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## **ARGONAUT RESOURCES NL**

ABN 97 008 084 848

## **NOTICE OF GENERAL MEETING**

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**DATE:** 11th August 2020

**TIME:** 11.00 am (ACST)

**PLACE:** Level 6, 100 Pirie Street, Adelaide, South Australia

This Notice of 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 professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary using the contact details on page 14.

ABN 97 008 084 848

Level 1, 63 Waymouth Street  
Adelaide, SA, 5000, Australia

Phone: (+61) (8) 8231 0381

## LETTER TO SHAREHOLDERS

### Notice of General Meeting set down for 11th August 2020

Dear Shareholder,

On behalf of the Board, I have pleasure in inviting you to a General Meeting of the Shareholders of Argonaut Resources NL (the **Company**).

The Meeting will be held at Level 6, 100 Pirie Street, Adelaide on Tuesday 11th August 2020, commencing at 11:00am (ACST). Shareholders who wish to participate in the meeting may do so by following the directions included in the Explanatory Memorandum.

The formal Notice of the General Meeting can be accessed and downloaded at <https://www.argonautresources.com/site/Investors/ASX-Announcements>, and is accompanied by an Explanatory Memorandum that seeks to explain the reasons why the Board is recommending the Resolutions to Shareholders as well as details about each Resolution.

Please read the Notice and Explanatory Memorandum carefully and in their entirety.

The Directors are of the opinion that the adoption of each of the Resolutions to be proposed at the General Meeting is in the best interests of the Shareholders. Accordingly, the Directors recommend that you vote in favour of each of the Resolutions set out in the Notice.

Your vote is important. If you are unable to attend the Meeting, the Directors encourage you to vote on all the Resolutions by completing and returning the accompanying Proxy Form directly to the Company. The Company must receive your duly completed Proxy Form by no later than 11:00am (ACST) on 9th August 2020. Further details for completing and lodging the Proxy Form are included in the Explanatory Memorandum and on the Proxy Form.

Yours sincerely

A handwritten signature in black ink, appearing to be "Patrick Elliott", written in a cursive style.

Patrick Elliott  
Chairman  
Dated 9<sup>th</sup> July 2020

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# ARGONAUT RESOURCES NL

ABN 97 008 084 848

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## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Argonaut Resources NL (**Argonaut or Company**) will be held at Level 6, 100 Pirie Street, Adelaide, South Australia on Tuesday 11th August 2020, commencing at 11:00am (ACST) (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The attached Proxy Form and Explanatory Memorandum both form part of this Notice.

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 as Shareholders on 9th August 2020 at 11:00 am (ACST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Section 7 under Glossary.

## AGENDA

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### 1. Resolution 1 – Ratify Prior Issue of Shares to Sophisticated and Professional Investors, previously issued in accordance with ASX Listing Rule 7.1 and 7.1A.

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

*“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve following issues of shares, at \$0.0033 per share, to sophisticated and professional investors under the \$1.280 million equity placement announced on 1 May 2020 (**Placement**) on the terms summarised in the Explanatory Memorandum:*

- (a) 230,471,027 shares issued pursuant to Listing Rule 7.1; and
- (b) 157,838,061 shares issued pursuant to Listing Rule 7.1A”

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- a person who participated in the issue; or
- any Associate of that person or those persons.

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

- (a) a person as 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 of the Meeting 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.

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### 2. Resolution 2 – Issue of Options to non-executive director – Mr Patrick Elliott

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

*“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 10,000,000 Options to Mr Patrick Elliott (or his nominee) under the Employee Incentive Plan and on the terms and conditions set out in the Explanatory Memorandum.”*

Without limitation, Listing Rule 10.14 is relevant to this Resolution.

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mr Elliott and any person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Incentive Plan; or
- any Associates of that person or those persons.

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

- (a) a person as 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 of the Meeting 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 in that way; 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.

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### 3. Resolution 3 – Issue of Options to non-executive director – Mr Andrew Bursill

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

*“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 10,000,000 Options to Mr Andrew Bursill (or his nominee) under the Employee Incentive Plan and on the terms and conditions set out in the Explanatory Memorandum.”*

Without limitation, Listing Rule 10.14 is relevant to this Resolution.

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mr Bursill and any person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Incentive Plan; or
- any Associates of that person or those persons.

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

- (d) a person as 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
- (e) the chair of the Meeting 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 in that way; or
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - iii. 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
  - i. the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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### 4. Resolution 4 – Issue of Options to non-executive director – Mr Malcolm Richmond

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

*“That, for the purposes of Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 10,000,000 Options to Mr Malcolm Richmond (or his nominee) under the Employee Incentive Plan and on the terms and conditions set out in the Explanatory Memorandum.”*

Without limitation, Listing Rule 10.14 is relevant to this Resolution.

**Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- Mr Richmond and any person referred to in rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Incentive Plan; or
  - any Associates of that person or those persons.
- However, this does not apply to a vote cast in favour of this Resolution by:
- (g) a person as 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
  - (h) the chair of the Meeting 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 in that way; or
  - (i) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    - iv. 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
 the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## 5. Resolution 5 – Approval for Issue of Options to Veritas Securities Limited

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 issue to Veritas Securities Limited of 7,500,000 unlisted Options with an exercise price of 1 cent and an expiry date of 30 April 2022 on the terms set out in the Explanatory Memorandum.”*

- Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:
- a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company; or
  - any of its Associates.
- However, this does not apply to a vote cast in favour of this Resolution by:
- (a) a person as 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 of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the 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.

