



**NOTICE OF ANNUAL GENERAL MEETING**

**EXPLANATORY STATEMENT**

**AND PROXY FORM**

**ANNUAL GENERAL MEETING OF  
STAVELY MINERALS LIMITED**

**TO BE HELD AT FIRST FLOOR, 168 STIRLING HIGHWAY  
NEDLANDS, WESTERN AUSTRALIA**

**FRIDAY 30 OCTOBER 2020  
COMMENCING AT 10:30 AM (WST)**

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

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9287 7630.*

**Stavelly Minerals Limited**  
**ABN 33 119 826 907**  
**Level 1, 168 Stirling Highway, Nedlands WA 6009**  
**Phone: 08 9287 7630 Fax: 08 9389 1750 Email: info@stavelly.com.au**

## NOTICE OF ANNUAL GENERAL MEETING

**Notice is given that the Annual General Meeting of Stavelly Minerals Limited will be held at First Floor,  
168 Stirling Highway, Nedlands, Western Australia on  
30 October 2020 at 10:30 AM (WST)**

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Proxy Form	enclosed

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### IMPORTANT INFORMATION

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#### **Your Vote is Important**

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

#### **How to Vote**

You may vote by attending the Meeting in person, by proxy or authorised representative.

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 10:30 am (WST) on 28 October 2020. Any proxy form received after that time will not be valid for the scheduled meeting.

Online	www.investorvote.com.au
By mail	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR Code on your proxy form and follow the prompts
Custodian voting	For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions

#### **Voting eligibility**

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 28 October 2020.

#### **Voting in Person**

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

#### **Voting by Proxy**

To vote by proxy, please complete and sign the Proxy Form enclosed and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

**Your proxy form is enclosed.**

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they apply to this Annual General Meeting. Broadly, the sections mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details are set out below.

***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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**BUSINESS OF THE MEETING  
AGENDA**

**ORDINARY BUSINESS**

**1. Financial Statements and Reports – Agenda Item**

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

**2. Resolution 1 – Adoption of Remuneration Report**

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

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

**Note: In accordance with section 250R(3) of the Corporations Act, this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

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

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

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

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

**3. Resolution 2 – Re-election of Ms Jennifer Murphy as a Director**

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

*"That, for the purposes of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Ms Jennifer Murphy, a director, retires, and being eligible, is re-elected as a Director."*

**4. Resolution 3 – Issue of Director Options – Mr Christopher Cairns**

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

*"That, for the purposes of ASX Listing Rule 10.14 and Section 195(4) and Section 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 1,000,000 Options to Mr Christopher Cairns (or his nominee), under the Employee Incentive Plan, on the terms and conditions set out in the Explanatory Statement."*

### **Voting Exclusion Statement - Resolution 3**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including the Directors) or an associate of those persons. (**Resolution 3 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 3 Excluded Party, 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.

### **Voting Prohibition Statement - Resolution 3**

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

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on these Resolutions.

Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:

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

### **5. Resolution 4 – Issue of Director Options – Ms Jennifer Murphy**

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

*"That, for the purposes of ASX Listing Rule 10.14 and Section 195(4) and Section 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 850,000 Options to Ms Jennifer Murphy (or her nominee), under the Employee Incentive Plan, on the terms and conditions set out in the Explanatory Statement."*

### **6. Resolution 5 – Issue of Director Options – Mr Peter Ironside**

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

*"That, for the purposes of ASX Listing Rule 10.14 and Section 195(4) and Section 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 575,000 Options to Mr Peter Ironside (or his nominee), under the Employee Incentive Plan, on the terms and conditions set out in the Explanatory Statement."*

### **7. Resolution 6 – Issue of Director Options – Ms Amanda Sparks**

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

*"That, for the purposes of ASX Listing Rule 10.14 and Section 195(4) and Section 208 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 575,000 Options to Ms Amanda Sparks (or her nominee), under the Employee Incentive Plan, on the terms and conditions set out in the Explanatory Statement."*

### **Voting Exclusion Statement - Resolutions 4 to 6**

The Company will disregard any votes cast in favour of Resolution 4 - 6 by or on behalf of any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including the Directors) or an associate of those persons. (**Resolution 4 -**

**6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chair is not a Resolution 4 - 6 Excluded Party, 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.

