

10 July 2020

Notice is given that an Extraordinary General Meeting (**Meeting**) of Shareholders of Aeris Resources Limited ACN 147 131 977 (**Company**) will be held:

Date of Meeting: Monday, 10 August 2020
Time of Meeting: 10:00am (Brisbane time)
Place of Meeting: Virtually online at <https://agmlive.link/AIS20>

Dear Shareholder

Notice of Meeting

The full Notice of Meeting which sets out the Agenda (including details of all resolutions being put to the meeting), important Voting Information and an Explanatory Memorandum can be found at <https://www.aerisresources.com.au/investor-centre/#asx-announcements>.

In planning for the Meeting, the Company has focused on ensuring the safety of shareholders and its team members whilst seeking to equally maximise the opportunity for shareholder participation. Given the current restriction on gatherings and travel imposed by governments as a consequence of the COVID-19 virus, the Federal Treasurer has made a determination modifying the operation of provisions of the *Corporations Act 2001 (Cth)* and the *Corporations Regulations (2001) (Cth)* under *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020 (Determination)* to allow companies who are required or permitted to hold meetings to hold those meetings remotely as virtual meetings, instead of in person.

As a consequence of this Determination, the Company has adopted the following approach for the Meeting:

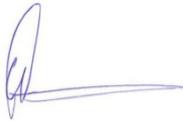
1. The Meeting will be held virtually (online) via an online platform, at <https://agmlive.link/AIS20>. There will be no physical attendance at the Meeting. This is an important health and safety measure, given we have approximately 3,800 shareholders on our share register.
2. We encourage all shareholders and proxyholders to participate in the Meeting virtually via the online platform at <https://agmlive.link/AIS20>. To do this, shareholders and proxyholders will need a desktop or mobile/tablet device with internet access to log onto the online platform on the morning of the Meeting and provide their details (**including their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) as applicable**) to be verified as a shareholder or proxyholder.
3. Shareholders and proxyholders will be able to log in to the online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions set out in the Notice of Meeting and the Online Meeting Guide (which is available on the Company's website at <https://www.aerisresources.com.au/investor-centre/#asx-announcements>). We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the Meeting.
4. Once the Meeting commences at 10:00am, shareholders and proxyholders will be able to listen to the Chairman of the Meeting talking live and in real time.
5. Shareholders and proxyholders will have the ability to ask questions during the Meeting via the online platform, and to hear all of the discussion, subject to connectivity of their devices.

6. A detailed guide on how to participate virtually in the Meeting is set out in the Online Meeting Guide. The Online Meeting Guide explains how to ensure that the browser is compatible with the online platform, as well as a step-by-step guide to successfully log in and navigate the online platform. The Online Meeting Guide will be lodged with ASX and is available on the Company's website at <https://www.aerisresources.com.au/investor-centre/#asx-announcements>.
7. In addition to the above, shareholder and proxyholder participation (as relevant) is possible by shareholders completing and lodging the Proxy Form electronically at the Company's share registry at www.linkmarketservices.com.au or, alternatively, returning it in the envelope provided or faxed to the Company's share registry on **+61 2 9287 0309**, so that it is received by 10:00am on Saturday, 8 August 2020, in order to be valid. In addition to the enclosed Proxy Form, the Proxy Form is also available on the Company's website at <https://www.aerisresources.com.au/investor-centre/#asx-announcements>.
8. The Notice of Meeting contains information that is material in respect of the special business of the Meeting and, accordingly, should be read in its entirety before completing and lodging the Proxy Form.
9. In accordance with the Determination, each resolution considered at the Meeting will be decided on a poll.

As the situation regarding the management of COVID-19 is evolving, shareholders are encouraged to monitor the Company's website for any further updates in relation to the arrangements for the Meeting. The Company appreciates the understanding of shareholders during this difficult time. We look forward to your virtual attendance and participation at the Meeting.

Your continued support is greatly appreciated.