## 6. Resolution 6 – Approval for Issue of Options to Canaccord Genuity (Australia) Limited

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 issue to Canaccord Genuity (Australia) Limited of 7,250,000 unlisted Options with an exercise price of 1 cent and an expiry date of 30 April 2022 on the terms set out in the Explanatory Memorandum.”*

- Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:
- person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company; or
  - any of its Associates.
- However, this does not apply to a vote cast in favour of this Resolution by:
- (a) a person as 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 of the Meeting as proxy for a person who is entitled to vote on the Resolution, in accordance with the 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.

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## 7. Resolution 7 – Approval for Issue of Options to Taycol Nominees Pty Ltd

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 issue to Taycol Nominees Pty Ltd of 5,000,000 unlisted Options with an exercise price of 1 cent and an expiry date of 30 April 2022 on the terms set out in the Explanatory Memorandum."*

- Voting Exclusion:** The Company will disregard any votes cast in favour of this Resolution by or on behalf of:
- person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company; or
  - any of its Associates.
- However, this does not apply to a vote cast in favour of this Resolution by:
- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions to the proxy or attorney to vote on the resolution in that way; or
  - (b) the chair of the Meeting as proxy 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.

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## 8. Other Business

To transact any other business as may be brought before the General Meeting.

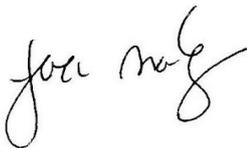
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## Explanatory Memorandum

Attached to and forming part of this Notice is the Explanatory Memorandum which provides Shareholders with background information and further details on the Resolutions to be considered at the General Meeting, in accordance with the ASX Listing Rules.

Dated 9th July 2020

By Order of the Board



Joanna Morbey  
Company Secretary

# ARGONAUT RESOURCES NL

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the General Meeting to be held at Level 6, 100 Pirie Street, Adelaide South Australia on Tuesday 11th August 2020, commencing at 11:00am (ACST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 1:	Introduction
Section 2:	Action to be taken by Shareholders -Voting by Proxy
Section 3:	Resolutions 1 – Ratify Prior Issue of Shares to Sophisticated and Professional Investors, previously issued in accordance with ASX Listing Rules 7.1 and 7.1A
Section 4:	Resolutions 2, 3 & 4 – Issue of Options to non-executive directors Mr Patrick Elliott, Mr Andrew Bursill and Mr Malcolm Richmond under Employee Incentive Plan
Section 5:	Resolution 5, 6 and 7– Approval for Issue of Options to Placement Brokers in lieu of fees
Section 6:	Contact Details for Company Secretary
Section 7:	Glossary
Section 8:	Interpretation
Section 9:	Summary of Applicable ASX Listing Rules and Corporations Act provisions
Schedule 1:	Summary Terms of Issue of Broker Options
Schedule 2:	Summary Terms of EIP Options
Schedule 3	Summary Terms of Employee Incentive Plan

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### 2. Action to be taken by Shareholders

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 you are unable to attend yourself, to sign and return the

Proxy Form to the Company in accordance with the instructions provided below. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting.

Please read this Document carefully and in its entirety before deciding how to vote on the Resolutions. If you appoint a proxy, the Company encourages you to provide voting directions to your proxy (using the 'For', 'Against' or 'Abstain' boxes on the Proxy Form).

If you appoint the Chairman of the Meeting as your proxy (or the Chairman becomes your proxy by default) and you do not direct your proxy how to vote on the Resolutions set out in the Notice, then you will be authorising the Chairman of the Meeting to vote as he decides on the Resolutions. The Chairman of the Meeting intends to vote, as your proxy, in favour of each of the Resolutions (where permissible).

If you appoint a member of Key Management Personnel as your proxy (other than the Chairman of the Meeting) (or a Closely Related Party of such member of the Key Management Personnel), and you do not direct your proxy how to vote on the Resolutions set out in the Notice, then you will be authorising the Key Management Personnel to vote as he/she decides on the Resolutions. The Key Management Personnel intend to vote, as your proxy, in favour of each of the Resolutions (where permissible).

A proxy need not be a Shareholder. If a Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise.

Proxies can be appointed by completing the Proxy Form and lodging:

- Online <https://www.votingonline.com.au/argonautgm2020>
- By mail to:  
Argonaut Resources NL  
C/- Boardroom Pty Limited  
GPO Box 3993,  
Sydney, NSW 2001
- By fax to the Share Registry on facsimile number +61 (0)2 9290 9655

All enquiries about proxies should be directed to the Share Registry, contactable on: (+61) 1300 737 760

Complete details on how to appoint a proxy are set out on the back of the Proxy Form.

Any corporate Shareholder who has appointed a person to act as its corporate representative for the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting.

*The Company must receive your Proxy Form by 11.00am (ACST) on 9th August 2020.*

Proxy appointments received later than this time will be invalid.

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### **3. Resolution 1 – Ratify Prior Issue of Shares to Sophisticated and Professional Investors under ASX Listing Rule 7.1 and 7.1A**

As announced to ASX on 1 May 2020, the Company had successfully completed a private placement to sophisticated and professional investors (**Placement**) totalling 388,309,088 new ordinary shares at an issue price of \$0.0033 per Share (**Placement Shares**), raising approximately A\$1,280,000 in new capital (before costs) for the Company. Funds raised are primarily used to fast-track drilling at the Island gold prospect near Higginsville, Western Australia and for additional working capital for the Company.

Shareholder approval is being sought to ratify the issue of the Placement Shares which occurred on 11 May 2020 (the **Issue Date**), and of which 230,471,027 shares were issued under ASX Listing Rule 7.1 and 157,838,061 shares were issued under ASX Listing Rule 7.1A (the **Issue**).

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

The Issue of the Placement Shares does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the Issue Date.

