

EXTERRA RESOURCES LIMITED  
ABN 26 138 222 705

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

**Date of Meeting**  
28 November 2016

**Time of Meeting**  
12:30 pm

**Place of Meeting**  
Celtic Club  
48 Ord Street  
WEST PERTH WA 6005

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*The 2016 Annual Report may be viewed on the Company's website at [www.exterraresources.com.au](http://www.exterraresources.com.au)*

For personal use only

EXTERRA RESOURCES LIMITED  
ABN 26 138 222 705  
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Exterra Resources Limited (**Company**) will be held at Celtic Club, 48 Ord Street, Western Australia on 28 November 2016 at 12:30 pm (**Meeting**) for the purpose of transacting the following business.

**2016 Financial Statements**

To receive and consider the financial statements of the Company for the year ended 30 June 2016, consisting of the annual financial report, the Directors' Report and the Auditor's Report.

**Resolution 1 – Adoption of Remuneration Report**

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

*“That, for the purposes 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 2016.”*

**Short Explanation:** Pursuant to the Corporations Act the Company seeks approval for the adoption of the 30 June 2016 Remuneration Report contained in the annual financial report of the Company.

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

**Voting Prohibition Statement:**

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

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (ii) 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:

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

**Resolution 2 – Election of Mr Geoffrey Laing as a Director**

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

*“That, pursuant to and in accordance with Listing Rule 14.4, Article 6.3(j) of the Constitution and for all other purposes, Mr Geoffrey Laing, who was appointed as a casual vacancy on 22 August 2016, retires and being eligible, is elected as a Director on the terms and conditions in the Explanatory Statement.”*

**Short Explanation:** Pursuant to the Company's Constitution, a director appointed as a casual vacancy must retire and seek election at the next AGM of the Company.

**Resolution 3 – Re-election of Mr John Davis as a Director**

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

*“That for the purpose of article 6.3 of the Constitution and for all other purposes, Mr John Davis retires by rotation as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director.”*

**Short Explanation:** Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election at that AGM.

#### Resolution 4 – Re-election of Mr Justin Brown as a Director

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

*"That for the purpose of article 6.3 of the Constitution and for all other purposes, Mr John Brown retires by rotation as a Director, and being eligible, having offered himself for re-election, is re-elected as a Director."*

**Short Explanation:** Pursuant to the Company's Constitution, one-third of the Directors of the Company (other than the Managing Director) must retire at each AGM and, being eligible, may offer themselves for re-election at that AGM.

#### Resolution 5 – Approval of 10% Placement Facility

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

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

**Short Explanation:** Approval is sought under Listing Rule 7.1A to allow the Company to allot and issue up to 10% of the ordinary fully paid shares in the capital of the Company at the time of the issue.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the 10% Placement Facility and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares and any Associate of that person (or those persons).

However, the Company will not disregard a vote if it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) 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).

#### Resolution 6 – Ratification of Issue of Shares

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

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the issue of 57,500,000 Shares to the parties, for the purposes and on the terms set out in the Explanatory Statement."*

#### Voting Exclusion:

For the purposes of Listing Rule 7.5, the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) 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).

#### Resolution 7 – Approval of Grant of Options to Mr John Davis

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

*"That, for the purpose of Listing Rule 10.11 of the Listing Rules, section 208 of the Corporations Act and for all other purposes, the issue to Mr John Davis, or his nominees, for nil consideration of 1,500,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 10 cents, expiring on 28 November 2021 and on the terms and conditions outlined in the Explanatory Statement and in Annexure H is hereby approved."*

**Short Explanation:** Approval is sought under Listing Rule 10.11 to authorise the Company to issue these securities. Please refer to the Explanatory Statement for details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 7 by Mr Davis and any associate of Mr Davis. However, the Company will not disregard a vote if 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 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:**

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

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (ii) 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:

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

**Resolution 8 – Approval of Grant of Options to Mr Justin Brown**

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

*"That, for the purpose of Listing Rule 10.11 of the Listing Rules, section 208 of the Corporations Act and for all other purposes, the issue to Mr Justin Brown, or his nominees, for nil consideration of 750,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 10 cents, expiring on 28 November 2021 and on the terms and conditions outlined in the Explanatory Statement and in Annexure H is hereby approved."*

**Short Explanation:** Approval is sought under Listing Rule 10.11 to authorise the Company to issue these securities. Please refer to the Explanatory Statement for details. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 8 by Mr Brown and any associate of Mr Brown. However, the Company will not disregard a vote if 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 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:**

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

- (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (ii) 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:

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

## Resolution 9 – Approval of Grant of Options to Company Secretary

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

*"That, for the purpose of Listing Rule 7.1 of the Listing Rules and for all other purposes, the issue to, Mr Dennis Wilkins in his capacity as Company Secretary, or his nominees, for nil consideration of 500,000 Options to acquire fully paid shares in the capital of the Company, at an exercise price of 10 cents, expiring on 28 November 2021 and on the terms and conditions outlined in the Explanatory Statement and in Annexure H is hereby approved."*

**Short Explanation:** Approval is sought under Listing Rule 7.1 to authorise the Company to issue these securities. Please refer to the Explanatory Statement for details.

