

# **RED RIVER RESOURCES LIMITED**

**ACN 100 796 754**

## **Notice of Annual General Meeting and Explanatory Memorandum**

Date of Meeting: **Wednesday 6 November 2019**

Time of Meeting: **10:30 am AEDT**

Place of Meeting: **RSM Australia  
Level 21  
55 Collins Street  
MELBOURNE VICTORIA 3000**

# Notice of Annual General Meeting

Notice is given that the annual general meeting of the holders of the ordinary shares in Red River Resources Limited ACN 100 796 754 (**Company**) (**Shareholders**) will be held at the office of RSM Australia Level 21 55 Collins Street, Melbourne, Victoria on Wednesday, 6 November 2019 at 10:30 am (AEDT).

Capitalised terms used in this Notice of Meeting and the Explanatory Memorandum have the meaning ascribed to them in the Explanatory Memorandum.

This Notice of Meeting should be read in its entirety, together with the Explanatory Memorandum and the enclosed proxy form. All references to sums of money, '\$' and 'dollars' are references to Australian currency.

## **ORDINARY BUSINESS:**

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### **Financial Statements:**

To receive and consider the financial statements and the reports of the Company's directors and the Company's auditors for the financial year ended 30 June 2019.

These statements and reports can be viewed in the Company's 2019 Annual Report, which is available at [www.redriverresources.com.au](http://www.redriverresources.com.au).

Note: There is no requirement for Shareholders to approve the financial statements and reports and accordingly no resolution will be put to Shareholders regarding this item of business.

### **1. Resolution 1 – Re-election of Mr. Timothy Marcus Stephen Hanlon (Mark Hanlon) as a Director**

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To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

*"That, Mr. Mark Hanlon, who retires by rotation in accordance with clause 11.3 of the Company's constitution, who is eligible and has offered himself for re-election, be re-elected as a director of the Company."*

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

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To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

*"That the Company's Remuneration Report for the financial year ended 30 June 2019 be adopted."*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour (in any capacity) on Resolution 2 by, or on behalf of, a member of the Key Management Personnel (**KMP**) whose remuneration details are included in the Company's Remuneration Report for the year ended 30 June 2019, or a Closely Related Party of such a person, unless the vote is cast as proxy for a person who is entitled to vote on Resolution 2 and the vote is:

- (a) cast in accordance with directions on the Proxy Form specifying how the proxy is to vote; or
- (b) cast by the Chair of the Meeting and the Proxy Form does not specify the way to vote and expressly authorises the Chair to vote as they decide even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

### **3. Resolution 3 – Adoption of Performance Rights Plan**

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

# Notice of General Meeting

*"That, for the purposes of exception 9 of Listing Rule 7.2 and for all other purposes, the renewal of the Company's long term incentive plan called the **Performance Rights Plan**, in accordance with the terms set out in the Explanatory Memorandum."*

**Voting exclusion:** The Company will disregard any votes cast in favour on Resolution 3 by a Director or any officer, employee or contractor who may be eligible to participate in the Performance Rights Plan and any of their respective Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Further, a vote must not be cast on this Resolution 3 (and will be taken not to have been cast if cast contrary to this restriction) by a member of the KMP and any Closely Related Party of such a member acting as a proxy, if their appointment does not specify the way the proxy is to vote on this Resolution. However, a member of the KMP or any Closely Related Party of such a member may vote when acting as proxy if the person is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## **4. Resolution 4 - Issue of Performance Rights to Mr. Melkon (Mel) Palancian**

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

*"That, for the purposes of Listing Rule 10.14 and for all other purposes, the issue of 1,066,983 Performance Rights to Mr. Mel Palancian, a Director of the Company, pursuant to the Company's Performance Rights Plan and the terms set out in the Explanatory Memorandum, be approved."*

**Voting exclusion:** The Company will disregard any votes cast in favour of Resolution 4 by any director of the Company and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

Further, a vote must not be cast on Resolution 4 (and will be taken not to have been cast if cast contrary to this restriction) by a member of the KMP and any Closely Related Party of such a member acting as a proxy, if their appointment does not specify the way the proxy is to vote on this Resolution 4. However, a member of the KMP or any Closely Related Party of such a member may vote when acting as proxy if the person is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

## **5. Resolution 5 - Issue of Performance Rights to Mr. Donald Garner**

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

*"That, for the purposes of Listing Rule 10.14 and for all other purposes, the issue of 497,926 Performance Rights to Mr. Donald Garner, a Director of the Company, pursuant to the Performance Rights Plan and the terms set out in the Explanatory Memorandum, be approved."*

# Notice of General Meeting

**Voting exclusion:** The Company will disregard any votes cast in favour of Resolution 5 by any director of the Company and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Further, a vote must not be cast on Resolution 5 (and will be taken not to have been cast if cast contrary to this restriction) by a member of the KMP and any Closely Related Party of such a member acting as a proxy, if their appointment does not specify the way the proxy is to vote on Resolution 5. However, a member of the KMP or any Closely Related Party of such a member may vote when acting as proxy if the person is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

## 6. Resolution 6 – Ratification of Allotment and Issue of Shares

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

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 23,024,804 ordinary shares (at a deemed issue price of \$0.17373 each) on 27 August 2019 to Meridian Capital CIS Fund on the terms and conditions set out in the Explanatory Statement."*

**Voting exclusion:** The Company will disregard any votes cast in favour on Resolution 6 by any recipient of the Shares and any of their Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the Chair of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

### SPECIAL BUSINESS:

## 7. Resolution 7 – Approval of 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

*"That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the Company issuing up to 10% of the Equity Securities in the Company in accordance with Listing Rule 7.1A on the terms and conditions set out in the Explanatory Statement accompanying this notice."*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the 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 an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

# Notice of General Meeting

By order of the Board

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

Cameron Bodley  
Company Secretary  
Red River Resources Limited  
7 October 2019

# Explanatory Memorandum

The following notes and the Explanatory Memorandum form part of the Notice of Meeting.

## **Voting and Attendance Entitlement**

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The Board has determined that those persons who are registered as holding Shares as at 7:00 pm (AEDT) on Friday 1 November 2019, will be entitled to attend and vote at the Meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

If more than one joint holder of a Share is present at the Meeting (whether personally, by proxy, by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the Company's Share register will be counted.