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 Rules 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 into the future without having to obtain Shareholder approval for such issued under Listing Rules 7.1.

To this end, Resolution 1 seeks Shareholder approval to the issue of the Placement Share under and for the purposes of Listing Rule 7.4.

If Resolution 1 is passed, the Issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If Resolution 1 is not passed the Issue will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date..

## **RESOLUTION 1**

Shareholder approval is being sought to ratify the 388,309,088 ordinary shares that were issued on 11 May 2020 to sophisticated and professional investors at an issue price of \$0.0033 per share ("Shares") under ASX Listing Rule 7.1 (as to 230,471,027 shares) and under ASX Listing Rule 7.1A (as to 157,838,061 shares).

ASX Listing Rule 7.5 also requires the following information to be provided to Shareholders in relation to the Resolution 1 Shares:

- (a) The number of Shares issued were 388,309,088 shares;
- (b) The Shares were issued at \$0.0033 per share;
- (c) The Shares are fully paid ordinary shares and rank equally with, and are on the same terms as, the existing ordinary shares on issue;
- (d) The shares were allotted to certain sophisticated and professional investors that are not related parties of the Company
- (e) The funds raised will primarily be used to fast-track drilling at the Island gold prospect near Higginsville, Western Australia and for additional working capital for the Company
- (f) Voting Exclusion Statement

A voting exclusion statement is included in the Notice.

## **Board Recommendation for Resolution 1:**

The Board recommends Shareholders vote in favour of Resolution 1 as it allows the Company to ratify the above issue of shares and retain the flexibility to issue further securities representing up to 15% of the Company's share capital under ASX Listing Rule 7.1 and up to a further 10% of the Company's share capital under ASX Listing Rule 7.1A, during a twelve month period without seeking further Shareholder approval.

The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.

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#### 4. Resolutions 2, 3 & 4 – Issue of Options to non-executive directors Mr Patrick Elliott, Mr Andrew Bursill and Mr Malcolm Richmond under Employee Incentive Plan

Resolutions 2, 3 and 4 relate to the proposed issue of options (**EIP Options**) to Non-Executive Directors, Mr Patrick Elliott, Mr Andrew Bursill and Mr Malcolm Richmond (the **Participating Directors**) under the terms of the existing Employee Incentive Plan (**EIP**), approved at the Company's 2018 AGM.

The EIP terms are designed to facilitate the alignment of employee and director interests with those of Shareholders and to provide a cost effective and efficient reward/incentive scheme, compared to alternative forms of incentives, such as the payment of additional cash payments and/or bonuses.

In light of anticipated adverse circumstances relating to the COVID 19 crisis, each of Participating Directors agreed to assist the company to preserve cash reserves by forgoing directors' fees during the period 1 January to 30 June 2020.

The Company now proposes, subject to Shareholder approval of the Resolutions, to issue:

- (a) 10,000,000 EIP Options to Mr Patrick Elliott (or his nominee);
- (b) 10,000,000 EIP Options to Mr Andrew Bursill (or his nominee); and
- (c) 10,000,000 EIP Options to Mr Malcolm Richmond (or his nominee).

(the **Issue**)

##### **Related Party Approvals**

ASX Listing Rule 10.14 provides that a listed company must not permit the following persons to acquire securities under an employee incentive scheme:

10.14.1 a director of the company;

10.14.2 an associate of a director of the company; or

10.14.3 a person whose relationship with the company or a person referred to in Listing Rule 10.14.1 or 10.14. is such that, in ASX's opinion, the acquisition should be approved by its shareholders.

2unless it obtains the approval of its Shareholder.

The Issue falls within Listing Rule 10.14.1 and/or 10.14.2 above and therefore requires the approval of the Company's Shareholders under Listing Rule 10.14.

Resolutions 2, 3 and 4 seek the required Shareholder approval to the Issue under and for the purposes of Listing Rule 10.14.

If Resolutions 2, 3 and 4 are passed, the Company will be able to proceed with the Issue and will proceed to issue the EIP Options to each of Mr Elliott, Mr Bursill and Mr Richmond. Separate approval is not required under ASX Listing Rule 10.11. If any of Resolutions 2, 3 or 4 is not passed, the Company will not be able to proceed with the Issue of EIP Options to the relevant director in respect of whom the Issue is proposed but not approved.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provisions; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed issue of EIP Options to the Participating Directors constitutes the giving of a financial benefit.

A "related party" for the purposes of the Corporations Act and the ASX Listing Rules is widely defined and includes a director of a public company, a spouse of a director of a public company

or an entity controlled by a director of a public company. The definition of “related party” also includes a person whom there is reasonable grounds to believe will become a “related party” of a public company.

As Mr Elliott, Mr Bursill and Mr Richmond are each Directors of the Company and are “related parties” of the Company for the purposes of the Corporations Act and the ASX Listing Rules, the provision of the EIP Options to the Participating Directors requires Shareholder approval under Chapter 2E of the Corporations Act and ASX Listing Rule 10.14.

### **RESOLUTIONS 2, 3 & 4**

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders:

- (a) A summary of ASX Listing Rule 10.14 is provided at Section 9. The EIP Options may not be issued without Shareholder approval.
- (b) Subject to Shareholder approval, the 10,000,000 EIP Options will be issued to each of:
  - (i) Non-Executive Director: Mr. Patrick Elliott (and/or his associate(s))
  - (ii) Non-Executive Director: Mr. Andrew Bursill (and/or his associate(s)); and
  - (iii) Non-Executive Director: Mr. Malcolm Richmond (and/or his associate(s))
- (c) Each of Mr Elliott, Mr Bursill and Mr Richmond is a director of the company and therefore each is a “related party” for the purposes of the Corporations Act and ASX Listing Rules 10.14.1.
- (d) Current total remuneration package (including superannuation, but excluding directors’ fees forgone for the period 1 January to 30 June 2020), for each of the Participating Directors, is:

<i>Participating Director</i>	<i>2019-2020 (excluding forgone fees)</i>	<i>2018-19</i>
Mr Patrick Elliott	41,500	85,000
Mr Andrew Bursill	20,000	40,000
Mr Malcolm Richmond	41,500	85,000

No securities have previously been issued to any of the Participating Directors under the EIP since the scheme’s approval at the Annual General Meeting held on 13 November 2018.