**Voting Exclusion:** The Company will, in accordance with the Listing Rules, disregard any votes cast on Resolution 9 by Mr Wilkins or an associate of Mr Wilkins who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company will not disregard a vote if 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 it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### Other Business

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

### PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form and return it in accordance with its instructions prior to 12:30 pm WST on 26 November 2016 by:

1. post to Security Transfer Australia Pty Ltd, PO Box A2020, South Sydney NSW 1235; or
2. facsimile to Security Transfer Australia Pty Ltd at (08) 9315 2233 (International: +61 8 9315 2233).

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

### ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5:00 pm WST on 26 November 2016 will be entitled to attend and vote at the AGM.

### CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

## REVOCATION OF PROXIES

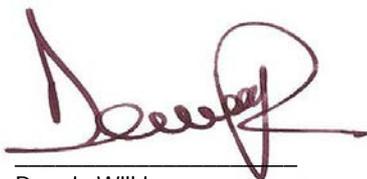
A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

## VOTING OF PROXIES

The Proxy Form accompanying this Notice of Meeting confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of proxy form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

**By Order of the Board of Directors**



Dennis Wilkins  
Company Secretary  
Date: 19 October 2016

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the Shareholders of the Company in connection with the business to be conducted at the AGM of the Company to be held at Celtic Club, 48 Ord Street, West Perth, WA 6005, on 28 November 2016 commencing at 12:30 pm WST and any adjournment thereof.

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the matters set forth in the Notice for approval at the Meeting. The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

Terms used in this Explanatory Statement will, unless the context otherwise requires, have the same meaning given to them in the glossary as contained in this Explanatory Statement.

At the AGM, Shareholders will be asked to consider the following Resolutions:

- adopting the Remuneration Report;
- election of Mr Geoffrey Laing;
- re-electing Mr John Davis;
- re-electing Mr Justin Brown;
- approving the 10% Placement Facility;
- ratification of Issue of Shares;
- Issue of Options to Mr John Davis;
- Issue of Options to Mr Justin Brown; and
- Issue of Options to Company Secretary.

### 1. 2016 Financial Statements

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2016.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered a reasonable opportunity to:

- (a) ask questions about, or comment on, the management of the Company;
- (b) discuss the Annual Report which is available online from the Company's website [www.exterraresources.com.au](http://www.exterraresources.com.au);
- (c) ask the auditor questions about:
  - (i) the preparation and content of the Auditor's Report;
  - (ii) the conduct of the audit;
  - (iii) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - (iv) the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor if the question is relevant to:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Annual Report to be considered at the AGM,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

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

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

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

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.

## 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, 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 the vote. If required, the Spill Resolution must be put to the vote at the second of those annual general meetings.

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

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

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

The Remuneration Report explains Board policies in relation to the nature and level of remuneration paid to Key Management Personnel, sets out remuneration details for each member of the Key Management Personnel, details any service agreements and sets out the details of any share based compensation.

## 2.3 Voting on the Remuneration Report

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

## 3. Resolution 2 – Election of Mr Geoffrey Laing as a Director

### 3.1 Introduction

On 22 August 2016, Mr Geoffrey Laing was appointed as a Director of the Company.

Mr Laing was appointed pursuant to Article 6.2(b) of the Constitution, which allows the Directors to appoint a person to fill a casual vacancy at any time. Any Director so appointed holds office until the next general meeting of members of the Company and is eligible for election at that meeting.

In addition, in accordance with Listing Rule 14.4, a director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next annual general meeting of the entity.

Pursuant to Article 6.3(j) of the Constitution, Mr Laing retires and offers himself for election as a Director of the Company.

### **3.2 Director's Biography and Experience**

Mr Laing is a Chemical Engineer with over 20 years' experience in the mining sector across a variety of commodities, including gold, in Australia, Southern Africa and South America. Mr Laing has experience in project funding and mine development through to production. Previously, as Managing Director and GM Corporate and Project Development for Exco Resources Ltd, Mr Laing was instrumental in the successful development and divestment of the Cloncurry Copper Project in North Queensland and the highly successful White Dam Gold Mine in South Australia.

### **3.3 Directors' Recommendation**

The Chairperson intends to exercise all available proxies in favour of Resolution 2.

The Directors (other than Mr Laing, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of Resolution 2.

## **4. Resolution 3 – Re-election of Mr John Davis as a Director**

### **4.1 Introduction**

Mr John Davis was appointed as a Director on 18 December 2009.