## **Action to be Taken by Shareholders**

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A Shareholder who is entitled to attend and vote at the Meeting may appoint a person, who need not be a Shareholder of the Company, as the Shareholder's proxy to attend and vote on behalf of the Shareholder.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form. If in respect of any of the items of business you do not direct your proxy how to vote, you are directing your proxy to vote as he or she decides.

If you mark the abstain box for a particular item you are directing your proxy to not vote on your behalf and your Shares will not be counted in computing the required majority in the event of a poll.

For proxies without voting instructions that are exercisable by the Chair of the Meeting, the Chair of the Meeting intends to vote those proxies in favour of the Resolutions. The Chair of the Meeting will be deemed to be appointed where a signed proxy form is returned that does not contain the name of the proxy or where the person appointed on the form is absent from the Meeting

A proxy form accompanies this Notice of Meeting. Should you wish to appoint a proxy, please complete the proxy form and return it

at least 48 hours before the Meeting, being no later than 10:30 am (AEDT) on Monday 4 November 2019 to:

- (a) if online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information from your Proxy Form; or
- (b) if by fax: on + 61 3 9473 2500 or 1300 850 505; or
- (c) if by mail:

Computershare Investor Services Pty Ltd  
GPO Box 242  
MELBOURNE VIC 3001

If the appointment is signed by an attorney, the power of attorney or a certified copy of it must be sent with the proxy form.

## **Attorney**

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A Shareholder may appoint an attorney to act on their behalf. Such appointment must be made by a duly executed power of attorney, a copy of which must be provided by the attorney at the point of entry to the Meeting (original or certified copy), together with satisfactory evidence of their identity (name and address etc.).

## **Corporate Representatives**

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A Shareholder which is a corporation may appoint an individual to act as its representative to attend and vote at the Meeting. The appointment must comply with section 250D of the Corporations Act, meaning that Company will require a certificate of appointment of corporate representative executed in accordance with section 250D of the Corporations Act. The completed certificate should be lodged with Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

## **Polls**

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In the event that a poll is demanded, every Shareholder shall have one vote for every Share registered in their name as at 7:00 pm (AEDT) on Friday 1 November 2019.

## **Required Majorities**

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Each of Resolutions 1 to 5 are Ordinary Resolutions, requiring a simple majority of the votes cast by Shareholders entitled to vote on them.

# Explanatory Memorandum

Resolution 6 is a Special Resolution, requiring that more than 75% of the votes cast by Shareholders entitled to vote are cast in favour of that Resolution.

## **General**

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All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, to sign and return the proxy form to the Company in accordance with the instructions set out on the proxy form.

Shareholders, their proxy or Corporate Representatives who plan on attending the Meeting are asked to arrive at the venue at least 30 minutes prior to the time the Meeting is scheduled to commence, so that Shareholders can be checked against the Company's share register, or appointment as proxy, attorney or Corporate Representative can be verified and their attendance noted.

# Explanatory Memorandum

This Explanatory Memorandum contains an explanation of, and information about, the Resolutions to be considered at the General Meeting. Shareholders should read this Explanatory Memorandum in full. This Explanatory Memorandum forms part of the accompanying Notice of Meeting and should be read with the Notice of Meeting.

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. If you are in any doubt about what to do in relation to the Resolutions, you should consult your financial or other professional adviser.

Capitalised words used in the Notice of Meeting and in this Explanatory Memorandum are defined in the Glossary section at the end of this Explanatory Memorandum.

## **Financial Statements**

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Section 317 of the Corporations Act requires that the business of an annual general meeting (**AGM**) include the receipt and consideration of the financial statements and reports the Company is required to prepare by law for the previous financial year. Those statements and reports are found in the Company's 2019 Annual Report, which is available for Shareholders and can be downloaded from the Company's website [www.redriverresources.com.au](http://www.redriverresources.com.au). If you would like to receive a hard copy of the annual report, free of charge, you can contact the Company's Share registry on 1300 850 505.

There is no requirement for Shareholders to approve these statements or reports. During this item of business, the Chair of the Meeting will provide Shareholders with a reasonable opportunity to ask questions and make comments on these financial statements and reports. RSM Australia conducted the audit of the Company for the last financial year and has been invited to attend the Meeting and the Company has been advised that a suitably qualified member of the audit team of RSM Australia, will attend the Meeting.

Shareholders, as a whole, will also be provided a reasonable opportunity at the Meeting to ask the auditor's representative questions relevant to the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Shareholders who are entitled to vote at the Meeting may also submit written questions to the auditor that are relevant to the content of the auditor's report to be considered at the Meeting or the conduct of the audit of the annual financial report to be considered at the Meeting. Written questions may be submitted by giving them to the Company's Company Secretary. Questions must be submitted no later than the fifth Business Day before the Meeting is held.

## **Resolutions 1 – Re-election of Mr. Mark Hanlon**

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Clause 11.3 of the Company's constitution provides that at each AGM, one-third of the Company's directors must retire. Directors who retire from office in this manner are eligible for re-election.

Mr. Hanlon has served as a director of the Company since his election on 1 October 2015, and has offered himself for re-election.

Details of the candidate are set out below.

A description of Mr. Hanlon's experience, qualifications and competencies is as follows:



# Explanatory Memorandum

Mark has over ten years of experience in the resources and resource services sector as well as over ten years' experience in commercial and merchant banking. He has a broad background of senior executive experience across a wide range of industries including mining, mining services, electricity distribution, electronics contract manufacturing, paper & packaging and insurance. He has most recently been the Finance Director of ENK plc and previously held the position or equivalent position of CFO with listed companies such as Century Drilling and International Contract Manufacturing Limited. Mark is currently a director of Copper Strike Limited and Echo Resources Ltd and a former director of Strandline Resources Limited.

He holds a Bachelor of Business in Finance and Accounting and a Master of Business in Banking and Finance.

The Directors other than Mr. Hanlon recommend that you vote in favour of Resolution 1.

## **Resolution 2 - Adoption of Remuneration Report**

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The Chair of the Meeting will provide Shareholders with a reasonable opportunity to ask questions about, or make comments on, the Company's Remuneration Report for the financial year ending 30 June 2019. The Remuneration Report is included in the Company's 2019 Annual Report and appears on pages 23 to 32 of that report.

The Remuneration Report sets out the Company's remuneration arrangements for its non-executive directors, executive director and senior executives.