Yours sincerely



Andre Labuschagne

Executive Chairman
Aeris Resources Limited

Aeris Resources Limited ACN 147 131 977

Notice of Extraordinary General Meeting and Explanatory Memorandum

Date of Meeting: Monday, 10 August 2020

Time of Meeting: 10:00am (Brisbane time)

Place of Meeting: Virtually (online) at <https://agmlive.link/AIS20>

This Notice of Extraordinary General Meeting and Explanatory Memorandum should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Notice of Extraordinary General Meeting

Dear Shareholder

Enclosed is a notice of an extraordinary general meeting (**Meeting**) of shareholders of Aeris Resources Limited (**Company** or **Aeris**) to be held at 10:00am on Monday, 10 August 2020 virtually on an online platform at <https://agmlive.link/AIS20>.

The Meeting has been convened to consider Resolutions for:

1. the purposes of section 260B(2) of the Corporations Act to obtain approval for financial assistance to be provided from time to time (including upon any subsequent refinancing, variation or replacement of any facility, or the provision of further security in connection with any facility) by Lion Mining Pty Ltd, in connection with the Acquisition as more particularly described in the Explanatory Memorandum; and
2. the ratification and approval of the issue of shares at an issue price of \$0.03 per share on the terms and conditions set out in this Explanatory Memorandum, which were issued on 15 June 2020 to the recipients of a placement.

Given the current restriction on gatherings and travel imposed by governments as a consequence of the COVID-19 virus, the Federal Treasurer has made a determination modifying the operation of provisions of the *Corporations Act 2001 (Cth)* and the *Corporations Regulations (2001) (Cth)* under *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020 (Determination)* to allow companies who are required or permitted to hold meetings to hold those meetings remotely as virtual meetings, instead of in person.

As a consequence of this Determination, the Company has adopted the following approach for the Meeting:

1. The Meeting will be held virtually (online) via an online platform, at <https://agmlive.link/AIS20>. There will be no physical attendance at the Meeting. This is an important health and safety measure, given we have approximately 3,800 shareholders on our share register.
2. We encourage all shareholders and proxyholders to participate in the Meeting virtually via the online platform at <https://agmlive.link/AIS20>. To do this, shareholders and proxyholders will need a desktop or mobile/tablet device with internet access to log onto the online platform on the morning of the Meeting and provide their details (**including their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) as applicable**) to be verified as a shareholder or proxyholder.
3. Shareholders and proxyholders will be able to log in to the online platform at least 15 minutes prior to the scheduled start time for the Meeting using the instructions set out in the Notice of Meeting and the Online Meeting Guide (which is attached to this Notice of Meeting). We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the Meeting.
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Notice of Extraordinary General Meeting

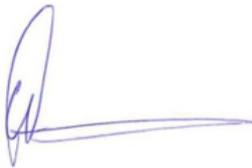
7. In addition to the above, shareholder and proxyholder participation (as relevant) is possible by shareholders completing and lodging the Proxy Form electronically at the Company's share registry at www.linkmarketservices.com.au or, alternatively, returning it in the envelope provided or faxed to the Company's share registry on **+61 2 9287 0309**, so that it is received by 10:00am on Saturday, 8 August 2020, in order to be valid. In addition to the enclosed Proxy Form, the Proxy Form is also available on the Company's website at <https://www.aerisresources.com.au/investor-centre/#asx-announcements>.

In accordance with the Determination, each resolution considered at the Meeting will be decided on a poll.

As the situation regarding the management of COVID-19 is evolving, shareholders are encouraged to monitor the Company's website for any further updates in relation to the arrangements for the Meeting. The Company appreciates the understanding of shareholders during this difficult time. We look forward to your virtual attendance and participation at the Meeting.

Your continued support is greatly appreciated.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'AL', with a long horizontal flourish extending to the right.

