



# Arc Exploration Limited

ACN 002 678 640

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

**Date of Meeting**

29 May 2019

**Time of Meeting**

11:00am (AWST)

**Place of Meeting**

Level 2, 18 Kings Park Road, West Perth WA 6005 **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.

# ARC EXPLORATION LIMITED

## ACN 002 678 640

### NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Arc Exploration Limited ACN 002 678 640 will be held at Level 2, 18 Kings Park Road, West Perth WA 6005 on 29 May 2019 at 11:00am (AWST) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

#### AGENDA

##### Financial Reports

To receive and consider the financial report of the Company for the year ended 31 December 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 31 December 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.

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

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

##### 2 Resolution 2 – Re-election of Simon Taylor as a Director

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

*"That, Simon Taylor, who retires in accordance with clause 13.5(a) of the Constitution and, being eligible for re-election, be re-elected as a Director."*

##### 3 Resolution 3 – Election of Marcello Cardaci as a Director

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

*"That Marcello Cardaci, who ceases to hold office in accordance with clause 13.4(c) of the Company's Constitution and, being eligible, offers himself for election, be elected a Director of the Company."*

#### 4 Resolution 4 – Election of Nicholas Rowley as a Director

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

*“That Nicholas Rowley, who ceases to hold office in accordance with clause 13.4(c) of the Company’s Constitution and, being eligible, offers himself for election, be elected a Director of the Company.”*

#### 5 Resolution 5 – Proposed Issue of Shares to the shareholders of Cyprium Australia Pty Ltd

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 for all other purposes, Shareholders approve the issue of 5,750,000 Shares at an issue price of \$0.20 per Share to the shareholders of Cyprium Australia 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 5 by or on behalf of:

- (a) a person who is expected to participate in the proposed issue or any person who will obtain a material benefit, 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.

#### 6 Resolution 6 – Proposed Issue of Shares to Musgrave Minerals Limited

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 for all other purposes, Shareholders approve the issue of that number of Shares to Musgrave Minerals Limited which when multiplied by the issue price will raise \$250,000 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 6 by or on behalf of:

- (a) Musgrave Minerals Limited; or
- (b) an Associate of Musgrave Minerals Limited.

However, the Company need not disregard a vote if:

- (c) 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
- (d) 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.

#### 7 Resolution 7 – Proposed Issue of Shares to Corporate Advisor

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 for all other purposes, Shareholders approve the issue of 1,500,000 Shares at an issue price of \$0.001 per Share to a Corporate Advisor 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 7 by or on behalf of:

- (a) the Corporate Advisor who will receive the Introduction Fee Shares; or
- (b) an Associate of the Corporate Advisor.

However, the Company need not disregard a vote if:

- (c) 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
- (d) 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.

#### 8 Resolution 8 - Proposed Issue of Shares to professional and sophisticated investors

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 for all other purposes, Shareholders approve the issue of 11,250,000 Shares at an issue price of \$0.20 per Share to professional and sophisticated 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 8 by or on behalf of:*

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

*However, the Company need not disregard a vote if:*

- (c) *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*
- (d) *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.*

## **9 Resolution 9 – Incentive Performance Rights 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 and for all other purposes, Shareholders approve any issue of securities under the Awards Plan for employees and Directors known as “Arc Exploration Limited Incentive Performance Rights 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 9 by or on behalf of:*

- (a) *a Director of the Company (except one who is ineligible to participate in the 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 9 unless:*

- (a) *the appointment specifies the way the proxy is to vote on Resolution 9; 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 9.*

*Shareholders may also choose to direct the Chair to vote against Resolution 9 or to abstain from voting.*

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

## **10 Resolution 10 – Approval of potential termination benefit in relation to securities issued pursuant to the Incentive Performance Rights Plan**

*“Subject to the passing of Resolution 9, that for the purposes of Part 2D.2 of the Corporations Act and Listing Rule 10.19, and for all other purposes, approval be given for the giving of benefits to any current or future person holding a managerial or executive office in the Company or a related body corporate in connection with that person ceasing to hold that managerial or executive office as set out in the Explanatory Statement attached to the Notice of Meeting.”*

**Voting exclusion statement:**

*The Company will disregard any votes cast on Resolution 10 by Shareholders who are officers or employees of the Company, or who are potential officers or employees of the Company (except those who are ineligible to participate in the Incentive Performance Rights Plan) and their associates, otherwise the benefit of this resolution will be lost by the officer, employee, potential officer, or potential employee in relation to that person’s future retirement.*

*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 10 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 10; 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 10.

Shareholders may also choose to direct the Chair to vote against Resolution 10 or to abstain from voting.

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

## 11 Resolution 11 – Grant of Performance Rights to Nicholas Rowley or his nominee

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

*"That, for the purposes of sections 200B and 200E Corporations Act, Listing Rules 10.14 and 10.19 and for all other purposes the Directors are authorised to grant up to 1,700,000 Performance Rights for no consideration, to Nicholas Rowley or his nominee, 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 11 by or on behalf of:

- (a) Nicholas Rowley (or his nominee);
- (b) a Director of the Company (except one who is ineligible to participate in the in any employee incentive scheme in relation to the Company); or
- (c) any 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.