The Corporations Act requires that a resolution, that the Remuneration Report be adopted, be put to the vote at the Company's annual general meeting. The vote on Resolution 3 is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of Resolution 3 into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders should note that, in accordance with the "two strikes rules" of the Corporations Act, the outcome of voting on Resolution 2 may also affect next year's annual general meeting.

Specifically, if 25% or more of the votes cast on Resolution 2 are cast "against", a "spill resolution" will be included in the 2020 notice of annual general meeting as required by the Corporations Act, being a resolution that an extraordinary general meeting of Shareholders be called to consider the election of Directors.

This means that if:

- (a) 25% or more of the votes cast on Resolution 3 are cast "against"; **AND**
- (b) 25% or more of the votes cast in respect of the adoption of the Remuneration Report at the 2019 annual general meeting are cast "against",

then a resolution will be put to Shareholders at the 2020 annual general meeting (the "**spill resolution**") that the Company convene a further meeting of Shareholders (within 90 days), at the end of which meeting the existing Directors (other than the managing director) will cease to hold office.

More than 97% of the votes cast on the Company's Remuneration Report for the 2018 financial year were cast in favour of the relevant resolution.

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

# Explanatory Memorandum

## Resolution 3 – Adoption of Performance Rights Plan

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The Company proposes to renew its performance rights plan, to enable the Company to issue performance rights, being contractual rights to acquire Shares subject to the satisfaction of certain conditions (**Performance Rights**), to eligible employees, officers and senior consultants to assist in the attraction, retention and motivation of those persons (**Performance Rights Plan**).

A summary of the material terms of the proposed Performance Rights Plan is contained in Annexure A to this Explanatory Memorandum.

Shareholder approval for the issue of Performance Rights pursuant to the Performance Rights Plan is now being sought for the reasons set out below.

### Listing Rules

As noted elsewhere in this Explanatory Memorandum, ASX Listing Rule 7.1 prohibits, subject to certain qualified exceptions, the Company from issuing Equity Securities in excess of the 15% Placement Capacity, unless prior Shareholder approval is obtained.

ASX Listing Rule 7.2, however, provides that the general prohibition contained in Listing Rule 7.1 does not apply to any Performance Rights issued in accordance with the Performance Rights Plan, if, in the 3 years before the date of the relevant issue, Shareholders have approved the issue of Performance Rights under the Performance Rights Plan as an exception to Listing Rule 7.1. The Performance Rights Plan has not been renewed since it was adopted at the 2016 Annual General Meeting.

Accordingly, Resolution 3 seeks Shareholder approval for the issue of Performance Rights pursuant to the renewal of the Performance Rights Plan as an exception to Listing Rule 7.1.

If Resolution 3 is passed, any Performance Rights issued in accordance with the Performance Rights Plan during the three years following the passing of the Resolution will not be counted towards the Company's 15% Placement Capacity when calculating how many Equity Securities can be issued in the absence of Shareholder approval.

### Corporations Act

The Corporations Act restricts the Company from giving certain "benefits" to certain persons (those who hold a managerial or executive office, as defined in the Corporations Act) on ceasing their employment with the Company (**Termination Benefits**), in the absence of prior shareholder approval unless an exemption applies.

The term "benefit" is defined broadly in the Corporations Act and includes benefits arising from the Board exercising its discretion under the rules of the Performance Rights Plan.

Accordingly, Resolution 3 also seeks Shareholder approval, for the Company to provide these Termination Benefits to participants in the Performance Rights Plan.

Specifically, Shareholder approval is being sought to enable the Board to exercise certain discretions under the Performance Rights Plan, including the discretion to determine to waive some or all of the exercise conditions attaching to Performance Rights issued to a participant, where a participant ceases to be employed or engaged by the Company, including as a result of redundancy, resignation, death, or the termination of their employment or engagement (where they are a contractor) for cause.

This approval is being sought in respect of any current or future participant in the Performance Rights Plan, and the Termination Benefits that may arise if and when any participants cease to be engaged by the Company.

Except as provided for, and subject to the passing of, Resolutions 4 and 5, no other Director will participate in the Performance Rights Plan unless separate Shareholder approval is first obtained.

For the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and section 200E of the Corporations Act), the following information is provided in respect of Resolution 3.

## Explanatory Memorandum

<b>Prior issue of Performance Rights pursuant to the Performance Rights Plan</b>	8,479,438 Performance Rights have been issued under the Performance Right Plan since it was adopted at the Company's 2016 Annual General Meeting. Subsequently, of those issued, 335,279 have been forfeited resulting in 8,144,159 remaining.
<b>Terms of Performance Rights</b>	A summary of the terms of the Performance Rights Plan is set out in Annexure A.
<b>Explanation of the termination benefits</b>	<p>The Performance Rights Plan contains provisions setting out the treatment of unexercised Performance Rights, including the Board's discretion to waive any exercise conditions attaching to those Performance Rights in the event of cessation of engagement by the Company arising from, among other things, redundancy, resignation, death, termination of employment for cause or becomes permanently disabled.</p> <p>As noted above, the exercise of these discretions by the Board will constitute a "benefit" for the purposes of the restrictions contained in the Corporations Act's regarding Termination Benefits.</p>
<b>Value of the termination benefits</b>	<p>Various matters will or are likely to affect the value of the Termination Benefits that the Board may give under the Performance Rights Plan and, therefore the value of the Termination Benefits cannot be determined in advance.</p> <p>The value of a particular benefit resulting from the exercise of the Board's discretion under the Performance Rights Plan will depend on factors such as the Company's share price at the time of the exercise of this discretion and the number of Performance Rights that the Board decides to waive the exercise conditions in respect of. Some of the factors that may affect the value of the Termination Benefits are as follows:</p> <ul style="list-style-type: none"> <li>(a) the nature and extent of any exercise conditions waived by the Board;</li> <li>(b) the number of exercise conditions that have been satisfied at the time that the Board exercises this discretion; and</li> <li>(c) the number of unexercised Performance Rights that the participant holds at the time that this discretion is exercised.</li> </ul>

As it is proposed that Mr. Palancian and Mr. Garner will receive Performance Rights pursuant to the Performance Rights Plan, subject to the passing of Resolutions 4 and 5, Mr. Palancian and Mr. Garner do not make any voting recommendation to Shareholders as to how to vote on Resolution 3.