Andre Labuschagne

Executive Chairman

Notice of Extraordinary General Meeting

Notice is given that an Extraordinary General Meeting of Shareholders of Aeris Resources Limited ACN 147 131 977 (**Company**) will be held:

Date of Meeting: Monday, 10 August 2020
Time of Meeting: 10:00am (Brisbane time)
Place of Meeting: Virtually (online) at <https://agmlive.link/AIS20>

Terms used in this Notice of Meeting are defined in section 3 of the accompanying Explanatory Memorandum.

The Explanatory Memorandum and the Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

A copy of this Notice and the Explanatory Memorandum which accompanies this Notice has been lodged with the Australian Securities & Investments Commission (**ASIC**) in accordance with Section 260B(5) of the *Corporations Act*.

Resolution 1 is an ordinary resolution, which requires that a simple majority of votes cast by Shareholders present and entitled to vote on the resolution must be in favour of the Resolution.

Resolution 2 is a special resolution, which requires at least 75% of the total votes cast by Shareholders present and entitled to vote on the resolution must be in favour of those Resolutions.

Agenda

The agenda for the meeting is as follows:

1. Resolution 1 – Approval of provision of financial assistance

To consider and, if thought fit, pass the following resolution, as a **Special Resolution** of the Company, with or without amendment:

“That, for the purposes of and in accordance with section 260B(2) of the Corporations Act, and for all other purposes, approval is given for financial assistance to be provided from time to time (including upon any subsequent refinancing, variation or replacement of any facility, or the provision of further security in connection with any facility) by Lion Mining Pty Ltd ACN 000 697 183, in connection with the Acquisition as more particularly described in the Explanatory Memorandum.”

2. Resolution 2 – Ratification of Prior Issue of Shares

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

“That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 244,337,605 Shares at an issue price of \$0.03 per Share on the terms and conditions set out in this Explanatory Memorandum, which were issued on 15 June 2020 to the Placement Recipients.”

Voting Restriction pursuant to Listing Rule 7.5.8

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Placement Recipients or an associate of those persons.

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

Notice of Extraordinary General Meeting

- a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- 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
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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.

Other business

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

By order of the Board



Rob Brainsbury
Company Secretary
Aeris Resources Limited

Explanatory Memorandum

Introduction

This Explanatory Memorandum is provided to shareholders of Aeris Resources Limited ACN 147 131 977 (**Company**) in connection with the business to be considered at an Extraordinary General Meeting of Shareholders to be held virtually (online) at <https://agmlive.link/AIS20> at 10:00am on Monday, 10 August 2020 Brisbane time.

The Notice of Meeting, which is also **enclosed**, sets out details of proposals concerning the Resolutions to be put to Shareholders.

The Directors recommend Shareholders read the accompanying Notice of Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

Unless otherwise defined, terms used in this Explanatory Memorandum are defined in Section 3.

1. Resolution 1 – Approval of provision of financial assistance

1.1 Background

This section of the Explanatory Memorandum is given to members of the Company for the purposes of section 260B(4) of the Corporations Act and contains all the information known to the Company that is material to a Shareholder in determining whether to approve Resolution 1.

1.2 Purchase of the Cracow Mine

As announced on 4 June 2020, the Company entered into a binding share purchase agreement (**SPA**) with Evolution Mining Limited (**Evolution**) to acquire 100% of the Cracow gold mine (**Cracow**) for a price of \$75 million (**Acquisition**).

Pursuant to the SPA:

- (a) Aeris Regional Holdings Pty Ltd (**Aeris Regional**), a subsidiary of the Company, has agreed to acquire the entire issued share capital of Lion Mining Pty Ltd (**Lion Mining**) (a wholly-owned subsidiary of Evolution) being the entity which holds the tenements comprising Cracow; and
- (b) the Company has agreed to pay Evolution:
 - (1) \$60 million in cash at completion under the SPA (**Cash Consideration**);
 - (2) a deferred payment of \$15 million on 30 June 2022 (**Deferred Consideration**); and
 - (3) a 10% net value royalty (gross revenue less C1 direct cash cost, multiplied by 10%) from 1 July 2022 to 30 June 2027, capped at \$50 million (**Royalty**).