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

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

## 12 Resolution 12 – Grant of Performance Rights to Barry Cahill or his nominee

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

*"That, for the purposes of sections 200B and 200E Corporations Act, Listing Rules 10.14 and 10.19 and for all other purposes the Directors are authorised to grant up to 2,500,000 Performance Rights for no consideration, to Barry Cahill or his nominee, 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 12 by or on behalf of:

- (a) Barry Cahill (or his nominee);
- (b) a Director of the Company (except one who is ineligible to participate in the in any employee incentive scheme in relation to the Company); or
- (c) any 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 12 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 12; 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 12.*

*Shareholders may also choose to direct the Chair to vote against Resolution 12 or to abstain from voting.*

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

### **13 Resolution 13 – Grant of Performance Rights to Gary Comb or his nominee**

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

*"That, for the purposes of sections 200B and 200E Corporations Act, Listing Rules 10.14 and 10.19 and for all other purposes the Directors are authorised to grant up to 2,200,000 Performance Rights for no consideration, to Gary Comb or his nominee, 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 13 by or on behalf of:*

- (a) *Gary Comb (or his nominee);*  
(b) *a Director of the Company (except one who is ineligible to participate in the in any employee incentive scheme in relation to the Company); or*  
(c) *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 13 unless:*

- (a) *the appointment specifies the way the proxy is to vote on Resolution 13; 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 13.*

*Shareholders may also choose to direct the Chair to vote against Resolution 13 or to abstain from voting.*

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

### **14 Resolution 14 – 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 14 by or on behalf of:*

- (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.*

### **15 Resolution 15 – Appointment of Auditor**

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

*"That, in accordance with section 327B of the Corporations Act and for all other purposes, HLB Mann Judd, having been nominated by a Shareholder and having consented in writing to act as auditor of the Company, be appointed as auditor of the Company and the Directors be authorised to set its remuneration."*

## 16 Resolution 16 – Change of Name of the Company

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

*“That for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, the name of the Company be changed from “Arc Exploration Limited” to “Cyprium Metals Limited” and that, for the purposes of section 136(2) of the Corporations Act and all other purposes, all references to “Arc Exploration Limited” in the Company’s constitution be replaced by references to “Cyprium Metals Limited”.*

### **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, appearing to read 'A Bertolatti', with a stylized flourish underneath.

**Aaron Bertolatti**  
Company Secretary

Dated: 24 April 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, electronically via the internet 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 original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

### 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 not more than 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 1,9,10 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. These rules are explained in this Notice.
- To be effective, proxies must be received by 3.30PM (AWST time) on 27 May 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 using the pre-addressed envelope provided with this Notice to:  
Advanced Share Registry  
PO Box 1156  
Nedlands WA 6906  
Australia
  - or
  - by faxing a completed Proxy Form to (08) 9262 3723 (within Australia) or +61 8 9262 3723 (from outside of Australia);
  - or
  - by recording the proxy appointment and voting instructions via the internet at <https://www.advancedshare.com.au/home>. Only registered Shareholders may access this facility and will need their Holder Identification Number (**HIN**) or Securityholder Reference Number (**SRN**).
- 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 3.30PM (AWST time) on 27 May 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 Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 3.30PM (AWST time) on 27 May 2019.

# ARC EXPLORATION LIMITED

## ACN 002 678 640

### 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 31 December 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.arcexploration.com.au](http://www.arcexploration.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 31 December 2017 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 30 May 2018. 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 SIMON TAYLOR AS A DIRECTOR**

Pursuant to Clause 13.5(a) of the Company's Constitution, Simon Taylor, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Taylor was appointed a Director on 11 October 2016 and retires from office in accordance with the requirements of clause 13.5(a) of the Constitution and submits himself for election in accordance with clause 13.5(d) of the Constitution.

Mr. Taylor is a geologist with over 25 years' experience in exploration, project assessment and development in the resources sector. He has had a diversified international career as a resources professional at both a technical and corporate level. His experience spans a range of commodities including gold, fertilisers (phosphate and potash), base metals, nickel, uranium, coal and coal seam methane. He is a member of the Australian Institute of Geoscientists and a graduate of Sydney University.

Mr Taylor is currently managing director of Oklo Resources Limited (ASX: OKU), a non-executive director of Bod Australia Ltd (ASX: BDA) and a non-executive director with Chesser Resources Limited (ASX: CHZ).

The Board considers that Mr Taylor, if elected, will continue to be classified as an independent director.

Based on Mr Taylor's relevant experience and qualifications the members of the Board, in the absence of Mr Taylor, support the election of Mr Taylor as a director of the Company.

## **RESOLUTION 3 – ELECTION OF MARCELLO CARDACI AS A DIRECTOR**

Resolution 3 seeks approval for the election of Marcello Cardaci as a Director with effect from the end of the Meeting.

Clause 13.4(a) 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 Cardaci was appointed a Director on 31 May 2018 and retires from office in accordance with the requirements of clause 13.4(c) of the Constitution and submits himself for election in accordance with clause 13.4(c) of the Constitution.

Mr Cardaci is a partner of Gilbert & Tobin's Corporate Advisory Group. Mr Cardaci advises on a range of corporate and commercial matters including public and private equity fund raisings and public and private mergers, acquisitions and divestment. Mr Cardaci also regularly advises on issues relating to Corporations Act and Australian Securities Exchange Listing Rules. He has cross-border experience, having advised on numerous overseas transactions including capital raisings, takeovers, schemes of arrangements and the structuring of acquisitions and joint ventures in numerous countries. Mr Cardaci has also lectured in the securities law course conducted by the Securities Institute of Australia and is a past committee member of the State Branch of the Australian Mining and Petroleum Law Association Limited.