In accordance with Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each AGM. Accordingly, Mr John Davis will retire by rotation and, being eligible, offers himself for re-election. Mr Davis was the Company's Managing Director until his recent appointment as Executive Chairman.

Resolution 3 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

### **4.2 Director's Biography and Experience**

Mr Davis is a Geologist with more than 30 years' experience in mineral exploration and development in Australia and Southern Africa, including gold, base metals and rare metals. He has extensive experience in the gold sector, from regional exploration, resource development to production, including as Exploration Manager/Chief Geologist for Metana Minerals NL. He was founding managing director of Jabiru Metals Ltd, where he played a key role in the discovery of the Jaguar base metal deposit, and a Technical Director of Monarch Gold Mining Co Ltd.

### **4.3 Directors' Recommendation**

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

The Directors (other than Mr Davis, who has an interest in the Resolution) unanimously recommend that Shareholders vote in favour of Resolution 3.

## **5. Resolution 4 – Re-election of Mr Justin Brown as a Director**

### **5.1 Introduction**

Mr Justin Brown was appointed as a Non-Executive Director on 5 December 2009.

In accordance with Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each AGM. Accordingly, Mr Justin Brown will retire by rotation and, being eligible, offers himself for re-election.

Resolution 4 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

### **5.2 Director's Biography and Experience**

Mr Brown has a strong technical background with experience in mineral exploration and mining from grass roots target generation through to resource mining and mine production in Australia, New Zealand and Africa.

Mr Brown's successful career in the mining industry includes a position managing exploration for a large multinational company in the Leonora, Edjudina and Marvel Loch regions of Western Australia. Mr Brown has in recent years expanded his corporate involvement in the industry and is currently Executive Director of ASX listed company Montezuma Mining Company Limited.

### **5.3 Directors' Recommendation**

All the Directors except Mr Brown recommend that Shareholders vote in favour of Resolution 4.

**6. Resolution 5 – Approval of 10% Placement Facility**

**6.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(c) below).

**6.2 Description of Listing Rule 7.1A**

(a) *Shareholder approval*

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM, requiring a 75% majority vote to be cast.

(b) *Equity Securities*

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has on issue nine classes of Equity Securities, being listed Shares, and eight classes of unlisted Options.

(c) *Formula for calculating 10% Placement Facility*

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 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;
- (iv) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%;

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 331,187,516 Shares and therefore, assuming Resolution 5 is approved, has a capacity to issue:

- (i) 49,978,127 Equity Securities under Listing Rule 7.1; and

- (ii) subject to Shareholder approval being sought under Resolution 5, 33,318,751 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 6.2(c) above).

(e) *Minimum Issue Price*

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days (on which trades in that class were recorded) immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (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),

or such longer period if allowed by ASX (**10% Placement Period**).

**6.3 Listing Rule 7.1A**

The effect of Resolution 5 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

**6.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days (on which trades in that class were recorded) immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Convertible Securities, only if the Convertible Securities are converted into Shares). There is 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 Meeting; and
- (ii) the Equity Securities may be issued 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 are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

- (c) The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for Variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

- (d) The table shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for

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example, a pro rata entitlements issue or scrip issued under a takeover offer), or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.035 50% decrease in Issue Price	\$0.07 Issue Price	\$0.14 100% increase in Issue Price
Current Variable A 333,187,516 Shares	10% voting dilution	33,318,871 Shares	33,318,871 Shares	33,318,871 Shares
	Funds raised	\$1,166,156	\$2,332,313	\$4,664,625
50% increase in current Variable A 499,781,274 Shares	10% voting dilution	49,978,127 Shares	49,978,127 Shares	49,978,127 Shares
	Funds raised	\$1,749,234	\$3,498,469	\$6,996,938
100% increase in current Variable A 666,375,032 Shares	10% voting dilution	66,637,503 Shares	66,637,503 Shares	66,637,503 Shares
	Funds raised	\$2,332,313	\$4,664,625	\$9,329,250

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the Equity Securities.
- (iii) 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%.
- (iv) 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 Facility, based on that Shareholder's holding at the date of this Meeting.
- (v) 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.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Convertible Securities, it is assumed that those Convertible Securities are converted into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vii) The issue price is \$0.07, being the closing price of Shares on the ASX on 14 October 2016.
- (e) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 5 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (f) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. In such circumstances, the Company intends to use the funds raised to advance the Second Fortune Underground mine at Linden and for general working capital purposes; or
- (ii) non-cash consideration in relation to costs associated with the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

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- (h) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

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

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (i) The Company previously sought Shareholder approval under Listing Rule 7.1A at the 2015 annual general meeting on 30 November 2015 for which approval was received.