The Acquisition is to be funded through a combination of:

- (a) the Company undertaking a capital raising comprising:
 - (1) a \$7.3 million underwritten placement; and
 - (2) a \$32.7 million underwritten pro-rata accelerated renounceable entitlement offer on the basis of 2.02 new shares for every 1 share held;

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- (b) a \$30 million acquisition bridge facility with the Company's existing lender Special Portfolio Opportunity V Limited made available to Aeris Regional (**PAG Acquisition Facility**); and
- (c) a \$15 million contingent instrument facility under which Special Portfolio Opportunity V Limited will procure the provision of contingent instruments to replace existing financial assurances over Cracow provided by Evolution with an aggregate face value of up to \$15 million (**Cracow Contingent Instrument Facility**).

Completion of the Acquisition is expected to occur on 1 July 2020.

Shareholders should refer to the Company's ASX announcements of 4 June 2020, 9 June 2020 and 11 June 2020 for further details.

Under the terms of the SPA, the Company (as Guarantor) and Aeris Regional (as Purchaser) must ensure, among other matters, that Lion Mining, Aeris Regional and the Company (and other required shareholders) procure and complete the approval of the giving of financial assistance in respect of the Acquisition, by undertaking the procedures set out in section 260B of the Corporations Act in connection with the entry into and performance of obligations by Lion Mining under and in connection with the Deferred Consideration Security Documents, the Royalty Deed and the Royalty Mining Mortgage by no later than 60 days after Completion of the SPA (**Condition Subsequent End Date**).

Further details are set out below.

1.3 Funding Arrangements

(a) *PAG Acquisition Facility*

The Company has entered into the amended and restated Senior Loan Note Subscription Agreement (**Amended LNSA**) as between the Company, Tritton Resources Pty Ltd, Aeris Regional and Straits Mining Limited (together, the **Transaction Parties**) on the one hand, and Special Portfolio Opportunity V Limited (**Financier**) and PAG Special Situations IV Limited (**Security Trustee**) on the other, pursuant to which the Senior Loan Note Subscription Agreement was amended to incorporate, amongst other matters, the PAG Acquisition Facility.

The facilities provided under the Amended LNSA comprise:

- (1) Tranche A – being US\$25,000,000 made available to Tritton Resources Pty Ltd for the purposes set out in the Amended LNSA, amortising at \$2.5 million per quarter commencing after retirement of Tranche B and repayable in full by 1 July 2023;
- (2) Tranche B – being US\$30,000,000 made available to Tritton Resources Pty Ltd for the purposes set out in the Amended LNSA, amortising at \$2.5 million per quarter commencing 1 July 2021 and repayable in full by 1 July 2023;
- (3) Tranche C – being the PAG Acquisition Facility (being a \$30m secured acquisition bridge debt facility made available to Aeris Regional with a term of 12 months, interest rate of 11% per annum and amortising at \$7.5 million per quarter);
- (4) Contingent Instrument Facility for Tritton – being a contingent instrument facility under which the Financier will procure the provision of contingent instruments for the Tritton Project up to an aggregate face value of \$2.4 million (as at the

Explanatory Memorandum

date of this Notice of Meeting), which is progressively cash backed by the Transaction Parties.

- (5) Contingent Instrument Facility for Cracow– being the Cracow Contingent Instrument Facility (being a \$15 million contingent instrument facility under which the Financier will procure the provision of contingent instruments to replace existing financial assurances over Cracow provided by Evolution with an aggregate face value of up to \$15 million, which is progressively cash backed by the Transaction Parties).

The Tranche A and Tranche B facilities and the Contingent Instrument Facility for Tritton have been fully utilised as at the date of the Amended LNSA and no further utilisation of those facilities shall take place.

The PAG Acquisition Facility may be used for the following purposes:

- (1) payment of the establishment fee for the Acquisition Facility; and
- (2) to fund (either in whole or in part) the Acquisition.