Mr Cardaci is currently a non-executive director of Manhattan Corporation Limited (ASX: MHC) and Alta Zinc Limited (ASX: AZI).

The Company confirms it has conducted appropriate checks into Mr Cardaci's background and experience and those checks have not revealed any information of concern.

The Board considers that Mr Cardaci, if elected, will continue to be classified as an independent director.

Based on Mr Cardaci's relevant experience and qualifications the members of the Board, in the absence of Mr Cardaci, support the election of Mr Cardaci as a director of the Company.

#### **RESOLUTION 4 – ELECTION OF NICHOLAS ROWLEY AS A DIRECTOR**

Resolution 4 seeks approval for the election of Nicholas Rowley as a Director with effect from the end of the Meeting.

Clause 13.4(a) 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 Rowley was appointed a Director on 31 May 2018 and retires from office in accordance with the requirements of clause 13.4(c) of the Constitution and submits himself for election in accordance with clause 13.4(c) of the Constitution.

Mr Rowley is an experienced corporate executive with a strong financial background, including over 15 years' experience specialising in corporate advisory, M&A transactions and equities markets. He has advised on the equity financings of numerous ASX and TSX listed companies, predominantly in the mining and resources sector. Mr Rowley previously served as Non-Executive Director of Cobalt One Ltd (ASX:CO1) which was acquired by Canadian listed First Cobalt Corporation (TSX:FCC) in 2017.

Mr Rowley is currently an executive director of Galaxy Resources Limited (ASX: GXY) and a non-executive director of Non-Executive Director of Titan Minerals (ASX: TTM).

The Company confirms it has conducted appropriate checks into Mr Rowley's background and experience and those checks have not revealed any information of concern.

The Board considers that Mr Rowley, if elected, will continue to be classified as an independent director.

Based on Mr Rowley's relevant experience and qualifications the members of the Board, in the absence of Mr Rowley, support the election of Mr Rowley as a director of the Company.

#### **BACKGROUND RESOLUTIONS 5 – 8 ACQUISITION OF CYPRIUM AUSTRALIA PTY LTD**

On 25 March 2019, the Company announced it entered into a binding Heads of Agreement (**Sale Agreement**) to acquire 100% of the issued capital of Cyprium Australia Pty Ltd (**Cyprium**) (**Transaction**). Cyprium is a privately owned Australian mineral exploration company founded by Gary Comb, Barry Cahill, Wayne Apted, Peter van Luyt and their advisors. Pursuant to an agreement between Cyprium and Musgrave Minerals Limited (ASX: MGV)

**(Musgrave)**, Musgrave has granted Cyprium an option (**Option**) to earn-in and joint venture for an 80% interest in the non-gold rights over the tenements at the Cue Copper Project (**Option Agreement**).

### Material Terms of the Sale Agreement

Pursuant to the Sale Agreement the Company has, subject to satisfaction or waiver of conditions precedent, to acquire all of the issued capital of Cyprium.

#### *Conditions precedent*

Completion of the Transaction shall be subject to satisfaction or waiver of the following conditions precedent:

- the Company completing due diligence on Cyprium and its assets and being satisfied with the results of its due diligence investigations in its absolute discretion within 30 days ;
- the Company completing a capital raising to raise a minimum of \$2,000,000 (**Capital Raising**) (discussed further below);
- the Company obtaining all necessary shareholder approvals required by the Corporations Act 2001 (Cth), the Listing Rules and any other applicable laws or regulations in relation to the Transaction, including without limitation:
  - i. ASX Listing Rule 7.1 approval for the issue of the issue of Shares pursuant to the Capital Raising and for the issue of the Consideration Shares, Introduction Fee Shares and the Option Consideration Shares (all as defined below); and
  - ii. any approvals as may be identified during due diligence.
- there being no material adverse change to the assets or the business of Cyprium prior to completion of the Transaction; and
- Cyprium exercising the Option.

#### *Consideration*

The consideration to be provided by the Company for all of the issued capital of Cyprium is, in aggregate 5,750,000 Shares at an issue price of \$0.20 per Share (**Consideration Shares**). The Consideration Shares will be subject to voluntary escrow for a period of 24 months from the date of issue. The Consideration Shares are the subject of Resolution 5.

The Company and Cyprium acknowledge that should Cyprium exercise the Option, the Company will issue to Musgrave \$250,000 worth of Shares at a price equal to the 15 day VWAP per Share (**Option Consideration Shares**). The Option Consideration Shares will be subject to voluntary escrow for a period of 12 months from the date of issue. The Option Consideration Shares are the subject of Resolution 6.

The Company will pay an introduction fee of 1,500,000 Shares with an issue price of \$0.001 per Share to a corporate advisor in relation to the Transaction (**Introduction Fee Shares**). The Introduction Fee Shares are the subject of Resolution 7.

#### *Capital Raising*

As noted above, it is a condition precedent to completion of the Transaction that the Company complete the Capital Raising. Subject to Shareholder approval, the Company intends to complete a placement to institutional and sophisticated investors of at least 11,250,000 Shares at an issue price of 20 cents per Share, to raise up to \$2,250,000. In order to satisfy the Capital Raising condition precedent to completion of the Transaction, the Company is only required to raise \$2,000,000 The Capital Raising Shares are the subject of Resolution 8.