In accordance with Listing Rule 7.3A.6 the total number of Equity Securities issued in the 12 months preceding the date of this notice of meeting is 171,439,283 representing 80.2% of the Equity Securities on issue at the commencement of the 12 month period.

The Company has issued the following equity securities in the 12 months preceding the date of this Notice:

Date of Issue	Number of Shares	Number of Options	Class	Issue Price	Discount / Premium to Market price	Total Consideration	Issued to	Value as determined by Black-Scholes valuation
22/4/2016	700,000	350,000	Fully paid ordinary shares (Options Annexure A)	\$0.021	12.5%	\$14,700	Greensea Investments Pty Ltd	N/A
22/4/2016	3,000,000	1,500,000	Fully paid ordinary shares (Options Annexure A)	\$0.021	12.5%	\$63,000	Rangula Ltd	N/A
22/4/2016	4,254,760	2,127,380	Fully paid ordinary shares (Options Annexure A)	\$0.021	12.5%	\$89,350	Cheung Shun Resources Ltd	N/A
22/4/2016	500,000	250,000	Fully paid ordinary shares (Options Annexure A)	\$0.021	12.5%	\$10,500	Duketon Consolidated Pty Ltd	N/A
22/4/2016	900,000	450,000	Fully paid ordinary shares (Options Annexure A)	\$0.021	12.5%	\$18,900	Tempio Group of Companies Ltd	N/A
22/4/2016	750,000	375,000	Fully paid ordinary shares (Options Annexure A)	\$0.021	12.5%	\$15,750	Paul Watts	N/A
22/4/2016	1,800,000	900,000	Fully paid ordinary shares (Options Annexure A)	\$0.021	12.5%	\$37,800	Seamus Cornelius	N/A
22/4/2016	11,904,762	5,952,381	Fully paid ordinary shares (Options Annexure A)	\$0.021	12.5%	\$250,000	Clients of Taylor Collison	N/A
28/4/2016	12,500,000	Nil	Fully paid ordinary shares	\$0.040	4.76%	\$500,000	Clients of Taylor Collison	N/A
28/4/2016	2,000,000	Nil	Options Annexure C				Taycol Nominees Pty Ltd <211 A/C>	\$8,600
24/6/2016	Nil	3,000,000	Options Annexure B				Taycol Nominees Pty Ltd <211 A/C>	\$30,900
24/6/2016	Nil	3,125,000	Options Annexure C				Clients of Taylor Collison	
1/7/2016	700,000	175,000	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$28,000	Alfa Boxer Limited	N/A

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Date of Issue	Number of Shares	Number of Options	Class	Issue Price	Discount / Premium to Market price	Total Consideration	Issued to	Value as determined by Black-Scholes valuation
1/7/2016	500,000	125,000	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$20,000	Kongming Investments Limited	N/A
1/7/2016	400,000	100,000	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$16,000	Paul Hartley Watts	N/A
1/7/2016	400,000	100,000	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$16,000	Pato Negro Pty Ltd <Negro Toro Investment A/C>	N/A
1/7/2016	625,000	156,250	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$25,000	Donal Windrim	N/A
1/7/2016	625,000	156,250	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$25,000	Kennedy Pty Ltd	N/A
1/7/2016	2,187,500	546,875	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$87,500	Trepanier Pty Ltd <Bayje A/C>	N/A
1/7/2016	2,062,500	515,625	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$82,500	Charles Frazer Tabcart	N/A
1/7/2016	1,562,500	390,625	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$62,500	Gregory William Fry	N/A
1/7/2016	3,562,500	890,625	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$142,500	Hartree Pty Ltd	N/A
1/7/2016	375,000	93,750	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$15,000	Geoffrey Michael Huyshe Laing	N/A
1/7/2016	250,000	62,500	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$10,000	Catherine Ann McDonald	N/A
1/7/2016	275,000	68,750	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$11,000	Steven Luke Jackson	N/A
1/7/2016	125,000	31,250	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$5,000	Vincent James Algar & Isobel Vera Leigh Algar	N/A
1/7/2016	100,000	25,000	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$4,000	Mark Richards	N/A
1/7/2016	250,000	62,500	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$10,000	Bridie Davis	N/A
1/7/2016	125,000	31,250	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$5,000	Mandy Jayne Johnson	N/A
1/7/2016	125,000	31,250	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$5,000	Anthony Patrick Doyle	N/A
1/7/2016	125,000	31,250	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$5,000	Melody Gandy	N/A
1/7/2016	125,000	31,250	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$5,000	John Trevor Hasleby	N/A
1/7/2016	23,000,000	5,750,000	Fully paid ordinary shares (Options Annexure D)	\$0.040	11.11% (Premium)	\$920,000	Clients of Taylor Collison	N/A
4/7/2016	Nil	5,000,000	Options Annexure E				Taycol Nominees Pty Ltd <211 A/C>	\$71,000
29/7/2016	375,000	Nil	Fully paid ordinary shares	\$0.035	55.13%	\$13,125	Paul Watts	N/A
29/7/2016	350,000	Nil	Fully paid ordinary shares	\$0.035	55.13%	\$12,250	Greensea Investments Pty Ltd	N/A
26/8/2016	Nil	2,500,000	Options Annexure F				Taycol Nominees Pty Ltd <211 A/C>	\$93,250
28/8/2016	Nil	2,500,000	Options Annexure G				Taycol Nominees Pty Ltd <211 A/C>	\$80,250