#### **Voting Prohibition Statement - Resolutions 4 to 6**

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 4 - 6 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 4 – 6 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

Provided the Chair is not a Resolution 4 – 6 Excluded Party, the above prohibition does not apply if:

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

#### **8. Resolution 7 – Approval of 7.1A Mandate**

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

*“That, pursuant to and in accordance with ASX Listing Rule 7.1A, and for all other purposes, Shareholders approve the future issue of the number of Equity Securities equal to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, and on the terms and conditions in the Explanatory Statement”.*

#### **9. Resolution 8 – Replacement of Constitution**

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

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

#### **10. General**

To transact any other business as may be brought before the Meeting in accordance with the Constitution of the Company, the Corporations Act, or otherwise.

**BY ORDER OF THE BOARD**



**AMANDA SPARKS**  
**DIRECTOR AND COMPANY SECRETARY**  
**28 September 2020**

## **EXPLANATORY STATEMENT**

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

### **1. Financial Statement and Reports – Agenda Item**

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company will not provide a hard copy of the Company's financial report to Shareholders unless specifically requested to do so. The Company's financial report is available on its website at [www.stavelly.com.au](http://www.stavelly.com.au).

### **2. Resolution 1 – Adoption of Remuneration Report**

#### **2.1 General**

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

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Remuneration Report sets out the Company's remuneration arrangements for the directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company. The chair of the Meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the Remuneration Report at the Annual General Meeting.

The Remuneration Report is set out in the Company's Annual Report which:

- outlines the Board's policy for determining the nature and amount of remuneration of Directors and other Key Management Personnel of the Company;
- discusses the relationship between the Board's remuneration policy and the Company's performance;
- details and explains any performance condition applicable to the remuneration of a Director or other Key Management Personnel;
- details the remuneration (including options) of each Director and other Key Management Personnel of the Company for the period; and
- summarises the terms of any contract under which any Director or other Key Management Personnel is engaged, including the period of notice required to terminate the contract and any termination payments provided for under the contract.

The current amounts payable to the Directors are:

	Base annual remuneration exclusive of statutory superannuation
Christopher Cairns	\$300,000
Jennifer Murphy	\$220,000
Peter Ironside	\$50,000
Amanda Sparks	\$100,000

## 2.2 Voting consequences

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

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

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report) for the previous financial year was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

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

## 2.3 Previous voting results

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

## 3. Resolution 2 – Re-election of Ms Jennifer Murphy as a Director

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is the longer.

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;
- (c) A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and
- (d) In determining the number of Directors to retire, no account is to be taken of:



- (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or
- (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 4 Directors, 3 of whom are included for the purpose of the calculation in paragraph (d) above.

Ms Jennifer Murphy, the Director longest in office since her last election, retires by rotation and seeks re-election.

Ms Murphy completed a First Class Honours Degree in Geology in 1989, and subsequently a Master of Science Degree in 1993 at the University of Witwatersrand in South Africa. Ms Murphy joined Anglo American Corporation in 1993 as an exploration geologist working in Tanzania and Mali. In 1996, she immigrated to Australia and joined Normandy Mining Limited, working initially as a project geologist in the Eastern Goldfields and Murchison Greenstone Provinces and afterwards was responsible for the development and management of the GIS and administration of the exploration database.