The Directors other than Mr. Palancian and Mr. Garner recommend that Shareholders vote in favour of Resolution 3 .

### **Resolutions 4 and 5 - Issue of Performance Rights to Mr. Palancian and Mr. Garner**

Resolutions 4 and 5 seek Shareholder approval for the Company to issue Performance Rights, in accordance with the terms of the Company's Performance Rights Plan, to Mr. Mel Palancian and Mr. Donald Garner, the Company's Managing Director and Executive Director.

Listing Rule 10.14 provides that a director may not acquire securities under an employee incentive scheme without the prior approval of shareholders.

## Explanatory Memorandum

Accordingly, Resolutions 4 and 5 seek Shareholder approval for the Company to issue Performance Rights to Mr. Palancian and Mr. Garner, respectively, in accordance with the Company's Performance Rights Plan.

For the purposes of Listing Rule 10.15, the following information is provided in respect of Resolutions 4 and 5:

	<b>Resolution 4</b>	<b>Resolution 5</b>
<b>Proposed allottee</b>	Mr. Mel Palancian	Mr. Donald Garner
<b>Maximum number of securities to be issued</b>	1,066,983 Performance Rights	497,926 Performance Rights
<b>Issue date and Exercise Period</b>	<p>The Performance Rights will be issued as soon as practicable following the Meeting and, in any event, will be issued no later than twelve (12) months after the Meeting.</p> <p>The Performance Rights will automatically exercise within 3 days after the end of the Vesting Date, subject to the satisfaction of the Vesting conditions. Vesting Date is 28 October 2022.</p>	
<b>Issue and exercise price</b>	<p>The Performance Rights are being issued as part of Mr. Palancian's and Mr. Garner's remuneration and as an incentive for future performance. As such, they will be issued for no cost.</p> <p>No exercise price is payable for the exercise of Performance Rights.</p> <p>There is no loan associated with the issue of Performance Rights.</p>	
<b>Details of Directors or their Associates who previously received Performance Rights under the Performance Rights Plan</b>	<p>As at the date of this Notice of Meeting, the Company has previously issued the following Performance Rights (nil consideration) to directors and their Associates under the Performance Rights Plan.</p> <p>3,087,343 Performance Rights (2017 issue: 1,525,423 &amp; 2018 issue: 857,143 &amp; 2019 issue: 704,777) to Mr. Palancian; and</p> <p>1,440,760 Performance Rights (2017 issue: 711,864 &amp; 2018 issue: 400,000 &amp; 2019 issue: 328,896) to Mr. Garner.</p>	
<b>Names of persons referred to in Listing Rule 10.14 that are entitled to participate in the Performance Rights Plan</b>	<p>Each of Mr. Palancian and Mr. Garner, together with any other Director that may be appointed from time to time, or currently a Director of the Company, are entitled to participate in the Performance Rights Plan.</p> <p>However, as Shareholder approval is not currently being sought, and has not previously been obtained, for the issue of Performance Rights to any other Director other than Mr. Palancian and Mr. Garner, no Performance Rights will be issued to any other Director that may be appointed in the future unless Shareholder approval is separately sought and obtained for the issue of such Performance Rights pursuant to Listing Rule 10.14.</p>	

# Explanatory Memorandum

## Additional Disclosure

To assist Shareholders in considering the proposed Resolutions, the Company also provides the following additional information in respect of Resolutions 4 and 5:

	<b>Resolution 4</b>	<b>Resolution 5</b>
<b>Proposed allottee</b>	Mr. Mel Palancian	Mr. Donald Garner
<b>Maximum number of securities to be issued</b>	1,066,983 Performance Rights	497,926 Performance Rights
<b>Use of funds</b>	No funds will be raised through the issue of Performance Rights.	
<b>Why are Performance Rights proposed to be issued</b>	<p>The Directors consider that the Performance Rights provide a cost-effective and efficient incentive that aligns with the interests of Shareholders, as opposed to alternative forms of incentives (e.g. cash bonuses, increased remuneration).</p> <p>However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could issue Equity Securities to a third party.</p> <p>The opportunity costs and benefits foregone by the Company by issuing the Performance Rights to Mr. Palancian and Mr. Garner is the potentially dilutionary impact on the issued share capital of the Company (in the event that the Performance Rights vest/ are exercised). Until exercised, the issue of the Performance Rights will not impact upon the number of ordinary shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused with the issue of Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled Directors on appropriate incentive terms.</p> <p>It is also considered that the conditions attached to the Performance Rights, which will determine whether how many (and if at all) the Performance Rights vest/ exercise, is dependent upon a concomitant increase in the value of the Company generally.</p>	
<b>Why the number of Performance Rights was Chosen</b>	<p>The number of Performance Rights was determined by the Company's Directors (other than Mr. Palancian and Mr. Garner), on the recommendation of the Company's Remuneration Committee, for the purpose of providing a cost effective means of incentivising Mr. Palancian and Mr. Garner to increase Shareholder value through the development of the Thalanga Project and the Company's other projects.</p> <p>The Directors (other than Mr. Palancian and Mr. Garner), determined that by offering Mr. Palancian and Mr. Garner the Performance Rights, together with their remuneration package, this would assist the Company in securing the services of Mr. Palancian and Mr. Garner.</p>	
<b>Directors' interest in the outcome</b>	Other than the interests that each of Mr. Palancian and Mr. Garner have in receiving Performance Rights pursuant to Resolutions 4 and 5, respectively, no Director has any interest in the outcome of Resolutions 4 and 5.	
<b>Valuation of the Performance Rights</b>	The Performance Rights are not currently quoted on the ASX and as such have no market value. The Performance Rights each grant the holder	