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In the 12 months preceding the date of this Notice of Meeting, the Company has spent \$176,926 on payments to suppliers and employees, \$157,000 on share issue costs and \$1,238,920 on exploration related expenditure. The balance of funds has been unspent and will be applied to exploration expenditure and working capital purposes.

- (j) A voting exclusion statement is included in the Notice.
- (k) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## 6.5 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 5.

Resolution 5 is a special resolution and therefore requires 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).

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

## Resolution 6 – Ratification of Issue of Shares

### 7.1 General

The Company issued 57,500,000 Shares on 19 October 2016 at an issue price of \$0.07 per Share in accordance with Listing Rules 7.1 and 7.1A and now seeks, pursuant to Resolution 6 of the Notice, to ratify the allotment and issue of those Shares.

Listing Rule 7.1 provides that (subject to certain exceptions) prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by a company during the previous 12 months, exceed 15% of the number of the ordinary securities on issue at the commencement of that 12 month period. Listing Rule 7.1A provides that eligible entities may, subject to shareholder approval by special resolution, issue equity securities up to 10% of its issued capital over a period of 12 months after the approval. Shareholder approval was obtained pursuant to Listing Rule 7.1A on 30 November 2015.

The Placement of 57,500,000 Shares was within the Company's Listing Rule 7.1 and 7.1A placement capacity.

Listing Rule 7.4 sets out the procedure and effect of Shareholder approval of a prior issue of securities and provides that where shareholders in general meeting ratify a previous issue of securities made without approval under Listing Rule 7.1, provided that the previous issue of securities did not breach the ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval. In addition, approval of Resolution 6 will refresh the additional 10% placement capacity provided under Listing Rule 7.1A which was utilised in undertaking the Share Placement.

### 7.2 Information required by Listing Rule 7.5

The following information is provided to Shareholders for the purposes of Listing Rule 7.5.

- (a) 57,500,000 Shares were allotted and issued by the Company;
- (b) The issue price per Share was \$0.07;
- (c) The Shares allotted were fully paid ordinary shares which rank equally with all other fully paid ordinary shares on issue.
- (d) The Shares were allotted as a private placement to sophisticated and professional investors who are not related parties of the Company;
- (e) The funds raised will be for exploration activities and for working capital purposes; and
- (f) A voting exclusion statement is included in the Notice.

### 7.3 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

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

## 8. Resolution 7 – Approval of Grant of Options to Mr John Davis

The Company proposes to grant 1,500,000 Options to Mr John Davis, or his nominees, for nil consideration at an exercise price of 10 cents per share and expiring 28 November 2021.

The full terms of the Options are set out in Annexure H to this Explanatory Statement.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price is 10 cents per share. In the event all the Options are exercised, Mr Davis (or his nominees) will need to pay a total of \$150,000 to the Company.

### 8.1 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 benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained 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, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 7 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

### 8.2 The related party to whom the proposed Resolution would permit the financial benefit to be given

Subject to Shareholder approval, the Options the subject of Resolution 7 will be granted to Mr Davis, or his nominees, within one month of the passing of this Resolution. Mr Davis is a Director of the Company and is therefore classified as a related party.

### 8.3 The nature of, reasons for and basis for the financial benefit

The proposed financial benefit is the grant of 1,500,000 options to Mr Davis, or his nominees, for no issue price. Each Option will allow Mr Davis to subscribe for one ordinary fully paid Share in the Company. The Options have an exercise price of 10 cents per share and expiring 28 November 2021.

The Options form part of Mr Davis's incentive for continuing and future efforts. The issue of Options to Mr Davis is subject to Resolution 7 being passed. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Mr Davis is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Options represent an incentive to Mr Davis to achieve this increase in the Share price, which would result in an increase in Shareholder value.

### 8.4 Directors' recommendation

All directors except Mr Davis recommend Shareholders vote in favour of Resolution 7. Mr Davis does not wish to make a recommendation about the proposed Resolution 7 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

### 8.5 Interests of Directors

Mr Davis has noted his interest in the approval of Resolution 7 in relation to the Options.

***Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers***

- (a) The proposed Resolution would have the effect of giving power to the Directors to grant 1,500,000 Options to Mr Davis, or his nominees.
- (b) The exercise of the Options is subject to the terms and conditions as set out in Annexure H to this Explanatory Statement and as otherwise mentioned above.
- (c) The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.

- (d) The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Davis, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

Table 1 - Details of Director Options

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
John Davis	Director	1,500,000	10 cents per share	28 November 2021	At date of allotment	\$55,500 (i)

Option Valuation details

Details	Input
Share price	\$0.072
Exercise Price	\$0.10
Risk Free Rate	1.87%
Volatility (Annualised)	70%
Start Date	28 November 2016
Expiry Date	28 November 2021
<b>Value per Option</b>	<b>\$0.0370 (i)</b>

- (e) As at the date of this Notice, the issued capital of the Company comprised 333,187,516 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

	Existing Shares and Options
Shares and Options	383,867,277
Options to be granted	1,500,000
<b>New Total</b>	<b>385,367,277</b>
Dilutionary effect	0.39%

- (f) Mr Davis's current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding
John Davis	500,000	5,000,000

- (g) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.
- (h) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since May 2011. In the twelve months prior to the date of this notice the Shares have traded in the range of 1 cent to 9.2 cents, the most recent closing price prior to the date of this Notice was 7.2 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (i) Mr Davis currently receives a director fee of \$9,000 per month from 1 October 2016.
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Mr Davis or his nominees pursuant to Resolution 4.

- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

#### **8.6 Specific information required by Listing Rule 10.13**

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Davis (or his nominees).
- (b) The maximum number of Options to be issued to Mr Davis (or his nominees) is 1,500,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of 10 cents per share and expiring 28 November 2021.
- (e) The Options will be issued for nil consideration and on the terms and conditions outlined in Annexure H.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

#### **9. Resolution 8 – Approval of Grant of Options to Mr Justin Brown**

The Company proposes to grant 750,000,000 Options to Mr Justin Brown, or his nominees, for nil consideration at an exercise price of 10 cents per share and expiring 28 November 2021.

The full terms of the Options are set out in Annexure H to this Explanatory Statement.

The Directors consider that the grant of the Options is a cost effective and efficient means for the Company to provide a reward and incentive.

The exercise price is 10 cents per share. In the event all the Options are exercised, Mr Brown (or his nominees) will need to pay a total of \$75,000 to the Company.

##### **9.1 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:

- (c) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (d) prior Shareholder approval is obtained 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, Directors and persons who were a related party in the previous six months are considered to be related parties of the Company.

Resolution 8 provides for the grant of Options to a related party which is a financial benefit requiring Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

##### **9.2 The related party to whom the proposed Resolution would permit the financial benefit to be given**

Subject to Shareholder approval, the Options the subject of Resolution 8 will be granted to Mr Brown, or his nominees, within one month of the passing of this Resolution. Mr Brown is a Director of the Company and is therefore classified as a related party.

**9.3 The nature of, reasons for and basis for the financial benefit**

The proposed financial benefit is the grant of 750,000 options to Mr Brown, or his nominees, for no issue price. Each Option will allow Mr Brown to subscribe for one ordinary fully paid Share in the Company. The Options have an exercise price of 10 cents per share and expiring 28 November 2021.

The Options form part of Mr Brown's incentive for continuing and future efforts. The issue of Options to Mr Brown is subject to Resolution 8 being passed. Options are considered to be the appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Mr Brown is to derive any value from the Options, the market Share price must be in excess of the exercise price at the time of exercise. As the exercise price of the Options is at a premium to the most recent closing Share price prior to the date of this Notice, and the average Share price as traded over the previous 6 months, the Options represent an incentive to Mr Brown to achieve this increase in the Share price, which would result in an increase in Shareholder value.

**9.4 Directors' recommendation**

All directors except Mr Brown recommend Shareholders vote in favour of Resolution 8. Mr Brown does not wish to make a recommendation about the proposed Resolution 8 as he may potentially receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

**9.5 Interests of Directors**

Mr Davis has noted his interest in the approval of Resolution 8 in relation to the Options.

**Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers**

- The proposed Resolution would have the effect of giving power to the Directors to grant 750,000 Options to Mr Brown, or his nominees.
- The exercise of the Options is subject to the terms and conditions as set out in Annexure H to this Explanatory Statement and as otherwise mentioned above.
- The Directors, in conjunction with the Company's advisers, have provided an indicative value to the Options by reference to the Black-Scholes valuation method.
- The total value of the Options to be issued is outlined in Table 1 below. If Options granted to Mr Brown, or his nominees, are exercised, the effect would be to dilute the Shareholdings of the existing Shareholders.