The Amended LNSA contains a number of events of default, undertakings and warranties from the Transaction Parties consistent with a facility of this nature or as required by the Financiers given the nature of the Acquisition and the facilities being provided. Amongst other matters, the undertakings include:

- (1) a negative pledge;
- (2) a requirement not to dispose of any assets of a Transaction Party;
- (3) requirements as to maintenance of capital;
- (4) compliance with laws;
- (5) requirements not to incur financial obligations or indebtedness;
- (6) no change to the business; and
- (7) requirements not to provide financial accommodation.

In consideration for the Financier agreeing to provide the PAG Acquisition Facility to partly fund the Acquisition, the terms of the Amended LNSA require that each Transaction Party ensures that Lion Mining provides security to the Financier (**PAG Security**) by entering into the following documents:

- (1) accedes to the terms of the Amended LNSA and the PAG Intercreditor Agreement as a Transaction Party;
- (2) provides security to the Financier by way of entering into the following documents (**PAG Security Documents**):
 - (A) PAG General Security Deed;
 - (B) PAG Mining Tenement Mortgage; and
 - (C) PAG Real Property Mortgage;
- (3) enters into bank account control agreements in respect of project accounts;

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- (4) accedes to the Security Trust Deed;
- (5) enters into the Evolution Priority Deed; and
- (6) enters into any other Transaction Document as defined under, and required by, the LNSA

The Amended LNSA is guaranteed and indemnified by each other Transaction Party and secured by security granted to the Security Trustee (to hold on trust for the Financier) over all present and after acquired property of the Transaction Parties on the terms of the Pag Intercreditor Agreement.

Under the terms of the Amended LNSA, the Transaction Parties must ensure, on or prior to the date which is 45 days from the Tranche C Financial Close, that all financial assistance whitewash procedures required by section 260B of the Corporations Act in relation to the acquisition of the issued share capital in Lion Mining by Aeris Regional have been complied with in form and substance acceptable to PAG (**Condition Subsequent End Date**).

(b) *Deferred Consideration Security*

Under the SPA, in order to secure and guarantee the payment of the Deferred Consideration to Evolution, Lion Mining is required to provide security in favour of Evolution (**Deferred Consideration Security**) by entering into the following documents (**Deferred Consideration Documents**):

- (1) a guarantee in respect of the obligation of Aeris Regional to pay the Deferred Consideration;
- (2) a general security deed (with such security to be second ranking) over all present and after-acquired property of Lion Mining securing the amounts payable under the guarantee;
- (3) a real property mortgage (with such mortgage to be second ranking) in respect of the landholdings held by Lion Mining (other than any road licence comprised in the Cracow landholdings which cannot be encumbered by a registered legal real property mortgage as a matter of Queensland law).

The Deferred Consideration will rank second behind Tranche C and the Contingent Instrument Facility for Cracow in accordance with the Evolution Priority Deed.

(c) *Royalty*

In order to fund the Acquisition, part of the consideration payable to Evolution involves Lion Mining granting a royalty in favour of Evolution. The royalty payable by Lion Mining to Evolution is equal to 10% of the net value generated (being revenue less C1 direct cash costs, multiplied by 10%) from any gold produced at the Cracow gold mine (**Royalty**) for the period from 1 July 2022 to 30 June 2027 (**Royalty Period**).

The maximum amount payable by Lion Mining to Evolution in respect of the Royalty is A\$50,000,000 over the Royalty Period. The Royalty is secured by way of a mining mortgage granted in favour of Evolution over the tenements which comprise the Cracow gold mine to secure all money which Lion Mining is liable to pay Evolution pursuant to the Royalty (**Royalty Mining Mortgage**). The Royalty Mining Mortgage will rank subsequent to all amounts owing to the Financier in accordance with the Evolution Priority Deed.