Between 2004 and 2007, Ms Murphy provided contract geological services to a range of junior exploration companies. Ms Murphy joined Integra Mining Limited in 2007, initially as an administration geologist, and in 2010 the role was expanded to that of corporate geologist. In 2013 Ms Murphy joined Stavely Minerals as part of the management team to provide technical and geological expertise. Ms Murphy is a member of the Australian Institute of Geoscientists and has a broad range of geological experience ranging from exploration program planning and implementation, GIS and database management, business development, technical and statutory, and ASX reporting, as well as corporate research and analysis and investor liaison.

Ms Murphy is a member of the Company's Audit and Risk Committee. The Board considers that Ms Murphy is not an independent Director due to her executive role with the Company.

The Board of Directors recommend that Shareholders vote in favour of Resolution 2.

#### **4. Resolutions 3 to 6 - Issue of Related Party Options**

##### **4.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 3,000,000 Options (**Related Party Options**) to Mr Christopher Cairns, Ms Jennifer Murphy, Mr Peter Ironside and Ms Amanda Sparks (together, the **Related Parties**) under the Company's Employee Incentive Plan and on the terms and conditions set out below.

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

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

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

The grant of the Related Party Options constitutes giving a financial benefit and Mr Christopher Cairns, Ms Jennifer Murphy, Mr Peter Ironside and Ms Amanda Sparks are related parties of the Company by virtue of being Directors.

The purpose of the grant of the Related Party Options to the Directors is to recognise the contribution

made by the Directors, and to acknowledge that the cash remuneration paid to Directors is low considering the extensive experience of the Directors. These Related Party Options also provide an incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors, which adds value for Shareholders. By offering these incentives in the form of Related Party Options, rather than cash, the Company can maximise the availability of cash for the Company's future exploration activities. The Related Party Options also provide a retention incentive to all Directors.

In addition, ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As it is proposed that all of the Directors will be issued Related Party Options pursuant to Resolutions 3 to 6, the Directors have been unable to form quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to these issues. Accordingly, Shareholder approval is sought for the issue of Related Party Options to the Related Parties.

#### **4.2 Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Related Party Options to the Related Parties falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 3 to 6 seek the required Shareholder approval for the issue of the Related Party Options under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

#### **4.3 Technical information required by Listing Rule 14.1A**

If Resolutions 3 to 6 are passed, the Company will be able to proceed with the issue of the Related Party Options to the Related Parties under the Company's Employee Incentive Plan within three years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Related Party Options (because approval is being obtained under Listing Rule 10.14), the issue of the Related Party Options will not use up any of the Company's 15% annual placement capacity.

If Resolutions 3 to 6 are not passed, the Company will not be able to proceed with the issue of the Related Party Options to the Related Parties under the Company's Employee Incentive Plan and the Company may be required to re-negotiate the remuneration arrangements with the Related Parties, which may require additional cash payments and affect the Company's available cash position.

#### **4.4 Technical information required by ASX Listing Rule 10.15 and section 219 of the Corporations Act**

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Related Party Options:

- (a) the Related Party Options will be issued to Mr Christopher Cairns (or his nominee), Ms Jennifer Murphy (or her nominee), Mr Peter Ironside (or his nominee) and Ms Amanda Sparks (or her nominee) and they are related parties by virtue of being Directors (being the category set out

in Listing Rule 10.14.1);

- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:

	<b>Total Options</b>
Mr Cairns	1,000,000
Ms Murphy	850,000
Mr Ironside	575,000
Ms Sparks	575,000
	<b>3,000,000</b>

- (c) the Related Party Options will be granted to the Related Parties no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) no loan has been provided to any of the Related Parties in relation to the proposed issue of the Related Party Options;
- (f) details of any Options issued under the Employee Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (g) the Employee Incentive Plan was previously adopted by Shareholders on 28 November 2018;
- (h) any full or part time employee or director (which includes each of the Related Parties) of the Company is entitled to participate in the Employee Incentive Plan. Approval is being sought only for the offer to the Related Parties. Any additional persons covered by listing rule 10.14 who become entitled to participate in an issue of securities under the Employee Incentive Plan after Resolutions 3 to 6 are approved and who were not named in this Notice will not participate until approval is obtained under that rule;
- (i) The following unlisted options have been issued to the Directors under the Employee Incentive Plan since it was last adopted by Shareholders on 28 November 2018. All options were granted for nil consideration:

	<b>Issued 6/12/2018 # Options (exercisable at 36 cents by 31/12/2019)</b>	<b>Issued 4/12/2019 # Options (exercisable at \$1.47 by 30/11/2020)</b>
Mr Cairns	3,000,000	750,000
Ms Murphy	2,200,000	550,000
Mr Ironside	1,500,000	375,000
Ms Sparks	1,500,000	375,000
	<b>8,200,000</b>	<b>2,050,000</b>

- (j) the Related Party Options will be granted under the Company's Employee Incentive Plan, the terms and conditions of which are set out in Schedule 1, with specific terms of the Related Party Options set out in Schedule 2;
- (k) the value of the Related Party Options and the pricing methodology is set out in Schedule 3;
- (l) the Related Party Options are unquoted Options. The Company has chosen to issue Related Party Options to the Related Parties for the following reasons:
- the Related Party Options are unquoted; therefore, the issue of the Related Party Options has no immediate dilutionary impact on Shareholders;
  - the Related Party Options will have an exercise price at a significant premium to the current share price to minimise taxation upfront for the Related Parties which is also

beneficial to the Company as it means the Related Parties are not required to immediately sell the Related Party Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and

- iii. it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options on the terms proposed;
- (m) the number of Related Party Options to be issued to each of the Related Parties has been determined based upon a consideration of:
- i. current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
  - ii. the remuneration of the Related Parties; and
  - iii. incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

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

- (n) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Number of Shares	Number of Options
Mr Christopher Cairns	8,032,268	750,000 Remuneration options lapsing 30/11/20
Ms Jennifer Murphy	5,146,705	550,000 Remuneration options lapsing 30/11/20
Mr Peter Ironside	31,887,982	375,000 Remuneration options lapsing 30/11/20
Ms Amanda Sparks	2,171,206	375,000 Remuneration options lapsing 30/11/20

- (o) the remuneration and emoluments (including share-based payments) from the Company to the Related Parties for the previous two financial years and the proposed remuneration and emoluments for the current financial year ending 30 June 2021 are set out below:

Related Party		Estimate for Financial Year Ending 30 June 2021 \$	Financial Year Ended 30 June 2020 \$	Financial Year Ended 30 June 2019 \$
Mr Christopher Cairns	Cash *	329,194	413,297	217,580
Mr Christopher Cairns	Share-Based (options)	260,500**	371,924	224,742
Mr Christopher Cairns	Total	589,694	785,222	442,322
Ms Jennifer Murphy	Cash*	245,400	298,700	155,056
Ms Jennifer Murphy	Share-Based (options)	221,425**	272,745	164,811
Ms Jennifer Murphy	Total	466,825	571,445	319,867
Mr Peter Ironside	Cash*	54,750	47,085	31,426
Mr Peter Ironside	Share-Based (options)	149,788**	185,963	112,371
Mr Peter Ironside	Total	204,538	233,048	143,797
Ms Amanda Sparks	Cash*	109,500	74,460	19,200
Ms Amanda Sparks	Share-Based (options)	149,788**	185,963	109,946
Ms Amanda Sparks	Total	259,288	260,423	129,146

\* Cash includes cash salary, director's fees, superannuation, insurances and movements in leave provisions. For Amanda Sparks, cash remuneration also includes Company Secretarial fees.

\*\* Assumes the Related Party Options proposed under this Notice of Meeting (Resolutions 3 to 6) are approved and issued.