- (e) At the Annual General Meeting dated 13 November 2018, Shareholder approval was received to issue, under the EIP, a total of 40,000,000 Loan Funded Shares in 3 annual tranches to Mr Lindsay Owler, a Director and the Chief Executive Officer of the Company. In accordance with that approval, 12,000,000 Loan Funded Shares were issued to Mr Owler under the EIP on 26 November 2019. A further 12,000,000 Loan Funded Shares are due to be issued under the EIP on after 20 November 2020.
- (f) The securities proposed to be issued are Options under the existing EIP:
  - (i) A summary of the material terms of the EIP Options is set out in Schedule 2;
  - (ii) The directors consider that the issue of EIP Options provides a cost effective and efficient incentive scheme, compared to alternative forms of incentives and serve to align the long-term interest of the Participating Directors with those of Shareholders;
  - (iii) The EIP Options to be issued to Participating Directors have been valued by internal management. Using the Black & Scholes option model and based on assumptions set out below. [Note: the valuation noted below is not the market price that the EIP Options could be traded at and is not automatically the market price for taxation purposes]. The EIP Options were ascribed the following value:

<i>Assumptions</i>	
Valuation date	25-Jun-20
Market price of shares	\$0.0070
Exercise price	\$0.0200
Expiry date (length of time from issue)	5 years
Risk free interest rate (5-year treasury bond)	0.41%
Volatility	100%
Indicative value per Director Option	\$0.0041
<i>Total value of the Director Options:</i>	
Patrick Elliott	\$41,000
Malcolm Richmond	\$41,000
Andrew Bursill	\$41,000

- (g) It is proposed that the securities will be issued immediately after the Meeting and in any event, no later than three (3) years after the date of the Meeting.
- (h) The EIP Options will be issued for NIL cash consideration, with an exercise price of \$0.02 and on the other terms as set out in Schedule 2.
- (i) A summary of the material terms of the EIP is set out in Schedule 3.
- (j) There are no loans associated with the proposed issue of the EIP Options.
- (k) Details of any securities issued under the EIP will be published in the Company's annual report relating to the period in which the EIP Options were issued along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in the EIP after this Resolution is approved and who are not otherwise named in this notice of meeting will not participate until approval is obtained under that rule.
- (l) A voting exclusion statement is included in the Notice.

#### **Board Recommendation in relation to Resolution 2**

Mr Elliott has a material personal interest in Resolution 2 and does not make any recommendations in relation to this Resolution. The Directors, (with Mr Elliott abstaining) recommend that you vote in favour of this ordinary Resolution.

Unconflicted Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.

#### **Board Recommendation in relation to Resolution 3**

Mr Bursill has a material personal interest in Resolution 3 and does not make any recommendations in relation to this Resolution. The Directors, (with Mr Bursill abstaining) recommend that you vote in favour of this ordinary Resolution.

Unconflicted Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.

#### **Board Recommendation in relation to Resolution 4**

Mr Richmond has a material personal interest in Resolutions 4 and does not make any recommendations in relation to this Resolution. The Directors, (with Mr Richmond abstaining) recommend that you vote in favour of this ordinary Resolution.

Unconflicted Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.

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## 5. Resolution 5, 6 and 7– Approval for of Issue of Options to Placement Brokers in lieu of fees

The successful Placement in May 2020 was conducted with the participation of the broking firms of Veritas Securities Limited (**Veritas**), Canaccord Genuity (Australia) Limited (**Canaccord**) and Taycol Nominees Pty Ltd (**Taycol**). In consideration for assistance provided by these firms, the Company agreed, subject to Shareholder approval, to issue the following unlisted options (with an exercise price of \$0.01 and an expiry date of 30 April 2022 (**Broker Options**)) in lieu of or as part payment of fees which might otherwise have accrued in relation to the Placement activities.

- (a) to Veritas - 7,500,000 Veritas Broker Options;
- (b) to Canaccord – 7,250,000 Canaccord Broker Options; and
- (c) to Taycol – 5,000,000 Taycol Broker Options.

Resolution 5, 6 and 7 seek Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of the above Broker Options (**Issue**).

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

The Issue of the Broker Options does not fit within any of these exceptions and, (unless Resolution 1 is passed) will exceed the 15% limit in Listing Rule 7.1. Each of Resolutions 5, 6 and 7 therefore require approval of the Company's Shareholders under Listing Rule 7.1.

### **Veritas Broker Options**

Resolution 5 seeks the required Shareholder approval to the Issue of the Veritas Broker Options under and for the purposes of Listing Rule 7.1.

If Resolution 5 is passed, the Company will be able to proceed with the Issue and the Veritas Broker Options will be issued. In addition, the Issue 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 only be able to proceed with the Issue if Resolution 1 is first passed and in this event, the Company can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the Issue. The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. to do this, the Company is asking Shareholders to approve the Issue under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1

If neither Resolution 1 nor Resolution 5 is passed, the Company may not be able to proceed with the Issue of the Veritas Broker Options and may need to pay the value of the Veritas Broker Options in cash instead.

