
LCL RESOURCES LIMITED
ACN 119 759 349
NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10.00 am (WST)

DATE: 25 January 2024

PLACE: Grant Thornton, Level 43 Central Park, 152-158 St Georges Terrace,
PERTH WA 6000

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00 pm on 23 January 2024.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 101,452,420 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1A

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 55,389,690 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 3 – APPROVAL TO ISSUE PLACEMENT OPTIONS

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 78,421,055 Options on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

4. RESOLUTION 4 – APPROVAL FOR RELATED PARTY PARTICIPATION IN PLACEMENT

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

“That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,052,632 Shares and 526,316 Options to Freshwater Resources Pty Ltd <No 2 A/C> on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 5 – APPROVAL TO ISSUE LEAD MANAGER OPTIONS

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 26,315,790 Options to the Joint Lead Managers on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

6. RESOLUTION 6 - APPROVAL TO ISSUE SHARES TO MR. ROSS ASHTON IN LIEU OF DIRECTORS' FEES

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,710,526 Shares to Mr Ross Ashton (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

7. RESOLUTION 7 - APPROVAL TO ISSUE SHARES TO MR. KEVIN WILSON IN LIEU OF DIRECTORS' FEES

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,315,789 Shares to Mr Kevin Wilson (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the Resolution set out below by or on behalf of the following persons:

Resolution 1 - Ratification of prior issue of Placement Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely the Investors) or an associate of that person or those persons.
Resolution 2 – Ratification of prior issue of Placement Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely the Investors) or an associate of that person or those persons.
Resolution 3 - Approval to issue Placement Options	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely the Investors) or an associate of that person (or those persons).
Resolution 4 - Approval for Related Party Participation in Placement - Freshwater Resources Pty Ltd <No 2 A/C>	Freshwater Resources Pty Ltd <No 2 A/C> and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 5 – Approval to Issue Lead Manager Options	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely, the Joint Lead Managers) or an associate of that person (or those persons).
Resolution 6 - Approval to Issue Shares to Mr. Ross Ashton in Lieu of Directors' Fees	Mr Ross Ashton (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
Resolution 7 - Approval to Issue Shares to Mr. Kevin Wilson in Lieu of Directors' Fees	Mr Kevin Wilson (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting by proxy

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

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

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

Shareholders and their proxies should be aware that:

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

Voting in person

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

Should you wish to discuss the matters in this Notice please do not hesitate to contact the Company Secretary on +61 8 9463 2463.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND TO RESOLUTIONS

1.1 General

As announced on 30 November 2023, the Company received firm commitments from sophisticated and professional investors (**Investors**) and a related party (subject to shareholder approval being obtained) to raise \$3,000,000 via the issue of an aggregate of 157,894,742 Shares at an issue price of \$0.019 each (**Placement Shares**) primarily to advance the PNG Nickel Project (**Placement**).

An aggregate of 156,842,110 Placement Shares were issued to non-related party Investors in two tranches as follows:

- (a) 101,452,420 Placement Shares were issued on 8 December 2023 pursuant to the Company's Listing Rule 7.1 placement capacity (the subject of Resolution 1);
- (b) 55,389,690 Placement Shares were issued on 8 December 2023 pursuant to the Company's Listing Rule 7.1A placement capacity (the subject of Resolution 2).

Subject to Shareholder approval pursuant to Resolutions 3 and 4, the Company has agreed to issue Investors one (1) free attaching option to acquire a Share (**Placement Options**) for every two (2) Placement Shares subscribed for and issued under the Placement.

The Placement Options each have an exercise price of \$0.025 and an expiry date of 2 years from date of issue.

Subject to Resolution 4, an entity associated with the Company's Chairman, Mr Ross Ashton, Freshwater Resources Pty Ltd <No 2 A/C> (**Freshwater**) will subscribe for \$20,000 under the Placement and will receive 1,052,632 Placement Shares and 526,316 free Placement Options on the basis of 1 Placement Option for every 2 Placement Shares subscribed for and issued, on the same terms as non-related party Investors.