## Explanatory Memorandum

	Resolution 4	Resolution 5
	<p>thereof a right to receive one Share upon exercise of the Performance Right. Accordingly, the Performance Rights may have a present value at the date of their grant.</p> <p>As a general proposition, performance rights to acquire ordinary fully paid shares in a company have value. Various factors impact upon the value of Performance Rights including things such as:</p> <ol style="list-style-type: none"> <li>1. the period outstanding before the expiry date of the Performance Right;</li> <li>2. the exercise price of the Performance Rights relative to the underlying price or value of the securities into which they may be converted;</li> <li>3. the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the Performance Rights represent a controlling or other significant interest);</li> <li>4. the value of the Shares into which the Performance Rights may be converted; and</li> <li>5. whether or not the Performance Rights are listed (i.e. readily capable of being liquidated).</li> </ol> <p>There are various formulae which can be applied to determining the theoretical value of Performance Rights (including the formula known as the Binomial Model valuation formula).</p> <p>The Company has applied the Binomial Model, which is one of the most widely used and recognised models for pricing Performance Rights. The value of a Performance Right calculated by the Binomial Model is a function of the relationship between a number of variables, being the share price, the exercise price, the time to expiry, the risk free interest rate and the volatility of the company's underlying share price.</p> <p>Inherent in the application of the Binomial Model are a number of inputs, some of which must be assumed. The data relied upon in applying the Binomial Model was:</p> <ol style="list-style-type: none"> <li>1. the exercise price of the Performance Rights, being \$0.00 cents;</li> <li>2. an assumed Share price at the date the Performance Rights are granted of \$0.155 cents, being the Share price as at the date of valuation on 19 September 2019);</li> <li>3. an expiry/ vesting date of 31 October 2022 (3 years);</li> <li>4. a volatility measure of 65%;</li> <li>5. a risk-free interest rate of 2.25%; and</li> <li>6. a dividend yield of nil.</li> </ol> <p>Based on this information, the Company has adopted an indicative value for each Performance Right of 13.24 cents for Expiry 31 October 2022. The calculation value remains subject to audit and update at the time of Grant for statutory reporting purposes.</p>	

## Explanatory Memorandum

	Resolution 4	Resolution 5		
	<p>On that basis, the respective value of the Performance Rights to be issued pursuant to Resolutions 4 and 5 are as follows:</p> <p>(a) Resolution 4: \$141,282</p> <p>(b) Resolution 5: \$65,932</p> <p><b>TOTAL \$207,214</b></p> <p>The Performance Rights valuation noted above assumes a market price of the Shares on the date of issue of \$0.155 cents per Share, being the market value of the Shares as at the date that the valuation was prepared on 19 September 2019.</p>			
<b>Existing interest in the Company</b>	The current interests (i.e. before Resolutions 4 and 5 are approved) of Mr. Palancian and Mr. Garner in the Equity Securities of the Company are set out below:			
	Related Party	Shares	Performance Rights	Options
	<b>Mr. Mel Palancian</b>	445,000	<p style="text-align: center;">1,525,423 Performance Rights (2017) Ex 1/07/2019 (Subject to final Vesting Conditions Review)</p> <p style="text-align: center;">857,143 Performance Rights (2018) Ex 1/07/2020</p> <p style="text-align: center;">704,777 Performance Rights (2019) Ex 1/7/2021</p>	-
	<b>Mr. Donald Garner</b>	7,631,601	<p style="text-align: center;">711,864 Performance Rights (2017) Ex 1/07/2019 (Subject to final Vesting Conditions Review)</p> <p style="text-align: center;">400,000 Performance Rights (2018) Ex 1/07/2020</p> <p style="text-align: center;">328,896 Performance Rights (2019) Ex 1/7/2021</p>	-
<b>Dilutionary effect of the issue of the Performance Rights</b>	If all of the Performance Rights that are proposed to be issued to Mr. Palancian and Mr. Garner pursuant to Resolutions 4 and 5 are granted and are subsequently exercised (and assuming that no other Equity Securities are issued prior to the exercise of the Performance Rights), the following will be the dilutionary effect on the current issued capital of the Company:			
	Allottee/Other Shareholders	Current Share	% of Total Share Capital	Number of Shares upon Exercise of

## Explanatory Memorandum

	Resolution 4			Resolution 5	
		Holding	(513,706,804 Shares on issue)	all Performance Rights	(515,271,713 Shares on Issue)
	<b>Mr. Palancian</b>	445,000	0.09%	1,511,983	0.29%
	<b>Mr. Garner</b>	7,631,601	1.49%	8,129,527	1.58%
	<b>Other Shareholders</b>	505,630,203	98.42%	505,630,203	98.13%
	<b>Total</b>	513,706,804	100.00%	515,271,713	100.00%
<b>Trading History</b>	A table of the trading history of the Shares for the preceding 12 month period is as follows:				
	Closing Price on 4 October 2019 being the day prior to the approval of this Notice of Meeting			\$0.155	
	12-month VWAP (prior to and including 19 September 2019)			\$0.1816	
	12-month high (prior to and including 19 September 2019)			\$0.23	
	12-month low (prior to and including 19 September 2019)			\$0.135	

### Performance Conditions –2020 Grant

The Performance Rights will automatically convert to Shares on 31 October 2022 (**Vesting Date**), subject to satisfaction of the four performance conditions summarised below (**Performance Conditions**).

Specifically, one third of the Performance Rights that count towards the Total Shareholder Return element of the Plan to be issued to each of Mr. Garner and Mr. Palancian have been allocated to each of the financial years ending 30 June 2020, 30 June 2021 and 30 June 2022 (**Performance Period**) and will be tested against the Performance Conditions following the end of the relevant Performance Period. The remaining Performance Rights will be allocated equally against the Resources and Reserves Performance Conditions and are tested at the end of the 30 June 2022 Performance Period to determine the number of Performance Rights that will be eligible to vest, subject to Mr. Garner and Mr. Palancian (as applicable) remaining employed by the Company or an Associated Body Corporate on the Vesting Date (the **Service Condition**).

Other than in respect of the Service Condition, the Performance Conditions operate independently in so far as satisfaction of each Performance Condition will give rise to a pre-determined proportion of the overall number of Rights becoming eligible for vesting – subject to satisfaction of the Service Condition.

Any Rights that become ineligible for vesting, or do not vest, because of a failure to satisfy one or more Performance Conditions shall lapse.