### **Canaccord Broker Options**

Resolution 6 seeks the required Shareholder approval to the Issue of the Canaccord Broker Options under and for the purposes of Listing Rule 7.1.

If Resolution 6 is passed, the Company will be able to proceed with the Issue and the Canaccord Broker Options will be issued. In addition, the Issue 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 6 is not passed, the Company can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the Issue. The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. to do this, the Company is asking Shareholders to approve the Issue under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1

If neither Resolution 1 nor Resolution 6 is passed, the Company may not be able to proceed with the Issue of the Canaccord Broker Options and may need to pay the value of the Canaccord Broker Options in cash instead.

### **Taycol Broker Options**

Resolution 7 seeks the required Shareholder approval to the Issue of the Taycol Broker Options under and for the purposes of Listing Rule 7.1.

If Resolution 7 is passed, the Company will be able to proceed with the Issue and the Taycol Broker Options will be issued. In addition, the Issue 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 7 is not passed, the Company will only be able to proceed with the Issue if Resolution 1 is first passed and in this event, the Company can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the Issue. The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the Issue under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

If neither Resolution 1 nor Resolution 7 is passed, the Company may not be able to proceed with the Issue of the Taycol Broker Options and may need to pay the value of the Taycol Broker Options in cash instead.

### **RESOLUTION 5**

ASX Listing Rule 7.3 also requires the Notice of Meeting to include the following information for shareholders' consideration in respect of Resolution 5.

- (a) The maximum number of securities that will be issued under this Resolution is 7,500,000 Broker Options
- (b) The Broker Options will be issued for no additional consideration;
- (c) The Broker Options are issued with an exercise price of \$0.01 per option and an expiry date of 30 April 2022. *For more details, please refer to Schedule 1 for the Terms of Issue of Broker Options*
- (d) These Broker Options are to be issued to Veritas Securities Limited who is not a related party.
- (e) The Company proposes to issue the securities immediately following the Meeting, but in any case, no later than three months after the date of the Meeting;
- (f) No additional funds will be raised from issue of the Broker Options; and
- (g) Voting Exclusion Statement

A voting exclusion statement is included in the Notice.

### **Board Recommendation in relation to Resolution 5**

The Board recommends that Shareholders vote in favour of approving the Resolution. If approved, these Broker Options will not impact the Company's existing ability to issue 15% of the Company's share capital under ASX Listing Rule 7 and provide additional flexibility to issue further equity securities, if needed during a 12-month period without seeking further Shareholder approval.

The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.

### **RESOLUTION 6**

ASX Listing Rule 7.3 also requires the Notice of Meeting to include the following information for shareholders' consideration in respect of Resolution 6.

- (a) The maximum number of securities that will be issued under this Resolution is 7,250,000 Broker Options
- (b) The Broker Options will be issued for no additional consideration;
- (c) The Broker Options, upon conversion, will rank equally and on the same terms as the existing shares on issue. *For more details, please refer to Schedule 1 for the Terms of Issue of Broker Options*
- (d) These Broker Options are to be issued to Canaccord Genuity (Australia) Limited, who is not a related party.
- (e) The Company proposes to issue the securities immediately following the Meeting, but in any case, no later than three months after the date of the Meeting;
- (f) No additional funds will be raised from issue of the Broker Options; and
- (g) Voting Exclusion Statement

A voting exclusion statement is included in the Notice.

### **Board Recommendation in relation to Resolution 6**

The Board recommends that Shareholders vote in favour of approving the Resolution. If approved, these Broker Options will not impact the Company's existing ability to issue 15% of the Company's share capital under ASX Listing Rule 7 and provide additional flexibility to issue further equity securities, if needed during a 12-month period without seeking further Shareholder approval.

The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.

### **RESOLUTION 7**

ASX Listing Rule 7.3 also requires the Notice of Meeting to include the following information for shareholders' consideration in respect of Resolution 7.

- (a) The maximum number of securities that will be issued under this Resolution is 7,250,000 Broker Options
- (b) The Broker Options will be issued for no additional consideration;
- (c) The Broker Options, upon conversion, will rank equally and on the same terms as the existing shares on issue. *For more details, please refer to Schedule 1 for the Terms of Issue of Broker Options*
- (d) These Broker Options are to be issued to Taycol Nominees Pty Ltd, who is not a related party.
- (e) The Company proposes to issue the securities immediately following the Meeting, but in any case, no later than three months after the date of the Meeting;
- (f) No additional funds will be raised from issue of the Broker Options; and
- (g) Voting Exclusion Statement

A voting exclusion statement is included in the Notice.

### **Board Recommendation in relation to Resolution 7**

The Board recommends that Shareholders vote in favour of approving the Resolution. If approved, these Broker Options will not impact the Company's existing ability to issue 15% of the Company's share capital under ASX Listing Rule 7 and provide additional flexibility to issue further equity securities, if needed during a 12-month period without seeking further Shareholder approval.

The Directors intend to vote all their Shares in favour of this Resolution. The Chairman will vote undirected proxies in favour of this Resolution.

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## 6. Enquiries

Shareholders may contact the Company Secretary if they have any queries in respect of the matters set out in these documents.

Joanna Morbey  
Company Secretary  
Argonaut Resources NL  
jo@argonautresources.com

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## 7. Glossary

*In the Explanatory Memorandum and Notice:*

**\$** means the lawful currency of the Commonwealth of Australia.

**ACST** means Australian Central Standard Time, being the time in Adelaide, South Australia

**Argonaut** or **Company** means Argonaut Resources NL ACN 008 084 848.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

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

**Board** means the board of Directors.

**Broker Options** means options issued under Resolutions 5, 6 and 7 and as detailed in Schedule 1.

**Closely Related Party**, in relation to a member of the KMP, means the member's spouse, child or dependant (or a child or dependant of the members' spouse), anyone else in the member's family who may be expected to influence or be influenced by the member in the member's dealings with Argonaut (or the Argonaut group), and any company the member controls.