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1.4 Background to the requirement for financial Assistance (Part 2J.3 of the Corporations Act)

(a) *Restrictions on companies giving financial assistance*

Section 260A(1) of the Corporations Act provides that a company may financially assist a person to acquire shares (or units of shares) in that company or a holding company of the company only if

- (1) giving the assistance does not materially prejudice:
 - (A) the interests of the company or its shareholders; or
 - (B) the company's ability to pay its creditors; or
- (2) the assistance is approved by shareholders under section 260B of the Corporations Act; or
- (3) the assistance is exempted under the Corporations Act.

Section 260A(2) of the Corporations Act provides that financial assistance may be given before or after the acquisition of the shares.

Section 260A(3) extends the application of section 260A(1) to the acquisition of shares by issue or transfer.

A company may be regarded as giving financial assistance if it provides or does something needed in order that a transaction be carried out or something in the nature of aid or help. Common examples of financial assistance include giving security over the company's assets and giving a guarantee or indemnity in respect of another person's liability.

(b) *Shareholder Approval of Financial Assistance*

Under section 260B(1) of the Corporations Act, shareholder approval for financial assistance by a company must be given by:

- (1) a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by the person acquiring the shares (or units of shares) or by their associates; or
- (2) a resolution agreed to, at a general meeting, by all ordinary shareholders.

If the company will be a subsidiary of a listed domestic corporation immediately after the acquisition referred to in section 260A occurs, the financial assistance must also be approved by a special resolution passed under section 260B(2) of the Corporations Act at a general meeting of that corporation.

Upon completion of the Acquisition, Lion Mining will be a subsidiary of the Company, and so the Company is seeking approval under section 260B(2) of the Corporations Act.

1.5 Financial Assistance by Lion Mining

The Company considers that Lion Mining is providing financial assistance in the following manner.

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(a) *PAG Security*

The accession by Lion Mining to the Amended LNSA and the PAG Intercreditor Agreement and the grant by Lion Mining of the PAG Security to the Financier (as described in paragraph 1.3 above) may constitute financial assistance to Aeris Regional and therefore the Company in circumstances where:

- (1) the granting of security by a company over its assets is considered to be the giving of "financial assistance", where the security has the effect of allowing a third party to acquire its shares;¹
- (2) under the terms of the Amended LNSA, Lion Mining is obliged to grant the PAG Security and provide a guarantee on the terms of the PAG Intercreditor Agreement by entry into the PAG Security Documents and accession to the PAG Intercreditor Agreement in order to secure and guarantee the repayment by Aeris Regional of the PAG Acquisition Facility to the Financier such that the PAG Acquisition Facility can be utilised to fund the Acquisition;
- (3) the grant of the PAG Security and accession to the PAG Intercreditor Agreement by Lion Mining assists Aeris Regional and therefore the Company to obtain the PAG Acquisition Facility;
- (4) funds drawn under the PAG Acquisition Facility will fund part of the Cash Consideration payable for the Acquisition;
- (5) the Cash Consideration will be used by Aeris Regional to acquire the Lion Shares; and
- (6) the granting of the PAG Security and accession to the PAG Intercreditor Agreement by Lion Mining therefore assists Aeris Regional (and therefore the Company) to acquire the Lion Mining Shares.

(b) *Deferred Consideration Security*

The grant by Lion Mining of the Deferred Consideration Security to Evolution may constitute financial assistance to Aeris Regional and the Company in circumstances where:

- (1) under the terms of the SPA, Lion Mining must grant the Deferred Consideration Security by entry into the Deferred Consideration Security Documents to Evolution to secure the payment by Aeris Regional of the Deferred Consideration;
- (2) the Deferred Consideration forms part of the consideration payable by Aeris Regional to acquire the Lion Shares from Evolution; and
- (3) the granting of the Deferred Consideration Security therefore assists Aeris Regional to acquire the Lion Shares.