Funds raised under the Capital Raising will primarily be used to fund the Expenditure Condition (defined below) under the Option Agreement.

#### *Proposed Board and Management changes*

At completion of the Transaction, Mr Gary Comb will be joining the Company as Non-Executive Chairman and Mr Barry Cahill as Executive Director and it is anticipated Mr Simon Taylor will resign from the ARX Board.

Mr Comb has over 35 years' experience in the mining industry, most recently as Non-Executive Chairman of Finders Resources Ltd (Mr Comb resigned in April 2018 following Eastern Field Developments Ltd attaining a majority shareholding in Finders) and was previously the Managing Director of Jabiru Metals Ltd where he oversaw the acquisition, feasibility study and construction of the Jaguar copper/zinc mine in Western Australia as well as the successful sale of the company to Independence Group NL.

Mr Cahill is a mining engineer with over 30 years' experience in exploration, mining and management throughout Australia, most recently as Managing Director of Finders Resources Ltd (Mr Cahill resigned in April 2018 following Eastern Field Developments Ltd attaining a majority shareholding in Finders). He has extensive experience in the management of all facets of mining, project development and construction. Mr Cahill has been an executive director of a number of public companies including Operations Director of Perilya Limited, Managing Director of Australian Mines Limited and Managing Director of Norseman Gold Plc. He is a member of the Australasian Institute of Mining & Metallurgy and a member of the Australian Institute of Company Directors.

Mr Wayne Apted will be appointed Chief Financial Officer and Company Secretary.

Mr Peter van Luyt will be appointed as Chief Geologist.

#### *Exclusivity and maintenance of status quo*

Cyprium has agreed to exclusively deal with ARX in relation to the sale of the Cyprium shares from the date of the Agreement until 31 July 2019 (**Exclusivity Period**). During the Exclusivity Period, Cyprium will conduct its business in the ordinary course and will not enter into a material transaction, declare dividends or change its capital structure without ARX's prior written consent.

#### *Termination*

The Sale Agreement may be terminated if a party commits a material breach of any of its terms, and, if the breach is capable of being remedied, after being notified in writing by the aggrieved party, the other party fails to remedy such breach within 10 days thereafter.

#### Material Terms of the Option Agreement

The principal terms of the Option Agreement are set out below.

The Option period is 90 business days, capable of a 30 business day extension upon payment of a \$10,000. If Cyprium elects to exercise the Option, ARX must issue the Option Consideration Shares to Musgrave. Cyprium must spend \$2,000,000 on development of the Project over two years from the date of exercise of the Option to earn an 80% interest in the Project (**Earn In Period**). At any time prior to Cyprium spending \$2,000,000 on development of the Project (**Expenditure Condition**), Cyprium may, for the balance of the \$2,000,000:

- pay the balance in cash; or
- subject to ARX shareholder approval required under the applicable listing rules, issue the value of the balance in Shares at an issue price equal to the 15 day VWAP per Share, to Musgrave, with such payment or issue of Shares being deemed to constitute expenditure in order for Cyprium to earn its 80% interest in the Project.

Cyprium will be the manager of the Project during the Earn In Period.

Upon satisfaction of the Expenditure Condition (**Earn In Date**), Cyprium and Musgrave will form an 80:20 unincorporated joint venture.

Musgrave will be free carried from the Earn In Date to the completion of a definitive feasibility study. Following the free carry period, each of Cyprium and Musgrave must contribute to expenditure in proportion to their respective participating interests at the relevant time and if they do not, their participating interests will be diluted in accordance with an agreed formula.

Musgrave will be entitled to the following payments at satisfaction of the following hurdles:

- upon the delineation of 80,000t of contained copper (within any Mineral Resource category), payment of \$200,000 cash or the issue of \$200,000 worth of Shares at an issue price equal to the 15 day VWAP per Share to Musgrave; and
  - upon a decision to mine, payment of \$300,000 cash or the issue of \$300,000 worth of Shares at an issue price equal to the 15 day VWAP per Share to Musgrave,
- in both cases, the payment of cash or issue of Shares (**Conditional Shares**) will be at Cyprium's election and the issue of Shares will be subject to Shareholder approval (if required).

In the event that Musgrave's participating interest is diluted to 10% or less, Musgrave's participating interest will automatically convert into a 1% net smelter royalty (**NSR**). Cyprium may at any time acquire or cancel the 1% NSR by paying Musgrave \$1,000,000.

## **RESOLUTION 5 - PROPOSED ISSUE OF SHARES TO THE SHAREHOLDERS OF CYPRIUM AUSTRALIA PTY LTD**

Resolution 5 seeks Shareholder approval to issue the Consideration Shares to the shareholders of Cyprium.

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:

- the maximum number of Shares the Company can issue is 5,750,000;
- the Company will issue the Shares no later than three months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- the Shares will be issued at a deemed issue price of \$0.20 each;
- the Shares will be issued to the shareholders of Cyprium, none of whom will be related parties of the Company<sup>1</sup>;
- 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;
- no funds will be raised by the issue, the Shares are being issue in consideration for the acquisition of all of the issued capital of Cyprium; and
- the Shares will be issued on one date.

The Chairman intends to vote all available proxies in favour of Resolution 5.

## **RESOLUTION 6 - PROPOSED ISSUE OF SHARES TO MUSGRAVE MINERALS LIMITED**

Resolution 6 seeks Shareholder approval to issue the Option Consideration Shares to Musgrave.

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.