1.2 Joint Lead Managers

The Company appointed Evolution Capital Pty Ltd and Euroz Hartleys Limited (together, the **Joint Lead Managers**) to act as joint lead managers and bookrunners to the Placement.

The Joint Lead Managers will be issued 26,300,000 Placement Options, subject to shareholder approval the subject of Resolution 5, as part of the fee payable for lead manager service provided in connection with the Placement.

The Joint Lead Managers will also receive a cash fee equal to 6% of the funds raised under the Placement for services provided in respect of the Placement.

1.3 Use of funds

The proceeds of the Placement will be applied towards general working capital purposes and the next phase of fieldwork at the Company's PNG Nickel Project and will include:

- (a) further mapping and trenching at the Iyewe and Veri Veri prospects;
- (b) re-interpretation of historical geophysics data; and
- (c) the possibility of conducting tight-spaced new generation geophysics over priority targets.

The above work programme will drive the selection of the Company's maiden 1,000m diamond drilling program to commence in Q2 2024.

2. RESOLUTIONS 1 AND 2 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

2.1 General

As set out in Section 2.1, the Company issued the Placement Shares on 8 December 2023. As such, Resolutions 1 and 2 seek Shareholder ratification for the prior issue of the Placement Shares.

The issue of the Placement Shares did not breach Listing Rule 7.1 at the time of the issue.

2.2 Listing Rules 7.1 and 7.1A

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

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 31 May 2023.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the Placement Shares.

2.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for

such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

Resolutions 1 and 2 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

2.4 Technical information required by Listing Rule 14.1A

If Resolutions 1 and 2 are passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolutions 1 and 2 are not passed, the Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

2.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolutions 1 and 2:

- (a) the Placement Shares were issued to the Investors who are professional and sophisticated investors and who are clients of the Joint Lead Managers. The recipients were identified through a bookbuild process, which involved the Joint Lead Managers expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the Investors were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) 156,842,110 Placement Shares were issued on the following basis:
 - (i) 101,452,420 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 1); and
 - (ii) 55,389,690 Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 2);
- (d) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Placement Shares were issued on 8 December 2023;

- (f) the issue price was \$0.019 per Placement Shares under both the issue of Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (g) the purpose of the issue of the Placement Shares was to raise \$3,000,000 which will be applied towards the activities set out in Section 1.3; and
- (h) the Placement Shares were not issued under an agreement.

3. RESOLUTION 3 – APPROVAL TO ISSUE PLACEMENT OPTIONS

3.1 General

As set out in Section 1.1, the Company is seeking Shareholder approval pursuant to Resolution 3 to issue 78,421,055 Placement Options to participants in the Placement on the basis of 1 Placement Option for every 2 Shares issued under the Placement.

3.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 2.2.

The proposed issue of the Placement Options does not fall within any of the exceptions set out in Listing Rule 7.2 and exceeds the 15% limit in Listing Rule 7.1. It therefore requires the approval of Shareholders under Listing Rule 7.1.

3.3 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Placement Options. In addition, the issue of the Placement Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Placement Options.

3.4 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the Placement Shares will be issued to the Investors who are professional and sophisticated investors and who are clients of the Joint Lead Managers. The recipients were identified through a bookbuild process, which involved the Joint Lead Managers expressions of interest to participate in the capital raising from non-related parties of the Company;
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that none of the Investors are:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and

- (ii) will be issued more than 1% of the issued capital of the Company;
- (c) the maximum number of Placement Options to be issued is 78,421,055. The terms and conditions of the Placement Options are set out in Schedule 1;
- (d) the Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Placement Options will occur on the same date. In the event shareholder approval is obtained for the issue of the Placement Options, the Company intends to apply for official quotation of the Placement Options which will be made pursuant to a prospectus to be prepared and dispatched to shareholders in due course;
- (e) the Placement Options are being issued for a nil issue price, as they are proposed to be issued free attaching to the Placement Shares. As such, no funds will be raised from the issue of the Placement Options (other than in respect of funds received on exercise of the Options). The Company intends to apply the funds raised from the Placement towards the activities set out in Section 1.3;
- (f) the Placement Options are not being issued under an agreement; and
- (g) the Placement Options are not being issued under, or to fund, a reverse takeover.