# Explanatory Memorandum

The Performance Conditions are as follows:

**(a) Share Price Performance Condition**

50% of the Performance Rights are subject to a comparative Share price Performance Condition. For this Performance Condition, the percentage of Performance Rights that will become eligible for vesting will be determined by comparing the Company's Share price performance against the share price performance of a Comparator Group of Companies\* during each of the Performance Periods, as follows:

<b>RVR ranking versus Comparator Group of Companies</b>	<b>% of Maximum Award</b>
Below the 50th percentile	0% eligible for vesting
Between the 50th and 75th percentile	50% - 100% eligible for vesting (on a pro-rata basis)
At or above the 75th percentile	100% eligible for vesting

\*Comparator Group of Companies

Heron Resources (HRR)	Venturex Resources (VXR)
KGL Resources (KGL)	Terramin Australia (TZN)
Aeris Resources (AIS)	Myanmar Metals (MYL)
Ironbark Zinc (IBG)	Consolidated Zinc (CZL)
PNX Metals (PNX)	New Century Resources (NCZ)

The Board will, however, retain the discretion to deem the Share price Performance Condition as being met in the event that the Company's share price at 30 June in a particular year is below the Company's Share price on 1 July of the preceding year.

**(b) Grow Resources – 25% of the Rights capable of vesting**

25% of the Performance Rights shall be subject to the growth of RVR's aggregate JORC compliant Mineral Resources (as reported to the ASX) during a Performance Period (aggregated on a zinc equivalent gross basis inclusive of Inferred, Indicated and Measured Mineral Resources).

The percentage of Performance Rights that will become eligible for vesting (subject to the satisfaction of the Service Condition) associated with each percentage increase in Mineral Resources as follows:

## Explanatory Memorandum

Resource increase	% of Maximum Award
Increase Resources by >25%	100% eligible for vesting
Increase Resources by >0%<25%	0% - 100% eligible for vesting (on a pro-rata basis)
Increase Resources by 0% or a decrease in Resources	0% eligible for vesting

**(c) Grow Reserves – 25% of the Rights capable of vesting**

25% of the Performance Rights shall be subject to the growth of the Company's aggregate JORC compliant Ore Reserves (as reported to the ASX) during a Performance Period.

The percentage of Performance Rights that will become eligible for vesting (subject to the satisfaction of the Service Condition) associated with each percentage increase in Ore Reserves is set out in the table below.

Reserve increase	% of Maximum Award
Increase Reserves by >25%	100% vest
Increase Reserves by >0%<25%	0% - 100% vest (on a pro-rata basis)
Increase Reserves by 0%	0% vest

**(d) Service Condition**

As noted above, all of the Performance Rights are subject to the Service Condition. This Performance Condition requires that the recipient of Performance Rights be employed by the Company or an Associated Body Corporate on the Vesting Date in order for any Performance Rights to vest.

If a recipient's employment ceases prior to the Vesting Date, Performance Rights shall automatically lapse, unless the Board determines otherwise in accordance with the Rules of the Performance Rights Plan.

As it is proposed that Mr. Palancian and Mr. Garner will receive Performance Rights pursuant to the Performance Rights Plan, subject to the passing of Resolutions 4 and 5, Mr. Palancian and Mr. Garner do not make any voting recommendation to Shareholders as to how to vote on Resolutions 4 and 5.

The Directors, other Mr. Palancian and Mr. Garner, recommend that Shareholders vote in favour of Resolutions 4 and 5.

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**Resolution 6 – Ratification of Allotment and Issue of Shares**

The effect of passing Resolution 6 is to restore the Company's discretionary power to issue further securities up to 15% of the issued capital of the Company under Listing Rule 7.1 without Shareholder approval.

# Explanatory Memorandum

On 2 July 2019, the Company announced that it was issuing 23,024,804 ordinary shares (at a deemed issue price of \$0.17373 each) (**Consideration Shares**) to acquire 100% of the shares in Hillgrove Mines Pty Ltd, the holder of 100% of the Hillgrove Gold-Antimony Project in NSW. Total consideration for the acquisition was \$4.0m, payable in Red River shares.

The shares were issued and allotted on 27 August 2019 without Shareholder approval under the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 seeks to ratify the issue of Consideration Shares to Meridian Capital CIS Fund to restore the ability of the Company to issue further securities within the 15% limit under Listing Rule 7.1 during the next 12 months. The Company confirms that the issue of the Consideration Shares, at the time of the issue, did not breach Listing Rule 7.1.

## Listing Rules

Listing Rule 7.1 broadly provides that subject to certain exceptions, a company may issue up to 15% of its issued capital in any 12-month period without Shareholder approval. Listing Rule 7.4 permits ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the maximum threshold set by Listing Rule 7.1.

Listing Rule 7.5 contains requirements as to the contents of a Notice sent to Shareholders for the purpose of Listing Rule 7.4 and the following information is included in this Explanatory Statement for that purpose:

- (a) 23,024,804 ordinary shares were issued by the Company to Meridian Capital CIS Fund. Meridian Capital CIS Fund is not a related party of the Company;
- (b) the issue price was \$0.17373 per Share;
- (c) the ordinary shares were issued on the same terms as those ordinary shares already on issue, with the addition of a voluntary escrow period of 12-months from the date of allotment;
- (d) the shares were issued to acquire 100% of the shares in Hillgrove Mines Pty Ltd, the holder of 100% of the Hillgrove Gold-Antimony Project in NSW; and
- (e) a voting exclusion statement is included in paragraph 6 of the Notice.

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

## Resolution 7 – Additional Placement Capacity

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Listing Rule 7.1 requires Shareholder approval for an issue of Equity Securities in the Company if that issue will, when aggregated with all other issues during the previous 12 months, exceeds 15% of the number of Equity Securities on issue at the commencement of that 12-month period.

In accordance with Listing Rule 7.1A, eligible entities may seek Shareholder approval at their AGM to issue a further 10% of their issued share capital in addition to the 15% capacity set out in ASX Listing Rule 7.1 (**10% Share Placement Capacity**).

An eligible entity for the purpose 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. At the date of this Notice, the Company is an eligible entity.

Any issue of securities under ASX Listing Rule 7.1A:

## Explanatory Memorandum

- (a) must be in the same class as an existing quoted class of the Company's Equity Securities;
- (b) may be issued at a maximum of 25% discount to the current market price; and
- (c) must be calculated in accordance with the formula prescribed by ASX Listing Rule 7.1A.2.

Resolution 7 seeks Shareholder approval for the Company to have the ability to issue Equity Securities in accordance with the 10% Share Placement Capacity. The approval of Resolution 7 will provide the Company with even greater flexibility to issue Equity Securities in addition to the 15% capacity set out in ASX Listing Rule 7.1 without a further requirement to obtain prior Shareholder approval.