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<sup>1</sup> Mr Barry Cahill and Mr Gary Comb have interests in entities which are shareholders of Cyprium. However, in accordance with Listing Rule 10.12 Exception 6, Shareholder approval is not required under Chapter 10 of the Listing Rules for the issue of Consideration Shares to entities associated with Messrs Cahill and Comb.

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 to be issued is up to that number of Shares, which, when multiplied by the issue price equals \$250,000.
- (b) the Company will issue the Shares no later than three months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (c) the Shares will be issued at a price of not less than 80% of the volume weighted average market price for the Company's Shares, calculated over the last five days on which sales in the Shares were recorded before the day on which the issue was made (or, if there is a prospectus, product disclosure statement or offer information statement relating to the issue, over the last five days on which sales in the Shares were recorded before the date the prospectus, product disclosure statement or offer information statement is signed);
- (d) the Shares will be issued to Musgrave, an unrelated party of the Company;
- (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, the Shares are being issued in consideration for the exercise of the Option pursuant to the Option Agreement; and
- (g) the Shares will be issued on one date.

The Chairman intends to vote all available proxies in favour of Resolution 6.

#### **RESOLUTION 7 - PROPOSED ISSUE OF SHARES TO CORPORATE ADVISOR**

Resolution 7 seeks Shareholder approval to issue the Introduction Fee Shares to a corporate advisor of the Company (**Corporate Advisor**).

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 the Company can issue is 1,500,000;
- (b) the Company will issue the Shares no later than three months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (c) the Shares will be issued at an issue price of \$0.001 each;
- (d) the Shares will be issued to BR Corporation Pty Ltd in its capacity as consultant, which is an unrelated party of the Company;
- (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) the Shares are being issued in consideration for introduction fees relating to the Transaction, the minimal funds raised by the issue will be used for working capital; and
- (g) the Shares will be issued on one date.

The Chairman intends to vote all available proxies in favour of Resolution 7.

## **RESOLUTION 8 - PROPOSED ISSUE OF SHARES TO PROFESSIONAL AND SOPHISTICATED INVESTORS**

Resolution 8 seeks Shareholder approval to issue Shares pursuant to the Capital Raising.

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 the Company can issue is 11,250,000 (inclusive of the Shares the subject of Resolutions 9 and 10);
- (b) the Company will issue the Shares no later than three months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (c) the Shares will be issued at an issue price of \$0.20 each;
- (d) the Shares will be issued to applicants to be determined by the Directors. The persons to whom Shares will be issued will be clients of Ashanti Capital, none of whom will be related parties of the Company;
- (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) the funds raised by the issue will primarily be used to fund the Expenditure Condition under the Option Agreement; and
- (g) the Shares will be issued on one date.

The Chairman intends to vote all available proxies in favour of Resolution 8.

## **RESOLUTION 9 – INCENTIVE PERFORMANCE RIGHTS PLAN**

The Directors considered that it was desirable to establish an awards plan under which employees and Directors may be offered the opportunity to be issued Performance Rights 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 Arc Exploration Limited Incentive Performance Rights Plan (**Plan**) on 24 April 2019.

The Plan is designed to provide incentives to the employees and Directors of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances, the Directors consider that the issue of Performance Rights to employees and Directors is a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration.

Shareholder approval is required if any issue of Performance Rights 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.

A summary of the Plan is set out in Annexure A.

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

- (a) a summary of the Plan is set out in Annexure A and a full copy of the proposed Plan is available on the Company's website at [www.arcexploration.com.au](http://www.arcexploration.com.au);
- (b) this is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 9.

The Chairman intends to vote all available proxies in favour of Resolution 9.

#### **RESOLUTION 10 – APPROVAL OF POTENTIAL TERMINATION BENEFIT IN RELATION TO SECURITIES ISSUED PURSUANT TO THE INCENTIVE PERFORMANCE RIGHTS PLAN**

Subject to Shareholder approval of Resolution 9, Shareholder approval is also sought for all purposes of Part 2D.2 of the Corporations Act and ASX Listing Rule 10.19 to approve the giving of benefits under the Plan to a person by the Company in connection with that person ceasing to be an officer of, or ceasing to hold a managerial or executive office in, the Company (or subsidiary of the Company) on the terms and conditions in this Explanatory Memorandum. If Resolution 9 is not approved at the Meeting, Resolution 10 will not be put to the Meeting.

Under the terms of the Plan, the Board may in its absolute discretion may waive any vesting conditions attaching to a Performance Right if "Special Circumstances" (which relevantly includes redundancy, retirement, total and permanent disablement or death) arise in relation to an Eligible Participant.

The term "benefit" has a wide operation and would include any accelerated vesting of Performance Right upon termination or cessation of employment in accordance with their terms.

The exercise of this discretion by the Board may constitute a "benefit" for the purposes of Section 200B of the Corporations Act and ASX Listing Rule 10.19. The Company is therefore seeking Shareholder approval for the exercise of the Board's discretion in respect of any current or future participant in the Plan who holds:

- (a) a managerial or executive office in, or is an officer of, the Company (or subsidiary of the Company) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) Performance Rights under the Plan at the time of their leaving.

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's share price at the time of vesting and the number of Performance Right that will vest. The following additional factors may also affect the benefit's value:

- (a) the Eligible Person's length of service and the status of the vesting conditions attaching to the relevant Performance Right at the time the Eligible Person's employment or office ceases; and
- (b) the number of unvested Performance Right that the Eligible Person holds at the time they cease employment or office.

