the issue; and
- (g) the Shares will be issued on one date.

GLOSSARY

\$ means Australian dollars.

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.

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

Board means the Directors.

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

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

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

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

Directors means the directors of the Company.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Listing Rules means the ASX Listing Rules.

Meeting means the General Meeting convened by the Notice.

Notice means this Notice of General Meeting.

Notice of Meeting means this Notice of General Meeting.

Option means an option to acquire a Share.

Option Agreement has the meaning given to it on page 1 of the Explanatory Memorandum.

OYZ means Oz Youanmi Gold Pty Ltd.

OYZ Tenements has the meaning given to it on page 3 of the Explanatory Memorandum.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution contained in the Notice.

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

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

Vendors means the shareholders of OYZ, being Genqiang Liu, Guoqiang Liu, Genlin Liu and Chenghua He.

«EFT_REFERENCE_NUMBER»

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VENUS METALS CORPORATION LIMITED

ACN: 123 250 582

«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

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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Code:

VMC

Holder Number:

«HOLDER_NUM

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:

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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 General Meeting of the Company to be held at 10:00am WST on Friday 29 March 2019 at Ground Floor, Conference Room, BGC Centre, 28 The Esplanade, Perth WA 6000 and at any adjournment of that 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.

RESOLUTION

1. Ratification of issue of Shares to sophisticated and professional investors
2. Potential Issue of Shares to Vendors

For Against Abstain*☐☐☐☐☐☐

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

Sole Director & Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:00am WST on Wednesday 27 March 2019.

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Name:

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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.

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.

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.

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.

- 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.

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.

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.

Email registrar@securitytransfer.com.au

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.