- (p) if the Related Party Options granted to the Related Parties are exercised, a total of 3,000,000 Shares would be issued. This will increase the number of Shares on issue from 260,961,452 to 263,961,452 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 1.14%, comprising approximately 0.38% by Mr Cairns, 0.32% by Ms Murphy, 0.22% by Mr Ironside and 0.22% by Ms Sparks.

The market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

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

	Price	Date
Highest	\$1.42	31 October 2019
Lowest	26.5 cents	23 March 2020
Last	54.5 cents	25 September 2020

- (r) the primary purpose of the grant of the Related Party Options to the Related Parties is to recognise the contribution made by the Directors, and to acknowledge that the cash remuneration paid to Directors is low considering the extensive experience of the Directors. These Related Party Options also provide an incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors, which adds value for Shareholders. By offering these incentives in the form of Related Party Options, rather than cash, the Company can maximise the availability of cash for the Company's future exploration activities. These options are also being granted to provide a retention incentive to all Directors;
- (s) each Director has a material personal interest in the outcome of Resolutions 3 to 6 on the basis that all of the Directors (or their nominees) are to be issued Related Party Options should Resolutions 3 to 6 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 3 to 6 of this Notice; and
- (t) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 3 to 6.
- (u) voting exclusion statements are included in Resolutions 3 to 6 of this Notice.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Related Party Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

## **5. Resolution 7 – Approval of 7.1A Mandate**

### **5.1 Introduction**

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

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

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

Resolution 7 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 7 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 7 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

### **5.2 Technical Information required by ASX listing Rule 7.1A.**

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

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

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

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

#### **(b) Minimum Issue Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded before:

- i. the date on which the price at which the Equity Securities are to be issued is agreed by the entity and the recipient of the Equity Securities; or
- ii. if the Equity Securities are not issued within 10 trading days of the date in Section 5.2(b)(i), the date on which the Equity Securities are issued.

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

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate towards funding expenditure associated with the exploration and development of the Company's gold and copper assets within Australia, cash acquisitions of new assets or investments and/or general working capital.

(d) **Risk of economic and voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will have a dilutive effect on the interests of existing Shareholders who do not receive any Shares under the issue.

If this Resolution is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at 18 September 2020.

The table below also shows:

- (i) the hypothetical voting dilution impact where the number of Shares on issue (variable 'A' in the formula) changes. Specifically, the table shows three examples where variable 'A' has increased by 25%, 50% and 100%. These examples of a 25%, 50% and 100% increase in variable 'A' are provided as required under Listing Rule 7.3A.2. We note however that, even in the event Resolution 7 is passed, it is not possible for the Company to issue additional Shares in excess of 25% of its current issued capital without Shareholder approval, unless the Share issue is as a result of an issue that falls within an exemption within Listing Rule 7.2 (such as a pro rata entitlements issue or a share purchase plan); and
- (ii) the hypothetical economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Issued Share Capital (Number of Shares on issue – variable 'A' in Listing Rule 7.1A2)	50% decrease in current Market Price \$0.285		Current Market Price (as at 18 September 2020) \$0.57		100% increase in current Market Price \$1.14	
	10% Voting Dilution	Capital Raised \$	10% Voting Dilution	Capital Raised \$	10% Voting Dilution	Capital Raised \$
Current variable 'A' 260,961,452	26,096,145	7,437,401	26,096,145	14,874,803	26,096,145	29,749,606
25% Increase in Share Capital 326,201,815	32,620,182	9,296,752	32,620,182	18,593,503	32,620,182	37,187,007
50% Increase in Share Capital 391,442,178	39,144,218	11,156,102	39,144,218	22,312,204	39,144,218	44,624,408
100% Increase in share capital 521,922,904	52,192,290	14,874,803	52,192,290	29,749,606	52,192,290	59,499,211

#### **Assumptions and explanations**

- There are currently 260,961,452 Shares on issue as at the date of this Notice of Meeting.
- The issue price set out above is the closing price of the Shares on the ASX on 18 September 2020.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued either under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a specific risk that:

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

#### **(e) Allocation under the 7.1A Mandate**

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

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

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

#### **(f) Previous approval under ASX Listing Rule 7.1A.**

The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held on 29 November 2019 (**Previous Approval**).