4. RESOLUTION 4 – APPROVAL FOR RELATED PARTY PARTICIPATION IN PLACEMENT - FRESHWATER RESOURCES PTY LTD <NO 2 A/C>

4.1 General

Freshwater is an entity associated with the Company's Chairman, Mr Ross Ashton.

Freshwater wishes to participate in the Placement on the same terms as unrelated participants in the Placement (**Participation**), for an aggregate of up to 1,052,632 Placement Shares at \$0.019 each (**Director Participation Shares**), and 526,316 free attaching Placement Options (**Director Participation Options**) (together, the **Director Participation Securities**).

Should Resolution 4 be passed, it is proposed that the Company will receive an aggregate of \$20,000 from the Participation to be applied towards the activities set out in Section 1.3.

4.2 Chapter 2E of the Corporations Act

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

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

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

The Participation will result in the issue of Shares and Options which constitutes giving a financial benefit and Freshwater is a related party of the Company by virtue of being an entity associated with a Director.

The Directors (other than Mr Ashton who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Director Participation Securities will be issued to Freshwater on the same terms as the securities issued to non-related party Investors in the Placement and as such the giving of the financial benefit is on arm's length terms.

4.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Participation falls within Listing Rule 10.11.4 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 4 seeks Shareholder approval for the Participation under and for the purposes of Listing Rule 10.11.

4.4 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Director Participation Securities under the Participation within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and will raise additional funds which will be used in the manner set out in Section 1.3 above. As approval pursuant to Listing Rule 7.1 is not required for the issue of the Director Participation Securities in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Director Participation Securities will not use up any of the Company's 15% annual placement capacity.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Director Participation Securities and the \$20,000 that would be raised via the Participation under the Placement will not be raised.

4.5 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the Director Participation Securities will be issued to Freshwater which falls within the category set out in Listing Rule 10.11.4, as this entity is a related party of the Company by virtue of being an entity associated with Mr Ashton, who is a Director of the Company;
- (b) the maximum number of Director Participation Securities to be issued to Freshwater comprises:
 - (i) 1,052,632 Director Participation Shares; and
 - (ii) 526,316 Director Participation Options,
- (c) the Director Participation Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Director Participation Options will be issued on the terms and conditions set out in Schedule 1;
- (e) the Director Participation Securities will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Director Participation Securities will be issued on the same date;
- (f) the issue price will be \$0.019 per Share, being the same issue price as Shares issued to other Investors in the Placement. The Company will not receive any other consideration for the issue of the Director Participation Shares;
- (g) the purpose of the issue of Director Participation Shares under the Participation is to raise \$20,000 to be applied towards the activities set out in Section 1.3;
- (h) the Director Participation Options are being issued for a nil issue price, as they are proposed to be issued free attaching to the Director Participation Shares. As such, no funds will be raised from the issue of the Director Participation Options (other than in respect of funds received on exercise of the Options). The Company intends to apply the funds raised from the Placement towards the activities set out in Section 1.3;
- (i) the Director Participation Securities to be issued under the Participation are not intended to remunerate or incentivise Mr Ashton; and
- (j) the Director Participation Securities are not being issued under an agreement.

5. RESOLUTION 5 – APPROVAL TO ISSUE LEAD MANAGER OPTIONS

5.1 General

As set out in Section 1.2, the Company is seeking Shareholder approval to issue 26,315,790 Options to the Joint Lead Managers (or their respective nominees) on

the same terms as the Placement Options (**Lead Manager Options**) as part consideration for services provided in respect of the Placement.