#### **Part 2D.2 of the Corporations Act**

Part 2D.2 of the Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate, unless an exception applies.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their

ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders under section 200E of the Corporations Act or an exemption applies.

Provided Shareholder approval is given, the value of the termination benefits may be disregarded when applying Section 200F(2)(b) or Section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

### Listing Rule 10.19

Listing Rule 10.19 provides that without shareholder approval, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Depending upon the value of the termination benefits (see above), and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if such payment would exceed this 5% threshold. Accordingly, Shareholder approval is being sought in case the value of the termination benefits exceeds this 5% threshold.

The Chairman intends to vote all available proxies in favour of Resolution 10.

### RESOLUTIONS 11 - 13 – GRANT OF PERFORMANCE RIGHTS TO NICHOLAS ROWLEY , BARRY CAHILL AND GARY COMB

The Company proposes to grant a total of 6,400,000 Performance Rights) to Nicholas Rowley, Barry Cahill and Gary Comb(**Participating Directors**) as follows:

	Nicholas Rowley (or his nominee)	Barry Cahill (or his nominee)	Gary Comb (or his nominee)
<b>Vesting conditions attaching to the Performance Right</b>	<b>Number of Performance Rights</b>		
Each Performance Right will vest upon completion of a transaction to acquire or earn into majority ownership interests in projects with exploration and mining tenements, excluding the Option Agreement ( <b>Project</b> )	500,000	700,000	700,000
Each Performance Right will vest upon public announcement of the delineation of 80,000t of contained copper (within any Mineral Resource category) upon the Projects	400,000	600,000	500,000
Each Performance Right will vest upon the earlier of: (a) public announcement of a Scoping Study that confirms the positive economics of the Projects; or (b) the volume weighted average price of the Shares equals or exceeds \$0.35 per Share for 5 consecutive trading days	400,000	600,000	500,000
Each Performance Right will vest upon the earlier of: (a) Board resolves to proceed with a Definitive Feasibility Study in respect of the Projects; or	400,000	600,000	500,000

(b) the volume weighted average price of the Shares equals or exceeds \$0.40 per Share for 5 consecutive trading days			
<b>Total</b>	<b>1,700,000</b>	<b>2,500,000</b>	<b>2,200,000</b>

The Performance Rights will be issued pursuant to the Plan. A summary of the terms of the Plan is set out in Annexure A.

### **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 Participating Directors is a related party of the Company.

For Resolution 11, the Directors (other than Mr Rowley who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of 1,700,000 Performance Rights because the agreement to issue the 1,700,000 Performance Rights, reached as part of the remuneration package for Mr Rowley, is considered reasonable remuneration in the circumstances.

For Resolution 12, the Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of 2,500,000 Performance Rights because the agreement to issue the 2,500,000 Performance Rights, reached as part of the remuneration package for Mr Cahill, is considered reasonable remuneration in the circumstances, and was negotiated on an arm's length basis as part of agreeing the terms of his appointment.

For Resolution 13, the Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of 2,200,000 Performance Rights because the agreement to issue the 2,200,000 Performance Rights, reached as part of the remuneration package for Mr Comb, is considered reasonable remuneration in the circumstances, and was negotiated on an arm's length basis as part of agreeing the terms of his appointment.

### **Section 200E of the Corporations Act**

Under the terms of the Plan, the Board in its absolute discretion may waive any vesting conditions attaching to a Performance Right if "Special Circumstances" (which relevantly includes redundancy, retirement, total and permanent disablement or death) arise in relation to an Eligible Participant (which will include the Participating Directors).

Shareholder approval of the benefits that may become payable to the Participating Director as a result of the Board's discretion to allow unvested Performance Rights to vest for example if "Special Circumstances" arise in relation to that Participating Director, is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a person retiring or being removed from a managerial or executive, office or position (**Retiree**), unless the company's shareholders approve that benefit under section 200E or unless the benefit falls within certain exceptions set out in the Corporations Act.

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

The possible accelerated vesting of Performance Rights, does not fall within any of the categories of exception set out in the Corporations Act and accordingly Shareholder approval is sought.

Section 200E of the Corporations Act requires that where shareholders are asked to approve a payment or other benefit to a Retiree that would otherwise be prohibited by section 200B, shareholders must be given details of the amount of the payment, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount is to be calculated and any matter, event or circumstance that will, or is likely to affect the calculation of the amount.

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company's share price at the time of vesting and the number of Performance Right that will vest. The following additional factors may also affect the benefit's value:

- (a) the Participating Director's length of service and the status of the vesting conditions attaching to the relevant Performance Right at the time the Participating Director's employment or office ceases; and
- (b) the number of unvested Performance Right that the Participating Director holds at the time they cease employment or office.

#### **Information Requirements - Listing Rules 10.14 and 10.15**

Listing Rule 10.14 requires Shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party under an employee incentive scheme. Accordingly, Listing Rule 10.14 requires Shareholders to approve the issue of Performance Rights under the Plan to the Participating Directors.