During the 12 month period preceding the date of this Meeting, the Company issued a total of 16,200,000 Shares under rule 7.1A which represents approximately 7.6% of the total diluted number of Equity Securities on issue 12 months ago, which was 213,799,785 (213,799,785 Shares and no Options).

Details of the issues of Equity Securities by the Company under Listing Rule 7.1A during the 12 month period preceding the date of this annual general meeting are set out in the table below:

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price on the trading day prior to the issue	Consideration
30-Jul-20	16,200,000	Ordinary Shares (issued under Listing Rule 7.1A)	Issued to sophisticated and institutional investors pursuant to a placement	\$0.60 Market Price day before issue was \$0.63. Discount of 5%.	Cash \$9,720,000 Funds raised to be primarily used to accelerate the ongoing shallow Mineral Resource drill-out at the Cayley Lode discovery, while simultaneously progressing the Project through the requisite ancillary technical programmes and economic studies required to advance towards a potential development decision. None of the funds raised have been spent as at the date of this Notice.
<b>TOTAL EQUITY ISSUED UNDER 7.1A</b>	<b>16,200,000</b>				

(g) **Compliance with ASX Listing Rules 7.1A.4**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4.

**6. Resolution 8 – Replacement of Constitution**

**6.1 General**

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders. Resolution 8 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate any amendments to the Corporations Act and ASX Listing Rules since the current Constitution was last adopted in November 2013. The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions. The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature. The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below. A copy of the Proposed Constitution is available for review by Shareholders at the Company's website [www.stavelly.com.au](http://www.stavelly.com.au) and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9287 7630 or email:

info@stavelly.com.au). Shareholders are invited to contact the Company if they have any queries or concerns.

## 6.2 Summary of Material Proposed Changes

### **Restricted Securities (clause 2.12)**

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

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

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

### **Partial Takeover Plebiscites (clause 36)**

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

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

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

#### *Information required by section 648G of the Corporations Act*

- Effect of proposed proportional takeover provisions

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

- Reasons for proportional takeover provisions

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

- Knowledge of any acquisition proposals

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

Potential advantages and disadvantages of proportional takeover provisions

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

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

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

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

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

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 8.

## **7. Recommendations for All Resolutions**

The Board believes that the Resolutions to be proposed at the Company's Annual General Meeting are in the best interests of the Company and unanimously recommends that Shareholders vote in favour of each Resolution.

## **8. Enquiries**

Shareholders are invited to contact the Company Secretary, Ms Amanda Sparks, on (08) 9287 7630 if they have any queries in respect of the matters set out in these documents.

## GLOSSARY

**\$** means Australian dollars.

**7.1A Mandate** has the meaning given in section 5 of the Explanatory Statement which accompanies the Notice.

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

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

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

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

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

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

**Company** means Stavelly Minerals Limited (ABN 33 119 826 907).

**Constitution** means the Company's constitution.

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

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

**Eligible Entity** means an entity that, at the date of the relevant general meeting is not included in the S&P/ASX 300 Index; and has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

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

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

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

**Option** means an option which enables the holder to subscribe for one Share.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

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

**Remuneration Report** means the remuneration report set out in the Directors' Report of the Company's annual financial report for the period ended 30 June 2020.

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

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

**Shareholder** means a holder of a Share.

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

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

## Schedule 1 – Key Terms and Conditions of the Employee Incentive Plan

Outlined below is a summary of the key terms of the Company's Employee Incentive Plan.