**Table 1 - Details of Director Options**

Name	Relationship	Number of options	Exercise price	Expiry date	Vesting	Value as determined by Black-Scholes valuation
Justin Brown	Director	750,000	the greater of 10 cents per share	28 November 2021	At date of allotment	\$27,750 (i)

**Option Valuation details**

Details	Input
Share price	\$0.072
Exercise Price	\$0.10
Risk Free Rate	1.87%
Volatility (Annualised)	70%
Start Date	28 November 2016
Expiry Date	28 November 2021
<b>Value per Option</b>	<b>\$0.0370 (i)</b>

- As at the date of this Notice, the issued capital of the Company comprised 333,187,516 Shares. If all Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, and assuming no other share issues proceed, the effect would be to dilute the Shareholding of existing Shareholders as per the table below:

	Existing Shares and Options
Shares and Options	383,867,277
Options to be granted	750,000
<b>New Total</b>	<b>384,617,277</b>
Dilutionary effect	0.20%

(f) Mr Brown's current interests in securities of the Company are set out in the table below:

Director	Shareholding	Option holding
Justin Brown	5,500,002	3,000,000

- (g) The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of the Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Options.
- (h) The Options will not be quoted on ASX and as such have no actual market value. The fully paid ordinary Shares of the Company have been traded on ASX since May 2011. In the twelve months prior to the date of this notice the Shares have traded in the range of 1 cent to 9.2 cents, the most recent closing price prior to the date of this Notice was 7.2 cents. The Options are capable of being converted to Shares by payment of the exercise price.
- (i) Mr Brown currently receives a director fee of \$30,000 per annum.
- (j) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Mr Brown or his nominees pursuant to Resolution 8.
- (k) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

#### 9.6 Specific information required by Listing Rule 10.13

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 as follows:

- (a) The Options will be issued to Mr Brown (or his nominees).
- (b) The maximum number of Options to be issued to Mr Brown (or his nominees) is 750,000.
- (c) The Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (d) The Options will be issued at an exercise price of 10 cents per share and expiring 28 November 2021.
- (e) The Options will be issued for nil consideration and on the terms and conditions outlined in Annexure H.
- (f) A voting exclusion statement is included in the Notice of Meeting.
- (g) No funds will be raised from the issue of the Options.

#### Resolution 9 – Grant of Options to Company Secretary

##### 10.1 General

Listing Rule 7.1 prohibits a company from issuing securities representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). Accordingly, Shareholder approval is being sought under Listing Rule 7.1 for the issue of 500,000 Options in the Company.

##### 10.2 Information required by Listing Rule 7.3

The following information is provided in accordance with Listing Rule 7.3.

- (a) The maximum number of Options that will be issued is 500,000.
- (b) Options issued in accordance with Resolution 9 will be issued and allotted within 3 months from the date of the AGM (or such later date as approved by ASX).

**EXTERRA RESOURCES LIMITED**

Notice of Annual General Meeting 28 November 2016

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- (c) The Options will be issued for nil cost.
- (d) The Options will be issued to Mr Dennis Wilkins, in his capacity as Company Secretary, or his nominees.
- (e) No funds raised will be raised by the issue of Options.
- (f) The allotment will occur as a single allotment and on the terms and conditions as set out in Annexure H.
- (g) A voting exclusion statement is included in the Notice.

**10.3 Directors' recommendation**

All directors recommend Shareholders vote in favour of Resolution 9.

**OTHER BUSINESS**

Management is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice. If any other business properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Shares represented thereby in accordance with their best judgement on such matter.

For personal use only

## GLOSSARY

In this Explanatory Statement and the Notice, the following terms have the following meanings unless the context otherwise requires:

"**10% Placement Facility**" has the meaning given in Section 6.1 of the Explanatory Statement;

"**10% Placement Period**" has the meaning given in Section 6.2(f) of the Explanatory Statement;

"**AGM**" means an annual general meeting;

"**Annual Report**" means the Directors' Report, the Financial Report and Auditor's Report, in respect of the financial year ended 30 June 2016;

"**Associate**" has the same meaning as defined in section 11 and sections 13 to 17 of the Corporations Act;

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

"**Auditor's Report**" means the auditor's report on the Financial Report;

"**Board**" means the board of Directors;

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

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- 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;
- a company the member controls; or
- a person prescribed by the Corporations Regulations 2001 (Cth);

"**Company**" means Exterra Resources Limited ABN 26 138 222 705;

"**Convertible Security**" means a security of the Company which is convertible into Shares;

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

"**Corporations Act**" means Corporations Act 2001 (Cth);

"**Director**" means a director of the Company;

"**Directors' Report**" means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company;

"**Equity Securities**" has the same meaning as in the Listing Rules;

"**Explanatory Statement**" means the explanatory statement accompanying this Notice;

"**Financial Report**" means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company;

"**Key Management Personnel**" has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Mandate**" means the Corporate Service Agreement executed between the Company and Taylor Collison;

"**Meeting**" has the meaning in the introductory paragraph of the Notice;

"**Notice**" means this Notice of annual general meeting;

"**Proxy Form**" means the proxy form attached to this Notice;

"**Remuneration Report**" means the remuneration report of the Company contained in the Directors' Report;

"**Resolution**" means a resolution contained in this Notice;

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

"**Shareholder**" means the holder of a Share;

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

"**WST**" means Australian Western Standard Time.