The following information is provided to Shareholders in relation to Resolutions 11, 12 and 13 for the purposes of Listing Rule 10.15:

- (a) the Performance Rights will be granted to the Participating Directors, or their nominees, as noted in the table above on page 12;
- (b) the maximum number of Performance Rights to be granted is 6,400,000;
- (c) the Performance Rights will be granted for no consideration;
- (d) no funds will be raised by the grant of the Performance Rights;
- (e) all Directors, or their permitted nominees, are entitled to participate in the Plan, but for the purposes of Resolutions 11,12 and 13 at this time, the Company is only seeking to grant Performance Rights to Nicholas Rowley, Barry Cahill and Gary Comb. The person referred to in Listing Rule 10.14 who are entitled to participate in the Plan are Nicholas Rowley, Barry Cahill and Gary Comb;
- (f) no Directors, or their permitted nominees, have received any Performance Rights under the Plan;
- (g) no loan is provided in connection with the acquisition or conversion of the Performance Rights; and
- (h) the Performance Rights will be granted on a date, being no later than 12 months after the date Shareholder approval is obtained for Resolutions 11,12 and 13 and in relation to Resolution 12 and 13, on a date following the appointment of Mr Cahill and Mr Comb as Directors.

If approval is given for the grant of the Performance Rights under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

## **Listing Rule 10.19**

Listing Rule 10.19 provides that without shareholder approval, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Depending upon the value of the termination benefits (see above), and the equity interests of the Company at the time such benefits may crystallise, it is uncertain if such payment would exceed this 5% threshold. Accordingly, Shareholder approval is being sought in case the value of the termination benefits exceeds this 5% threshold.

The Chairman intends to vote all available proxies in favour of Resolutions 11, 12 and 13.

## **RESOLUTION 14 – 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 \$5,072,966 based on closing price of \$0.19 as at 23 April 2019 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 14 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 14 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 and unlisted Options and unlisted performance shares on issue.

Based on the number of Shares on issue at the date of this Notice, the Company will have 26,699,822 Shares on issue and therefore, subject to Shareholder approval being obtained under Resolutions 5 to 8, 19,815,790 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' is 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		
		\$0.095 Issue Price at half the current market price	\$0.19 Issue Price at current market price	\$0.38 Issue Price at double the current market price
<b>Current Variable 'A'</b> 25,250,732 Shares	<b>Shares issued</b>	25,250,732	25,250,732	25,250,732
	<b>Funds raised</b>	\$2,398,819.54	\$4,797,639.08	\$9,595,278.16
	<b>Dilution</b>	10%	10%	10%
<b>50% increase in current Variable 'A'</b> 37,876,098 Shares	<b>Shares issued</b>	37,876,098	37,876,098	37,876,098
	<b>Funds raised</b>	\$3,598,229.31	\$7,196,458.62	\$14,392,917.24
	<b>Dilution</b>	10%	10%	10%
<b>100% increase in current variable 'A'</b> 50,501,464 Shares	<b>Shares issued</b>	50,501,464	50,501,464	50,501,464
	<b>Funds raised</b>	\$4,797,639.08	\$9,595,278.16	\$19,190,556.32
	<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 14 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:

- (a) 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:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) 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.
- (b) If Resolution 14 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:
  - (i) 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
  - (ii) 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 16 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 April 2019, being \$0.19 (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 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 has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (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.

The Directors recommend that the Shareholders vote in favour of Resolution 14.

The Chairman intends to vote all available proxies in favour of Resolution 14.

#### **RESOLUTION 15 – APPOINTMENT OF AUDITOR**

On 29 January 2019, the Company announced that ASIC had granted its consent to the resignation of the Company's auditor, Nexia Sydney Partnership, and to the appointment of HLB Mann Judd (which had been appointed by the Board in accordance with section 327C(1) of the Corporations Act) as the new auditor of the Company.

For public companies, the appointment of a new audit entity requires a resolution of shareholders at the Annual General Meeting. Where an auditor has been appointed by the directors of the company under section 327C(1) of the Corporations Act, section 327C(2) of the Corporations Act states that any auditor so appointed holds office until the company's next Annual General Meeting at which time shareholders must approve that appointment.

The Board has considered and agreed to this change in auditor and to this Resolution 15 being presented to the Shareholders of the Company for formal vote. As noted above, and as required to give effect to the change, ASIC has granted its consent to the resignation of Nexia Sydney Partnership in favour of HLB Mann Judd.

In accordance with Section 328B of the Corporations Act, notice in writing nominating HLB Mann Judd has been given to the Company by a Shareholder. A copy of this nomination is included in this Notice of Meeting at Annexure B to the Explanatory Statement.

Resolution 15 seeks ratification under Section 327C(2) of the Corporations Act of the appointment of HLB Mann Judd as auditor of the Company. Subject to approval by Shareholders, the appointment of HLB Mann Judd will be effective for the 2019 financial year.

The Directors recommend that the Shareholders vote in favour of Resolution 15.

The Chairman intends to vote all available proxies in favour of Resolution 15.

#### **RESOLUTION 16 – Change of the Company's Name to Cyprium Metals Limited**

Since 21 November 1983 the Company's name has been Arc Exploration Limited, and during that time the Company's main undertakings and principal focus have been its projects in Indonesia, Australia and Canada.

The Company's name will be changed following the satisfaction of the conditions precedent for the acquisition of Cyprium Australia Pty Ltd. The Board will then request that ASX changes the Company's ASX listing code from "ARX" to "CPY" after the change of name takes effect. The code "CPY" has been reserved by the Company. The address of the Company's registered office will change to Level 2, 38 Rowland Street, Subiaco WA 60008.