5.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in Section 2.2.

The proposed issue of the Lead Manager Options falls within an exception in Listing Rule 7.2 and therefore requires Shareholder approval under Listing Rule 7.1.

5.3 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Lead Manager Options. In addition, the issue of the Lead Manager Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Lead Manager Options and will have to consider other mechanisms to properly compensate the Joint Lead Managers, including the payment of the relevant service fees in cash, which may not be as cost effective for the Company.

5.4 Technical information required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Lead Manager Options will be issued to Evolution Capital Pty Ltd and Euroz Harleys Limited (or their respective nominees);
- (b) the maximum number of Lead Manager Options to be issued is 26,315,790. The terms and conditions of the Lead Manager Options are set out in Schedule 1;
- (c) the Lead Manager Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Lead Manager Options will occur on the same date;
- (d) the issue price will be nil per Lead Manager Option as the Lead Manager Option are being issued as part consideration for services provided in respect of the Placement. The Company will not receive any other consideration for the issue of the Lead Manager Options (other than in respect of funds received on exercise of the Options);
- (e) the Lead Manager Options will be issued on the terms and conditions set out in Schedule 1;
- (f) the Lead Manager Options are being issued under a lead manager mandate with the Joint Lead Managers, pursuant to which the Company agreed to pay to the Joint Lead Managers the fees set out in Section 1.2 as part consideration for the Joint Lead Managers acting as lead managers and bookrunners to the Placement;
- (g) the Company will not receive any other consideration for the issue of the Lead Manager Options (other than in respect of funds received on exercise of the Options);

- (h) the purpose of the issue of the Lead Manager Options is to satisfy the Company's obligation under the lead manager mandate with the Joint Lead Managers referred to above; and
- (i) the Lead Manager Options are not being issued under, or to fund, a reverse takeover.

6. RESOLUTIONS 6 AND 7 – APPROVAL TO ISSUE SHARES TO RELATED PARTIES IN LIEU OF DIRECTORS' FEES

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue:

- (a) up to that number of Shares equal to the value of \$32,500 to Director, Mr Ross Ashton (or his nominee) (1,710,526 Shares at a deemed issue price of \$0.019 per Share); and
- (b) up to that number of Shares equal to the value of \$25,000 to Director, Mr Kevin Wilson (or his nominee) (1,315,789 Shares at a deemed issue price of \$0.019 per Share),

(together, the **Related Parties**) in lieu of director fees owing to each of Mr Ashton and Mr Wilson for the 6 month period from 1 November 2023 to 30 April 2024 (together the, **Fee Shares**).

The Company is seeking Shareholder approval for the issue of the Fee Shares to the Related Parties pursuant to Resolutions 6 and 7.

6.2 Chapter 2E of the Corporations Act

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

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

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

The issue of Fee Shares constitutes giving a financial benefit the Related Parties are each a related party of the Company by virtue of being Directors.

In respect of Resolution 6, the Directors (other than Mr Ashton who has a material personal interest in Resolution 6) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 6 because the agreement to issue the Fee Shares in lieu of the payment of director's fees to Mr Ashton, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

In respect of Resolution 7, the Directors (other than Mr Wilson who has a material personal interest in Resolution 7) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 7 because the agreement to issue the Fee Shares in lieu of the payment of director's

fees to Mr Wilson, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

6.3 Director recommendation

Each of the Related Parties has a material personal interest in the outcome of Resolutions 6 and 7 on the basis that the Related Parties (or their respective nominees) would be permitted to participate in the Placement should Resolutions 6 and 7 be passed. For this reason, the Related Parties do not believe that it is appropriate to make a recommendation on Resolutions 6 and 7 of this Notice.