### Technical information required by Listing Rule 7.3A

		Dilution when compared with the current issued share capital	Hypothetical issue price of shares issued under the 10% Share Placement Capacity		
			\$0.078 50% decrease in Issue Price	\$0.155 per share	\$0.31 100% increase in Issue Price
<b>Issued share capital</b>	Current issued share capital	10% dilution	51,370,680 shares	51,370,680 shares	51,370,680 shares
	513,706,804	Funds raised	\$3,981,228	\$7,962,455	\$15,924,911
	50% increase in issued share capital	10% dilution	77,056,021 Shares	77,056,021 Shares	77,056,021 Shares
	770,560,206	Funds raised	\$5,971,842	\$11,943,683	\$23,887,366
	100% increase in issued share capital	10% dilution	102,741,361 Shares	102,741,361 Shares	102,741,361 Shares
	1,027,413,608	Funds raised	\$7,792,455	\$15,924,911	\$31,849,822

Note: the table above has been prepared on the following assumptions:

1. The Issue Price of \$0.155 is based on the closing price of Shares on 19 September 2019;
2. The current issued share capital has been calculated in accordance with the formula in Listing Rule 7.1A.2;
3. The Company issues the maximum number of securities available under the 10% Share Placement Capacity;
4. No options are exercised prior to the date of issue of any shares under the 10% Share Placement Capacity;
5. The table shows the effect of issues of the Company's Equity Securities under the 10% Share Placement Capacity, not under the Company's 15% placement capacity under Listing Rule 7.1; and
6. The table does not show an example of dilution that may occur to any particular Shareholder due to any placements under the 10% Share Placement Capacity.

# Explanatory Memorandum

## Potential risk of economic and voting dilution

If Resolution 7 is approved by Shareholders and securities are issued in accordance with the 10% Share Placement Capacity, the interests of existing Shareholders who do not participate in the issue will be diluted.

Shareholders should note that in such circumstances, as with any time in the market, there is a risk that:

- (a) the market price for Equity Securities issued under the 10% Share Placement Capacity may be significantly lower on the issue date than on the date of the approval under ASX Listing Rule 7.1A; and
- (b) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

## Timing of potential issues

If Shareholders approve Resolution 7, securities may be issued under the 10% Share Placement Capacity during the period commencing on the date of the Meeting and ending on the first to occur of:

- (a) 12 months after the date of the Meeting; and
- (b) the date of Shareholder approval for any transaction under Listing Rules 11.1.2 (significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

The approval under Listing Rules 7.1A will cease to be valid in the event that Shareholders approve a transaction under Listing Rules 11.1.2 or 11.2.

## Purpose of potential issue

Shares may be issued under the 10% Share Placement Capacity for the following purposes:

- (a) non-cash consideration for the acquisition of new resources assets and other investments. If this occurs, the Company will provide a valuation of the non-cash consideration in accordance with ASX Listing Rule 7.1A.3; or
- (b) cash consideration. If this occurs, the Company intends to use the funds raised to continue exploration and development of the Company's current assets, to cover general working capital requirements and/or, if appropriate, acquire new assets or investments.

The Company will comply with its disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon any issue of Equity Securities under the 10% Share Placement Capacity.

## Allocation policy under the 10% Share Placement Capacity

The Company's allocation policy will depend on the prevailing market conditions at the time of any proposed issue under the 10% Share Placement Capacity.

Potential allottees of securities under the 10% Share Placement Capacity will be determined on a case-by-case basis, having regard to factors which may include:

# Explanatory Memorandum

- (a) the methods of raising funds which are available to the Company, including the time and market exposure associated with the various methods of raising capital applicable at the time of the raising;
- (b) the effect of any such issue on the control of the Company;
- (c) the financial situation of the Company; and
- (d) advice from corporate, financial and broking advisers.

As at the date of this Notice, no allottees for a placement under the 10% Share Placement Capacity have been determined. They may, however, include, as well as any existing Shareholders, substantial Shareholders and/or new Shareholders who are not Related Parties or Associates of a Related Party of the Company.

## **Prior shareholder approval**

The Company sought and received Shareholder approval under Listing Rule 7.1A at the last AGM held on 25 October 2018.

A total of 26,344,113 Equity Securities, including Shares and Performance Rights, were issued in the 12 months preceding the date of the AGM. This represented 5.24% of the total number of Equity Securities on issue at the start of the 12-month period.

Details of all equity issues over the 12 months preceding the date of the Annual General Meeting are outlined below:

- (a) In accordance with Resolutions 4 and 5 passed by Shareholders at the AGM held on 25 October 2018, on 27 December 2018 the Company issued 704,777 Performance Rights to Mr. Mel Palancian, 328,896 Performance Rights to Mr. Donald Garner. In addition, a further 1,371,970 Performance Rights were issued to other employees of the Company. Each have an Expiry of 1 July 2021. The Performance Rights were issued for nil consideration;
- (b) On 11 June 2019, the Company issued 163,666 Performance Rights to employees of the Company. Each have an Expiry of 1 July 2021. The Performance Rights were issued for nil consideration;
- (c) On 5 July 2019, the Company issued 750,000 ordinary shares on exercise of 750,000 options at \$0.12 per share by Karl Spaleck. The proceeds have been used on exploration, development and general working capital requirements of the Company; and
- (d) On 27 August 2019, the Company issued 23,024,804 ordinary shares at the 10-day VWAP to 2 July 2019 of \$0.17373 to Meridian Capital CIS Fund in consideration for the Company's acquisition the Hillgrove Gold – Antimony Project (Hillgrove) and for a receivable associated with Hillgrove. This represented a deemed acquisition price of \$4.0 m. These shares have been Voluntarily Escrowed for a period of 12 months from the date of allotment. As at 19 September 2019 these shares are worth \$3.57m.

Any inquiries in relation to the Resolutions or the Explanatory Memorandum should be directed to the Company Secretary:

Red River Resources Limited

Level 6 350 Collins Street

MELBOURNE VIC 3000

Ph: +61 3 9095 7775

# Explanatory Memorandum

## Glossary

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**AEDT** means Australian Eastern Daylight Time.

**AGM** means an annual general meeting of the Company.

**ASX** means ASX Limited (ABN 98 008 624 691).

**Board** means the board of Directors of the Company.

**Business Day** means a day that is not a Saturday, Sunday or public holiday in Melbourne, Australia.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Red River Resources Limited ACN 100 796 754.