- (a) **Eligibility:** Eligible Employees include Directors (both executive and non-executive), full time and part time employees and casual employees and contractors of the Company (to the extent permitted by ASIC Class Order 14/1000). Subject to the Board's consent, an Eligible Employee may nominate another person to participate in the Plan in their place.
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Eligible Employees will be offered Awards under the Plan.
- (c) **Invitation:** The Board may issue an invitation to an Eligible Employee to participate in the Plan (**Invitation**). The Invitation will specify:
  - (i) the number and type of Awards (being Options, Performance Rights and/or incentive Shares) specified in the Invitation;
  - (ii) any vesting conditions, performance hurdles, performance period, exercise conditions and/or restriction conditions attaching to the Awards;
  - (iii) the issue price or exercise price of the Awards (as applicable);
  - (iv) an acceptance period;
  - (v) any other terms and conditions attaching to the Awards; and
  - (vi) any other information required by ASIC Class Order 14/1000, the Listing Rules or any law to be included in the invitation.
- (d) **Issue and exercise price:**
  - (i) Options shall be issued for nil cash consideration, and the Board may determine the exercise price in its absolute discretion (including whether to offer the Eligible Employee a cashless exercise facility which will entitle the Eligible Employee to set-off the exercise price against the number of Shares which the Eligible Employee is entitled to receive upon exercise of the Eligible Employee's Options));
  - (ii) Performance Rights shall be issued for nil cash consideration, and Shares issued upon the conversion of Performance Rights shall be issued for nil cash consideration;
  - (iii) The Board shall determine the issue price of any Shares issued under the Plan, which may be nil.
- (e) **Quotation on ASX:** The Company will apply for Shares issued under the Plan and upon the exercise of Options and Performance Rights to be admitted to trading on ASX upon issue of the Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares. Options and Performance Rights issued under the Plan shall not be quoted.
- (f) **Rights attaching to Shares:** Each Share issued under the Plan or on the exercise of an Award shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and it will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date. The holder of a Share issued under the Plan shall be entitled to receive notice of, and attend and vote at, shareholder meetings, and to receive any dividends declared by the Company.
- (g) **Rights attaching to Options and Performance Rights:** Subject to the terms of the Plan, the Board may determine the rights attaching the Options and Performance Rights issued under the Plan. The holder of an Option or Performance Right issued under the Plan shall not be entitled to receive notice of, and attend and vote at, shareholder meetings, nor to receive any dividends declared by the Company.

- (h) **Restriction Conditions:** Shares may be subject to restriction conditions (such as a period of employment or a performance hurdle) which must be satisfied before the Shares can be sold, transferred, or encumbered (**Restriction Condition**). The Board may waive Restriction Conditions in its absolute discretion, including where a holder dies or is a good leaver. The Company is authorised to impose a holding lock on the Shares to implement these restrictions.
- (i) **Forfeiture of Shares:** Where a Restriction Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction (as determined by the Board in its reasonable opinion), and is not waived by the Board, the holder of those Shares forfeits its right, entitlement and interest in and to the Shares and the Company must, unless the Restriction Condition is waived by the Board, either:
- (i) arrange to buy back and cancel the relevant Shares within 6 months of the date the Restriction Condition was not satisfied (or became incapable of satisfaction) under the Corporations Act at a price equal to the cash consideration paid by the holder for the Shares; or
  - (ii) arrange to sell the Shares on behalf of the holder (using a power of attorney) as soon as reasonably practicable after the Restriction Condition was not satisfied (or became incapable of satisfaction) on the ASX or to an investor who falls within an exemption under Section 708 of the Corporations Act (provided that the sale must be at a price that is no less than 80% of the volume weighted average price of Shares on ASX over the 10 trading days before the sale date), and apply the sale proceeds in the following priority:
    - (A) firstly, to use towards repaying any cash consideration paid by the holder for the Shares; and
    - (B) secondly, any remainder to the Company to cover its costs of managing the Plan.
- (j) **Power of Attorney:** The holder irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the buy back or sale of the holder's Shares in accordance with the Plan.
- (k) **Ceasing to be an Eligible Executive:** If an Eligible Employee ceases to be an employee or director of the Company and:
- (i) at that time there are unfulfilled Restriction Conditions in relation to Shares under the Plan held by the Eligible Employee or his or her nominee, the Shares are forfeited and the Company must either buy back or sell the Shares in accordance with the Plan;
  - (ii) the termination of employment is due to wilful misconduct, gross negligence or material breach of employment contract (**Misconduct**), then unvested Awards shall lapse and the Board may determine that vested Awards that have not been exercised shall also lapse; and
  - (iii) the termination of employment is not due to Misconduct, then vested awards may be exercised within 3 months from the date of termination of employment, and the Board may in its discretion determine whether to waive any vesting conditions, exercise conditions or restriction conditions to permit the Eligible Employee to exercise Awards or sell or retain Plan Shares.
- (l) **Change of control events:** Unvested Awards shall become exercisable if:
- (i) (**Takeover**) a takeover bid for the Company's issued Shares is declared unconditional;
  - (ii) (**Compromise or Arrangement**): a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
  - (iii) (**Sale of Main Business**): the Company enters into an agreement to sell its main business undertaking or principal assets and that agreement becomes unconditional.