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

**Director** means a director of the Company.

**Document** means each of the Notice, Explanatory Memorandum and the Proxy Form and all other documents that accompany each other when sent to each Shareholder.

**EIP** or **Employee Incentive Plan** means the employee incentive scheme approved on 13 November 2018 the terms of which are summarised in Schedule 3.

**EIP Options** means options to be issued to directors under the EIP and as detailed in Schedule 2 and Resolutions 2, 3 and 4.

**Explanatory Memorandum** means the explanatory memorandum that accompanies and forms part of the Documents.

**Key Management Personnel** means those persons having authority and responsibility for planning, directing and controlling the activities of Argonaut (or the Argonaut group), whether directly or indirectly. Members of the KMP include Directors (both executive and non-executive) and certain senior executives.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Notice** means the notice of general meeting that accompanies and forms part of the Documents.

**Proxy Form** means the proxy form that accompanies and forms part of the Documents.

**Resolution** means a proposed resolution contained in the Notice.

**Securities** have the meaning given to that term in Listing Rule 19.12.

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

**Shareholder** means a shareholder of the Company.

**Share Registry** means Boardroom Limited.

**Trading Day** has the meaning given to that term in Listing Rule 19.12.

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## **8. Interpretation**

In this Document, unless the context requires otherwise:

1. A reference to a word includes the singular and the plural of the word and vice versa;
2. A reference to a gender includes any gender;
3. If a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;
4. A term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;
5. Headings are included for convenience only and do not affect interpretation;
6. A reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;
7. A reference to a thing includes a part of that thing and includes but is not limited to a right;
8. The terms “included”, “including” and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;
9. A reference to a statute or statutory provision includes but is not limited to:
10. A statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;
11. A statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and
12. Subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation, or instrument;
13. Reference to “\$”, “A\$”, “Australian dollars” or “dollars” is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia; and
14. A reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

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## 9. **Applicable ASX Listing Rules & Corporations Act provisions**

### **ASX Listing Rules**

#### **ASX Listing Rule 7.1**

ASX Listing Rule 7.1, known as the '15% rule', limits the capacity of a company to issue Securities without the approval of its shareholders. In broad terms, that Listing Rule provides that a company may not, in a twelve month period, issue Securities equal to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period, unless the issue is first approved by shareholders or otherwise it comes within one of the exceptions to ASX Listing Rule 7.1, as set out in ASX Listing Rule 7.2.

#### **ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of their issued capital through placements over a 12-month period after an annual general meeting. This 10% placement capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX 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.

#### **ASX Listing Rule 7.3**

ASX Listing Rule 7.3 provides that for shareholders to approve an issue or agreement to use under rule 7.1, the notice of meeting must include each of the following:

- (a) The maximum number of securities the entity is to issue (if known) or the formula for calculating the number of securities the entity is to issue.
- (b) The date by which the entity will issue the securities. The date must be no later than 3 months after the date of the meeting.
- (c) The issue price of the securities, which must be either:
  - A fixed price; or
  - A minimum price. The minimum price may be fixed or a stated percentage that is at least 80% of the volume weighted average market price for securities in that class, calculated over the last 5 days on which sales in the securities were recorded before the day on which the issue was made.
- (d) The names of the persons to whom the entity will issue the securities (if known) or the basis on which those persons were determined.
- (e) The terms of the securities
- (f) The use (or intended use) of the funds raised.
- (g) A voting exclusion statement.

#### **ASX Listing Rule 7.4**

ASX Listing Rule 7.4 provides that where holders of ordinary securities approve a previous issue of Securities made without approval under ASX Listing Rule 7.1 and provided that the previous issue of Securities did not breach ASX Listing Rule 7.1, those Securities shall be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

#### **ASX Listing Rule 7.5**

ASX Listing Rule 7.5 provides that for shareholders to approve the issue subsequently, the notice of meeting must include each of the following:

- (a) The number of securities issued.
- (b) The price at which the securities were issued.
- (c) The terms of the securities.

- (d) The names of the persons to whom the entity issued the securities or the basis on which those persons were determined.
- (e) The use (or intended use) of the funds raised.
- (f) A voting exclusion statement.

#### **ASX Listing Rule 10.14**

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

- (a) A related party.
- (b) A person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained.

#### **ASX Listing Rule 10.15**

ASX Listing Rule 10.15 provides that for shareholders to approve the issue of equity securities to a person under an employee incentive scheme, the notice of meeting must include each of the following:

- (a) a summary of Listing Rule 10.14 and what will happen if security holders, give, or do not give, the approval sought under the rule.
- (b) the name of the person
- (c) which category in Listing Rule 10.14.1- 10.14.3 the person falls within and why
- (d) if the person is:
  - o a director under Listing Rule 10.14.1; or
  - o an associate of, or person connected with, a director under Listing Rules 10.14.2 or 10.14.3,  
details (including the amount) of the director's current total remuneration package.
- (e) The number and class of securities that may be acquired by the person under the scheme.
- (f) if the securities are not fully paid ordinary securities:
  - o a summary of the material terms of the securities;
  - o an explanation of why that type of security is being used; and
  - o the value the entity attributes to that security and its basis,
- (g) the date or dates on or by which the entity will issue the securities to the person under the scheme, which must be no later than 3 years after the date of the meeting.
- (h) the price at which the entity will issue the securities.
- (i) a summary of the material terms of the scheme
- (j) a summary of the material terms of any loan that will be made to the person in relation to the acquisition.
- (k) the names of all persons referred to in Listing Rule 10.14 who received securities under the scheme since it was last approved under that rule, the number of securities received, and the acquisition price for each security.
- (l) a statement to the following effect:

Details of any securities issued under the scheme will be published in the annual report of the entity relating to a period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in the scheme after the resolution is approved and who were not named in the notice of meeting will not participate until approval is obtained under that rule.
- (m) A voting exclusion statement.