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

**Cromarty Resources Pty Ltd** means the 100% owned subsidiary of Red River Resources Ltd.

**Directors** means the directors of the Company as at the date of this Explanatory Memorandum.

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

**Explanatory Memorandum** means this explanatory memorandum that accompanies, and forms part of, the Notice of Meeting.

**General Meeting** or **Meeting** means the general meeting of the Company convened by the Notice of Meeting.

**Key Management Personnel** or **KMP** has the meaning given to that term in the Corporations Act.

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

**Meeting, General Meeting, Annual General Meeting and 2019 AGM** means the meeting convened by this Notice.

**Non-executive Directors** means those Directors who are not full-time employees of the Company or any subsidiary.

**Notice of Meeting** means the notice convening the general meeting of Shareholders that accompanies this Explanatory Memorandum.

**Options** means an unlisted option to receive one fully paid Share upon exercise of the option.

**Ordinary Resolution** means a resolution requiring that more than 50% of the votes cast on the resolution are cast in favour of the resolution in order for it to be passed.

**Performance Rights Plan** means the Company's employee and officer performance rights plan as approved by Shareholders at the 2016 AGM and subject to renewal per Resolution 3 on this Notice of Meeting.

**Proxy Form** means the proxy form attached to this Notice of Meeting.

**Related Body Corporate** has the meaning given to that term in the Corporations Act.

**Related Party** has the meaning given to that term in the Corporations Act.

**Remuneration Report** has the meaning given to that term in the Corporations Act.

**Resolution** means a resolution referred to in this Notice.

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

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

**Special Resolution** means a resolution requiring that at least 75% of the votes cast on the resolution are cast in favour of the resolution in order for it to be passed.

# Explanatory Memorandum

## Annexure A – Performance Rights Plan Summary

The objective of the Plan is to provide an incentive to key employees of RVR to drive continuing improvement in RVR's performance and to provide those employees with the opportunity to acquire an ownership interest in RVR.

### **1. Eligibility**

The Board may issue Performance Rights to any director, senior executive, or other employee (full or part time). The Board must have regard to the Employee's contribution to the business, the length of the period of employment of the Employee, the Employee's potential contribution to the business, and any other matters the Board considers relevant. Performance Rights may be held by the Employee directly, or by any entity nominated by the Employee.

### **2. Performance Conditions**

The Board may make vesting of Performance Rights conditional upon Performance Conditions, and the Board may also waive any existing Performance Conditions if they see fit, subject to the Listing Rules and the law.

### **3. Maximum Number of Performance Rights**

The Board will ensure that the number of Performance Rights offered to Employees over a 3-year period does not exceed 5% of the Company's issued Shares, unless that issue does not require disclosure in reliance on another exception to the Corporations Act or is made pursuant to a prospectus.

### **4. Entitlement**

Each Performance Right entitles the holder to one fully-paid Ordinary Share, which shall rank equally with all other fully paid shares on and from the date of issue.

### **5. Vesting**

A Performance Right vests when the Board determines that the applicable Performance Conditions have been wholly or partially satisfied, or are waived.

### **6. Exercise**

Performance Rights are exercised automatically upon vesting and the Company must issue the corresponding Shares within 30 days.



# Explanatory Memorandum

## **7. Lapse**

Performance Rights will lapse upon any of the following events:

- 7.1 the Expiry Date is reached and the Performance Conditions are not satisfied;
- 7.2 the Performance Rights are transferred or an attempt is made to transfer them to another entity, without the approval of the Board;
- 7.3 an Employee voluntarily resigns;
- 7.4 an Employee's employment is terminated because of death, total and permanent disability, bona fide redundancy, or any other matter approved by the Board, unless the Board deems some or all of the unvested Performance Rights to vest;
- 7.5 the Employee's employment is terminated because of fraud, dishonesty, breach of obligations, or otherwise for cause; and
- 7.6 a date is reached which is six months after an event described in paragraph 8 below.

## **8. Change of control and reconstruction**

Notwithstanding the other conditions, the Board may declare that some or all unvested Performance Rights vest if any of the following circumstances arise:

- 8.1 a Change of Control event has occurred, or is likely to occur, and the Board considers that the Employee's pro-rata performance is satisfactory, which includes:
  1. an offeror acquiring voting power of greater than 50% in the Company where, prior to a takeover bid, they held less than 50%;
  2. shareholders approve a compromise or arrangement pursuant to section 411 of the Corporations Act; or
  3. there is a selective capital reduction approved by Shareholders that results in a shareholder acquiring voting power of greater than 50% in the Company where they previously held less than 50%;
- 8.2 any person or corporation has a Relevant Interest in more than 90% of the Shares, and the Board considers that the Employee's pro-rata performance is satisfactory;
- 8.3 the Company is wound up, voluntarily or by order, or the Company otherwise disposes of its main undertaking; or
- 8.4 if there is any internal reconstruction, reorganisation, or acquisition of the Company which is not any of the above events.

# Explanatory Memorandum

## **9. Transfer**

Performance Rights may only be transferred with the consent of the Board, except where required by the law because of death or bankruptcy. Shares granted from Performance Rights may only be transferred with the consent of the Board if there is a period of restraint attached to their issue, until that period of restraint has expired.

RVR

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

## Need assistance?



**Phone:**

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



**Online:**

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



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:30am (AEDT) Monday, 4 November 2019.**

# Proxy Form

## How to Vote on Items of Business

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

### APPOINTMENT OF PROXY

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

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

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

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

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

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

## Lodge your Proxy Form:

**XX**

### Online:

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

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I999999999**

**PIN: 99999**

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

### By Mail:

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

### By Fax:

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



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

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

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



I 9999999999

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## Proxy Form

Please mark  to indicate your directions

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

XX

I/We being a member/s of Red River Resources Limited hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Red River Resources Limited to be held at the office of RSM Australia, Level 21, 55 Collins Street, Melbourne, Victoria on Wednesday, 6 November 2019 at 10:30am (AEDT) and at any adjournment or postponement of that meeting.

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

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

### Step 2 Items of Business

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

	For	Against	Abstain
1 Re-election of Mr. Timothy Marcus Stephen Hanlon (Mark Hanlon) as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Adoption of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Performance Rights to Mr. Melkon (Mel) Palancian	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Performance Rights to Mr. Donald Garner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Ratification of Allotment and Issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

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

RVR

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Computershare