(c) *Royalty*

¹ *Firmin v Gray & Co Pty Ltd* [1985] 1 Qd R 160; cited in *Connective Services Pty Ltd & Anor v Sleat Pty Ltd and Ors* (2017) 53 VR 130, 156)

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The grant by Lion Mining of the Royalty and the Royalty Mining Mortgage to Evolution may constitute financial assistance to Aeris Regional and the Company in circumstances where:

- (1) under the terms of the SPA and the Royalty Deed (to be entered into), Lion Mining must grant the Royalty to Evolution;
- (2) the Royalty comprises part of the consideration payable (in lieu of additional upfront cash payments) by Aeris Regional to acquire the Lion Shares; and
- (3) through granting the Royalty in favour of Evolution, Lion Mining therefore assists Aeris Regional to fund the purchase and ultimately acquire the Lion Shares.

1.6 Reasons for the financial assistance

As set out at section 1.3 above, the Company and Aeris Regional require Lion Mining to:

- (a) accede to the Amended LNSA and PAG Intercreditor Agreement and grant the PAG Security to the Financier in order for the Aeris Regional (and therefore the Company) to obtain the benefit of the PAG Acquisition Facility which will ultimately be utilised by Aeris Regional to partly fund the Acquisition; and
- (b) grant the Deferred Consideration Security to Evolution to secure the payment by Aeris Regional to Evolution of the Deferred Consideration under the SPA (which forms part of the consideration payable to acquire the Lion Mining Shares); and
- (c) grant Royalty and associated Royalty Mining Mortgage in favour of Evolution which forms part of the consideration payable to Evolution to acquire the Lion Mining shares,

collectively so that Aeris Regional (and therefore the Company) may fund the Acquisition and acquire the Lion Mining Shares.

1.7 Effects of giving the financial assistance

The substantial effect of the financial assistance granted by Lion Mining will be that Lion Mining:

- (a) in acceding to the Amended LNSA and PAG Intercreditor Agreement will guarantee, in favour of the Financier, the obligations of the Transaction Parties as to the repayment of all amounts owing under the Amended LNSA;
- (b) in granting the PAG Security, grants security in favour of the Financier over all of its present and after-acquired property (being in effect all of the assets it owns now and assets it acquires in the future) to secure repayment by the Transaction Parties of all amounts owing under the Amended LNSA;
- (c) in granting the Deferred Consideration Security, will give a guarantee in favour of Evolution, to guarantee the obligations of the Aeris Regional and the Company in respect of the Deferred Consideration payable under the terms of the SPA;
- (d) in granting security (which will be second ranking to the security granted to the Financier) in favour of Evolution over all of its present and after-acquired property (being in effect all of the assets it owns now and assets it acquires in the future) to secure payment by the Aeris Regional and the Company of the Deferred Consideration; and

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- (e) will pay the Royalty in favour of Evolution which is payable pursuant to the Royalty Deed with such Royalty secured by way of the Royalty Mining Mortgage.

Advantages

The main advantage to the Company of the proposed Resolution is that the Company and Aeris Regional will satisfy the conditions subsequent under the SPA and Amended LNSA requiring all necessary financial assistance approvals be obtained by Lion Mining, Aeris Regional and the Company. If the condition subsequent is not satisfied under the SPA:

- (a) the Deferred Consideration; and
- (b) a fixed amount of \$20 million on account of the Royalty that would otherwise have been payable under the Royalty Deed,

will become immediately due and payable by Aeris Regional to Evolution.

If the condition subsequent is not satisfied under the Amended LNSA, an event of default will occur under the Amended LNSA and the amounts owing by the Transaction Parties to the Financier may be required to be repaid and the Security Trustee would be able to enforce the security it holds over the assets of the Transaction Parties (which may include the disposal of the shares acquired by Aeris Regional in Lion Mining at less than the value that Aeris Regional and the Company may otherwise be expected to be achieved).