## **Corporations Act 2001 (Cth) Provisions**

### **Chapter 2E**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition. Exceptions to this general prohibition include where the company first obtains the approval of its shareholder in general meeting, or the financial benefit being provided is on arm's length terms or better.

### **Financial Benefit**

Section 208 of the Corporations Act provides that a public company must not, subject to certain exceptions, give a financial benefit to a related party without approval of the company's members.

A "financial benefit" is defined in section 229 of the Corporations Act and includes issuing shares to a "related party". Directors are related parties of the Company for the purposes of Chapter 2E of the Corporations Act.

Section 210 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is on terms which would be reasonable in the circumstances if the public company and the related party were dealing at arm's length.

### **Related Party**

Section 228 of the Corporations Act defines a "related party" for the purposes of Chapter 2E to include:

- (a) A director of a public company; and
- (b) An entity controlled by a director of a public company.

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# Schedule 1 – Summary of Broker Options

## Terms of Issue of Broker Options

### 1. Definitions

In these Terms:

**Holder** means a person who has applied for and been issued Broker Options in association with the Share Placement (subject to shareholders approval at the General Meeting held on 11th August 2020) and who is recorded in the Register maintained by the Company in accordance with paragraph 10 of these Terms;

**Broker Option** means an option, (subject to Vesting), to acquire one Share on these Terms;

**Exercise Price** means \$0.01 per share;

**Terms** means these terms of issue of Broker Options;

**Vest** means the process under which a Broker Option first becomes exercisable by a Holder in accordance with paragraph 3 of these Terms; and

**Vesting Date** is 30 April 2022.

### 2. Issue Price

The Broker Options are issued for no consideration.

### 3. Entitlement to be issues Shares and vesting

Holders are not required to continually hold their New Shares between the date of issue and the Vesting Date, however:

- (a) Broker Options Vest on the Vesting Date if, and only if, the Holder holds at the Vesting Date the same or a greater number of Shares as the number of New Shares issued to the Holder under this Share Placement.
- (b) Broker Options that do not Vest on the Vesting Date lapse with immediate effect on the Vesting Date and are of no further force or effect.

### 4. Transfer/Transmission

Broker Options are not transferable and will not be quoted on ASX.

### 5. Exercise

- (a) On exercise, the Company must issue one Share for each Broker Option exercised. A Broker Option may be exercised by delivery to the Company of a duly completed Notice of Exercise of Broker Options, signed by the Holder, together with payment to the Company of the Exercise Price.
- (b) A Broker Option may be exercised on any Business Day from the Vesting Date to 5.00pm (ACST) on 30 April 2022 (**Expiry Date**), but not thereafter.
- (c) A Notice of Exercise of Broker Options is only effective when the Company has received the full amount of the Exercise Price in cash or cleared funds.

### 6. Dividend entitlement

- (a) Broker Options do not carry any dividend entitlement.
- (b) Shares issued on exercise of Vested Broker Options rank equally with other issued Shares of the Company on and from issue.

### 7. Participating rights

- (a) A Holder may only participate in new issues of securities to holders of Shares if the Broker Option has been exercised and Shares allotted in respect of the Broker Option before the record date of such new issue. The Company must give at least 6 Business Days' notice to Holders, in respect of any new issue, before the record date for determining entitlements to the issue, in accordance with the Listing Rules of the ASX.
- (b) If between the date of issue and the date of exercise of a Broker Option the Company makes one or more rights issues (being a pro rata issue of Shares in the capital of the Company that is not a bonus issue), the exercise price of Broker Options on issue must be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E[P-(S+D)]}{(N+1)}$$

Where:

**NE** is the new exercise price of the Broker Option;

**OE** is the old exercise price of the Broker Option;

**E** is the number of underlying Shares into which one Broker Option is exercisable;

**P** is the average closing sale price per Share (weighted by reference to volume) during the 5 Trading Days ending on the day before the ex-rights date or ex entitlements date (excluding special crossings and overnight sales);

**S** is the subscription price for a Share under the rights issue;

**D** is the dividend due but not yet paid on each Share at the relevant time; and

**N** is the number of Shares that must be held to entitle Holders to receive a new Share in the rights issue.

- (c) If there is a bonus issue to the holder of Shares in the capital of the Company, the number of Shares over which the Broker Option is exercisable must be increased by the number of Shares with the Holder would have received if the Broker Option had been exercised before the record date for the bonus issue.

## 8. Reconstructions and alteration of capital

- (a) Any adjustment to the number of outstanding Loyalty Options and the exercise price under a reorganisation of the Company's share capital must be made in accordance with the Listing Rules.
- (b) The rights of Holders will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of the Company's share capital at the time of such reorganisation.

## 9. ASX Listing

- (a) Broker Options that have not Vested and been exercised will not be listed for quotation on the ASX or any other financial market.
- (b) The Company must make application for quotation of Shares issued on exercise of the Vested Broker Options on the ASX in accordance with the Listing Rules. Shares issued rank equally with other issued Shares of the Company.

## 10. Register

The Company must maintain a register of Holders in accordance with Section 168(1)(b) of the Corporations Act.