- (m) **Plan limit:** The Company must take reasonable steps to ensure that the number of Shares to be received on the exercise of Awards, when aggregated with:
- (i) the number of Shares that would be issued if each outstanding offer made or Award granted under the Plan or any other employee incentive scheme of the Company were to be exercised or accepted; and
  - (ii) the number of Shares issued during the previous 3 years under the Plan (or any other employee share scheme extended only to eligible employees),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or Awards that can be disregarded in accordance with relevant ASIC Class Orders).

## Schedule 2 – Specific Terms and Conditions of Related Party Options

Note - the Related Party Options will be granted under the Company's Employee Incentive Plan.

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be set at a 45% premium to the volume weighted average share price (**VWAP**) over the five trading days prior to the issue of the Options (**Exercise Price**). The Cashless Exercise Facility will be offered.

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 October 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 10 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.



(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX.

(n) **Transferability**

The Options are only transferable in accordance with the terms of the Employee Incentive Plan.

### Schedule 3 - Valuation of Related Party Options

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 3 to 6 have been valued by RSM Australia Pty Ltd.

Using the Hoadley Trading & Investment Tools ES02 trinomial option valuation model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

<b>Assumptions:</b>	
Valuation date	17 September 2020
Market price of Shares *	56 cents
Exercise price *	80 cents *
Vesting date	immediately
Expiry date	17 September 2023 *
Risk free interest rate	0.27%
Volatility (discount)	100%
<b>Indicative value per Related Party Option</b>	26.05 cents
<b>Total Value of Related Party Options</b>	\$781,501
- Mr Cairns	\$260,500
- Ms Murphy	\$221,425
- Mr Ironside	\$149,788
- Ms Sparks	\$149,788

\* Note: The valuations noted above will be adjusted for the actual variables, including market price and the exercise price will be adjusted using the 45% premium x 5 Day VWAP at the time of grant.



Stavelly Minerals Limited  
ABN 33 119 826 907

SVY

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:30 AM (AWST) on Wednesday, 28 October 2020.**

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

## PARTICIPATING IN THE MEETING

### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Stavelly Minerals Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Stavelly Minerals Limited to be held at First Floor, 168 Stirling Highway, Nedlands, WA 6009 on Friday, 30 October 2020 at 10:30 AM (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3, 4, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 3, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3, 4, 5 and 6 by marking the appropriate box in step 2.

### Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Ms Jennifer Murphy as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Issue of Director Options – Mr Christopher Cairns	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Director Options – Ms Jennifer Murphy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Director Options – Mr Peter Ironside	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Issue of Director Options – Ms Amanda Sparks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of 7.1A Mandate	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

SVY

999999A



Computershare