Mr. Jason Stirbinskis (Managing Director) does not have a material personal interest in the outcome of Resolutions 6 and 7 and therefore recommends that Shareholders vote in favour of Resolution 6 and 7.

6.4 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- 10.11.1 a related party;
- 10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- 10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- 10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- 10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The issue of the Fee Shares to the Related Parties falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolutions 6 and 7 seek the required Shareholder approval for the issue of the Fee Shares to the Related Parties under and for the purposes of Listing Rule 10.11.

6.5 Technical information required by Listing Rule 14.1A

If Resolutions 6 and 7 are passed, the Company will be able to proceed with the issue of the Fee Shares to the Related Parties within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Fee Shares (because approval is being obtained under Listing Rule 10.11), the issue of the Fee Shares will not use up any of the Company's 15% annual placement capacity.

If Resolutions 6 and 7 are not passed, the Company will not be able to proceed with the issue of the Fee Shares to the Related Parties and the Company may

have to consider other mechanisms to properly remunerate the Related Parties, including the payment of the relevant director's fees in cash, which may not be as cost effective for the Company.

Resolutions 6 and 7 are independent of one another and seek approval for separate issues.

6.6 Technical Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 6 and 7:

- (a) the Fee Shares will be issued to the Related Parties (or their respective nominee) who fall within the category set out in Listing Rule 10.11.1 by virtue of being Directors;
- (b) the maximum number of Fee Shares to be issued to the Related Parties is 3,026,315, in the proportions set out in Section 6.1;
- (c) the Fee Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the issue price of the Fee Shares will be nil as the Fee Shares are being issued at a deemed issue price of \$0.019 per Share in lieu of directors' fees owing to the Related Parties for the 6 month period from 1 November 2023 to 30 April 2024;
- (e) the Company will not receive any other consideration in respect of the issue of the Fee Shares. However, the issue of the Fee Shares will result in the Company converting debt owing to the Related Parties to equity;
- (f) the purpose of the issue of the Fee Shares is to preserve the cash reserves of the Company and convert debt owing to the Related Parties (being, the directors' fees) to equity;
- (g) the Fee Shares are not being issued to incentivise the Related Parties;
- (h) the total current remuneration package for Mr Ashton comprises \$65,000 of directors' fees inclusive of the statutory required rate of superannuation guarantee charge;
- (i) the total current remuneration package for Mr Wilson comprises \$50,000 of directors' fees inclusive of the statutory required rate of superannuation guarantee charge;
- (j) the Fee Shares are not being issued under an agreement; and
- (k) a voting exclusion statement is included in Resolutions 6 and 7 of this Notice.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

Company means LCL Resources Ltd (ACN 119 759 349).

Constitution means the Company's constitution.

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

Director Participation Options has the meaning set out in Section 4.1.

Director Participation Securities has the meaning set out in Section 1.1.

Director Participation Shares has the meaning set out in Section 4.1.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Fee Shares has the meaning given to it in Section 6.1.

Freshwater means Freshwater Resources Pty Ltd <No 2 A/C>.

Investors has the meaning set out in Section 1.1.

Joint Lead Managers means Evolution Capital Pty Ltd and Euroz Hartleys Limited.

Lead Manager Options has the meaning set out in Section 5.1.

Listing Rules means the Listing Rules of ASX.

Meeting means the meeting convened by the Notice.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Participation has the meaning set out in Section 4.1.

Placement has the meaning set out in Section 1.1.

Placement Options has the meaning set out in Section 1.1.

Placement Shares has the meaning set out in Section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Related Parties has the meaning given to it in Section 6.1.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.025 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is two years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

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

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

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.



Proxy Voting Form

If you are attending the Meeting in person, please bring this with you for Securityholder registration.

LCL Resources Limited | ABN 43 119 759 349

Your proxy voting instruction must be received by **10.00am (AWST) on Tuesday, 23 January 2024**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

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 Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBSITE:

<https://automicgroup.com.au/>

PHONE:

1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