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## Schedule 2 – Summary of EIP Options

### Terms of Issue of EIP Options

#### 1. Definitions

In these Terms:

**Holder** means a person who has applied for and been issued EIP Options under the *Employee Incentive Plan* as approved at the meeting of Shareholders on 13 November 2018 and who (subject to shareholders approval at the General Meeting held on 11th August 2020) is recorded in the Register maintained by the Company in accordance with paragraph 10 of these Terms;

**Issue Date** means the date of issue of the EIP Option following Shareholder approval.

**EIP Option** means an option, (subject to Vesting), to acquire one Share on these Terms;

**Exercise Price** means \$0.02 per share;

**Expiry Date** is 5.00pm (ACST) on 11th August 2025.

**Terms** means these terms of issue of EIP Options.

#### 2. Exercise Price

Subject to paragraph 9, the amount payable upon exercise of each EIP Option will be the Exercise Price per EIP Option. The EIP Options vest on the Issue Date.

#### 3. Expiry Date

Each EIP Option will expire on the Expiry Date. An EIP Option not exercised before the Expiry Date will automatically lapse on the Expiry Date

#### 4. Exercise Period

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

#### 5. Notice of Exercise

The EIP 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 EIP Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

#### 6. 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 EIP Option being exercised in cleared funds (**Exercise Date**).

#### 7. Timing of Issue of Shares on exercise

Within 5 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of EIP Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) 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
- (c) 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 EIP Options.

If a notice delivered under paragraph 7(a) or 7(b) 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) or the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

#### **8. Shares issued on exercise**

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

#### **9. Reconstruction of Capital**

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

#### **10. Participation in new issues**

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

#### **11. Change in exercise price**

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

#### **12. Quotation**

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

#### **13. Transfer/Transmission**

EIP Options are not transferable and will not be quoted on ASX.

#### **14. Dividend entitlement**

EIP Options do not carry any dividend entitlement.

#### **15. Register**

The Company must maintain a register of Holders in accordance with Section 168(1)(b) of the Corporations Act.

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## Schedule 3 – Summary of EIP

### EMPLOYEE INCENTIVE PLAN

1. On 13 November 2018, the Company adopted the Employee Incentive Plan (**EIP**) with Shareholder approval, in order to assist in the reward, retention and motivation of the Company's Directors, senior management, and other key employees.
2. Under the rules of the EIP, the Board has a discretion to offer any of the following awards to senior management, directors or other nominated key employees or contractors:
  - a. options to acquire Shares;
  - b. performance rights to acquire Shares; and/or
3. Shares, including to be acquired under a limited recourse loan funded arrangement, in each case subject to service-based conditions and/or performance hurdles (collectively, the **Awards**).
4. The terms and conditions of the EIP are set out in comprehensive rules. A summary of the rules of the EIP is set out below:
  - a. The EIP is open to Directors, senior management, and any other employees or contractors of the Company, as determined by the Board. Participation is voluntary.
  - b. The Board may determine the type and number of Awards to be issued under the EIP to each participant and other terms of issue of the Awards, including:
    - i. what service-based conditions and/or performance hurdles must be met by a participant in order for an Award to vest (if any);
    - ii. the fee payable (if any) to be paid by a participant on the grant of Awards;
    - iii. the exercise price of any option granted to a participant;
    - iv. the period during which a vested option can be exercised; and
    - v. any forfeiture conditions or disposal restrictions applying to the Awards and any Shares that a participant receives upon exercise of their options or performance rights.
5. The Board may, in its discretion, also determine that the Company will issue limited recourse loans to participants to use for the purchase of Shares as part of a Share Award under the EIP.
6. When any service-based conditions and/or performance hurdles have been satisfied, participants will receive fully vested Shares or their options/performance rights will become vested and will be exercisable over Shares (as applicable).
7. Each vested option and performance right enables the participant to be issued or to be transferred one Share upon exercise, subject to the rules governing the EIP and the terms of any particular offer.
8. Participants holding options or performance rights are not permitted to participate in new issues of securities by the Company but adjustments may be made to the number of Shares over which the options or performance rights are granted and/or the exercise price (if any) to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the rules of the EIP and the ASX Listing Rules.
9. The EIP limits the number of Awards that the Company may grant without Shareholder approval, such that the sum of all Awards on issue (assuming all options and performance rights were exercised) do not at any time exceed in aggregate 10% of the total issued capital of the Company as at the date of commencement of the EIP.
10. The Board may delegate management and administration of the EIP, together with any of their powers or discretions under the EIP, to a committee of the Board or to any one or more persons selected by them as the Board thinks fit

**All Correspondence to:**

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (ACST) on Sunday 9 August 2020.**

### 🖥 TO VOTE ONLINE

- STEP 1: VISIT** <https://www.votingonline.com.au/argonautgm2020>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

### 📱 BY SMARTPHONE



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the 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 your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

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

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (ACST) on Sunday, 9 August 2020**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 🖥 **Online** <https://www.votingonline.com.au/argonautgm2020>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

# Argonaut Resources NL

ABN 97 008 084 848

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Argonaut Resources NL** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at Level 6, 100 Pirie Street, Adelaide SA 5000 on **Tuesday, 11 August, 2020 at 11:00am (ACST)** and at any adjournment of that meeting, to act 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.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business (Including Resolutions 2, 3 & 4). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Ratify Prior Issue of Shares to Sophisticated and Professional Investors, previously issued in accordance with ASX Listing Rule 7.1 and 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Issue of Options to non-executive director – Mr Patrick Elliott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Issue of Options to non-executive director – Mr Andrew Bursill	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Options to non-executive director – Mr Malcolm Richmond	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval for Issue of Options to Veritas Securities Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval for Issue of Options to Canaccord Genuity (Australia) Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval for Issue of Options to Taycol Nominees Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2020