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name. For a special resolution to be passed, at least 75% of the votes validly cast on the resolution by shareholders present and eligible to vote (in person, by proxy, by attorney, or in the case of a Member which is a corporation, by representative) (by the number of shares) must be in favour of the resolution.

If the resolution is passed, the change of name will take effect when ASIC alters the details of the Company's registration. The proposed name has been reserved by the Company and if the resolution is passed, the Company will lodge a copy of that special resolution with ASIC in order to effect the change.

The Company also seeks approval under section 136(2) of the Corporations Act to amend the Company's constitution to reflect the change of name.

The Board recommends that Shareholders vote in favour of Resolution 16.

The Chairman intends to vote all available proxies in favour of Resolution 16.

## 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 14.

**Additional Placement Period** has the meaning set out on page 17.

**Annual Report** means the annual report of the Company for the year ended 31 December 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 31 December 2018.

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

**Board** means the Directors.

**Chair or Chairman** means the individual elected to chair any meeting of the Company from time to time.

**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 Arc Exploration Limited 002 678 640.

**Conditional Shares** has the meaning given on page 6.

**Consideration Shares** means the Shares the subject of Resolution 5.

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

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

**Cyprium** means Cyprium Australia Pty Ltd ACN 630 012 529.

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

**Earn In Date** has the meaning given on page 5.

**Earn In Period** has the meaning given on page 5.

**Eligible Person** has the meaning given in the Plan.

**Employee Option** means an Option issued under the Plan.

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

**Exclusivity Period** has the meaning given on page 5.

**Expenditure Condition** has the meaning given on page 5.

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

**Introduction Fee Shares** means the Shares the subject of Resolution 7.

**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.

**Musgrave** means Musgrave Mineral Limited ACN 143 890 671.

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

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

**NSR** means Net Smelter Royalty.

**Option** means the option granted pursuant to the Option Agreement.

**Option Agreement** means the binding term sheet between Cyprium and Musgrave date on or about 19 February 2019.

**Option Consideration Shares** means the Shares the subject of Resolution 6.

**Participating Director** has the meaning set out on page 12.

**Performance Rights** means the performance rights granted under the Plan.

**Plan** has the meaning set out on page 10.

**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 31 December 2018.

**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.

**Sale Agreement** means the Heads of Agreement between the Company and the shareholders of Cyprium dated on or about 22 March 2019.

**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.

**Transaction** means the acquisition of all of the issued capital of Cyprium by the Company.

## ANNEXURE A

The following is a summary of the key terms and conditions of the Arc Exploration Limited Incentive Performance Rights Plan to be adopted by Shareholders under Resolution 9:

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any associate Group Company;
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (Class Order); or
  - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participants**).
- (b) **Offers:** The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Performance Rights Plan and on such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Performance Rights offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Consideration:** Performance Rights granted under the Performance Rights Plan will be issued for nil cash consideration.
- (e) **Performance Rights:** Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
- (f) **Not transferrable:** Performance Rights are only transferrable with the prior written consent of the Board of the Company or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (g) **Vesting Conditions:** The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied (**Vesting Condition**).
- (h) **Vesting:** A Performance Right will vest where Vesting Conditions are satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of:
- (i) the participant ceasing to be an Eligible Participant due to certain special circumstances (eg due to death, severe financial hardship, total and permanent disability, retirement or redundancy) as set out in the Plan;
  - (ii) the Company undergoing a change of control; or
  - (iii) the Company being wound up.
- (i) **Conversion of vested Performance Right:** Unless the Board decides otherwise or the Performance Right has lapsed, any vested Performance Right may be exercised by the Eligible Participant, following which the Company will issue the participant with the applicable number of Shares.

- (j) **Shares:** Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank on equal terms with all other Shares on issue.
- (k) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Performance Rights (**Restriction Period**).
- (l) **Quotation of Shares:** If Shares of the same class as those issued under the Performance Rights Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.
- (m) **Lapse of a Performance Right:** Subject to the terms of an Offer otherwise providing, a Performance Right will lapse upon the earlier to occur of:
  - (i) an unauthorised dealing in, or hedging of, the Performance Right;
  - (ii) a Vesting Condition in relation to the Performance Right not being satisfied by the due date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion;
  - (iii) a vested Performance Right is not converted within 60 days of becoming vested;
  - (iv) a participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, and the Board exercises its absolute discretion for the Performance Right to lapse;
  - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
  - (vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Performance Right;
  - (vii) the expiry date of the Performance Right; and
  - (viii) the five (5) year anniversary of the date of grant of the Performance Right.
- (n) **No Participation Rights:** There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.
- (o) **No Change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (p) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (q) **Inconsistency with Offer:** Notwithstanding any other provision in the Plan, to the extent that any covenant or provision contained in an Offer document is inconsistent with any covenant or provision under the Plan, the deemed covenant or provision under the Offer document shall prevail.

**ANNEXURE B**

**NOMINATION OF AUDITOR**

The Company Secretary  
Arc Exploration Limited  
Level 2, 18 Kings Park Road  
West Perth WA 6005  
Australia

Attention: Aaron Bertolatti

24 April 2019

Dear Secretary

**Nomination of auditor for Arc Exploration Limited ACN 002 678 640**

In accordance with the provisions of section 328B of the Corporations Act 2001, I Nicholas Rowley, being a member of Arc Exploration Limited, hereby nominate HLB Mann Judd for appointment as auditor of that company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'N Rowley', written in a cursive style.

Nicholas Rowley