Capitalised terms referred to in this Notice are defined in the Explanatory Statement.

Shareholders are referred to the Explanatory Statement for more information with respect to these matters to be considered at the Meeting.

ANNEXURE A

TERMS AND CONDITIONS  
OPTIONS EXPIRING 21 APRIL 2017

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.035 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 21 April 2017 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE B

TERMS AND CONDITIONS  
OPTIONS EXPIRING 15 JUNE 2017

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.035 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 15 June 2017 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE C

TERMS AND CONDITIONS  
OPTIONS EXPIRING 15 JUNE 2017

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.06 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 15 June 2017 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE D

TERMS AND CONDITIONS  
OPTIONS EXPIRING 1 JULY 2019

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.06 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 1 July 2019 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE E

TERMS AND CONDITIONS  
OPTIONS EXPIRING 4 JULY 2018

The Options will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.06 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 4 July 2018 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE F

TERMS AND CONDITIONS  
OPTIONS EXPIRING 26 AUGUST 2019

The Options are issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.10 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 26 August 2019 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE G

TERMS AND CONDITIONS  
OPTIONS EXPIRING 26 AUGUST 2019

The Options are issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.125 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options shall vest on the Mandate remaining in force for six months, having not been terminated by either party prior to that date.
5. The Options will lapse at 5:00 pm, Western Standard Time on 26 August 2019 ("**Expiry Date**").
6. The Options may be transferred at any time in accordance with the Corporations Law, the SCH Business Rules and/or the Listing Rules.
7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

ANNEXURE H

TERMS AND CONDITIONS  
OPTIONS EXPIRING 28 NOVEMBER 2021

The Options are issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be \$0.10 cents per share ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Exterra Resources Limited ABN 26 138 222 705 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at 5:00 pm, Western Standard Time on 28 November 2021 ("**Expiry Date**").
5. The Options are not transferrable.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 10 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
13. The Options are issued in accordance with a deferred taxation scheme as defined by the Australian Taxation Office.
14. The Options are granted under an arrangement to which Subdivision 83A-C of the Income Tax Assessment Act 1997 applies.

# EXTERRA RESOURCES LIMITED

ACN: 138 222 705

## REGISTERED OFFICE:

GROUND FLOOR,  
20 KINGS PARK ROAD  
WEST PERTH WA 6005

## SHARE REGISTRY:

Security Transfer Australia Pty Ltd

### All Correspondence to:

PO BOX A2020  
South Sydney NSW 1235  
The Trust Building, Suite 511  
155 King Street  
Sydney NSW 2000 AUSTRALIA  
T: +61 3 9628 2200 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code:

EXC

Holder Number:

## PROXY FORM

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

**VOTE  
ONLINE**

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

### SECTION A: Appointment of Proxy

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

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 12:30pm WST on Monday 28 November 2016 at Celtic Club, 48 Ord Street, West Perth WA 6005 and at any adjournment of that meeting.

Where I/we have appointed the Chairperson as my/our proxy (or the Chairperson becomes my/our proxy by default), I/we expressly authorise the Chairperson to exercise my/our proxy on resolutions 1, 7, 8, & 9 (except where I/we have indicated different voting intention below) even though resolutions 1, 7, 8, & 9 are connected directly or indirectly with the remuneration of key management personnel, which includes the Chairperson.

### SECTION B: Voting Directions

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

RESOLUTION	For	Against	Abstain*		For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Approval of Grant of Options to Mr John Davis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Mr Geoffrey Laing as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Approval of Grant of Options to Mr Justin Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-election of Mr John Davis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Approval of Grant of Options to Company Secretary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Re-election of Mr Justin Brown as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6. Ratification of Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

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

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

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

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 12:30pm WST on Saturday 26 November 2016.

+ EXCPX2281116

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2

EXC

EXCPX2281116

+



My/Our contact details in case of enquiries are:

Name:

Number:

(  )

### 1. NAME AND ADDRESS

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

### 2. APPOINTMENT OF A PROXY

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

### 3. DIRECTING YOUR PROXY HOW TO VOTE

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

### 4. APPOINTMENT OF A SECOND PROXY

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

To appoint a second Proxy you must:

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

### 5. SIGNING INSTRUCTIONS

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

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

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

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

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

### 6. LODGEMENT OF PROXY

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

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

#### Security Transfer Australia Pty Ltd

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### PRIVACY STATEMENT

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



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