The principal advantages of the proposed Resolution to the Company, Aeris Regional and Lion Mining are:

- (a) to ensure that the Aeris Regional (and therefore the Company) obtains the benefit of the PAG Acquisition Facility to assist Aeris Regional and the Company to fund the Acquisition and acquire ownership of Lion Mining;
- (b) the Directors of the Company believe that the PAG Acquisition Facility was the most efficient form of financing available to Aeris Regional and the Company to partly fund the Acquisition in the required timeframe;
- (c) to guarantee the payment of the Deferred Consideration by Aeris Regional to assist Aeris Regional and the Company to acquire the shares in Lion Mining; and
- (d) to allow the Royalty to form part of the consideration payable to fund the Acquisition in lieu of additional cash payments.

Accordingly, the overall effect of the Financial Assistance is to ultimately assist Aeris Regional and the Company to fund the Acquisition to acquire the Lion Mining shares.

As noted above, if Resolution 1 is not passed, this will result in Aeris Regional and the Company failing to satisfy the condition subsequent under the SPA and Amended LNSA. The effect of failing to satisfy the conditions subsequent will be that amounts owing under the Amended LNSA will (at the election of the Financier) become immediately due and payable and the security being enforceable against the Transaction Parties in respect of the Amended LNSA.

Disadvantages

However, the grant by Lion Mining of the Financial Assistance set out in section 1.5 above in connection with the Acquisition does have certain disadvantages.

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The entry into these arrangements may impact on the ability of the Company Group (of which Lion Mining will be part of on completion of the Acquisition) to borrow more money in the future, and it is possible that this could prejudice the interests of Lion Mining. This is because a potential lender may be deterred by the existence of the arrangements from making finance facilities available to the Company Group unless it could reach an agreement with the Transaction Parties and the Financier as to its payment and enforcement of priority.

The disadvantages of the proposed resolution to Lion Mining include:

- (a) it will become liable, together with each Transaction Party for all amounts payable under the Amended LNSA;
- (b) it will become liable for the payment of the Deferred Consideration under the SPA and be required to grant the Royalty;
- (c) by acceding to the Amended LNSA, its operations will be restricted by the representations, warranties and undertakings given by it under the Amended LNSA;
- (d) the assets of Lion Mining will be subject to security granted in favour of the Financier and Evolution.

Any demand made under the guarantees provided by Lion Mining to the Financier and Evolution may result in the winding up of Lion Mining, the appointment of receivers to Lion Mining or the sale of Lion Mining's assets upon enforcement of the PAG Security or the Deferred Consideration Security may result in a return to Lion Mining (and ultimately its shareholders) significantly lower than could have been achieved by the Lion Mining had such assets been sold in the ordinary course.

The Directors of the Company do not currently have any reason to believe that the Company (or any other Transaction Party, including Lion Mining) is likely to default in its obligations under the Amended LNSA, SPA or Royalty Deed.

The Directors of the Company have entered into SPA and the Amended LNSA because they believe that it is in the best interests of each member of the Company Group for the following reasons:

- (a) the Directors consider that the Acquisition is for the benefit of the Company and will promote the interests of the Company and the Company Group;
- (b) the Company believes the Cracow mine will provide commodity diversity and cash flow generation;
- (c) the Company considers the Cracow mine has a number of synergies with the Company's existing operations; and
- (d) the funding provided under the Amended LNSA assists the Company to obtain funds in a short timeframe and accordingly conduct the Acquisition within the commercially agreed deadlines.

1.8 Material Prejudice

The assessment of prejudice and the extent to which the prejudice may be "material" for the purposes of section 260A(1)(a) of the Corporations Act, necessarily involves consideration of the Acquisition as a whole and so brings into account its immediate consequences. The assessment of material prejudice has quantitative and qualitative elements, and considerations include:

Explanatory Memorandum

- (a) the recipient of financial assistance gaining a controlling interest in the company providing the financial assistance; and
- (b) whether the acquisition is necessary and beneficial for the long term future of the company.

The quantitative element involves an assessment of the impact of the accession to the Amended LNSA and PAG Intercreditor Agreement by Lion Mining, the PAG Security Documents, Deferred Consideration Security Documents, the Royalty and the Royalty Mining Mortgage on the Company's consolidated (which will include the Cracow gold mine upon completion) balance sheet, future profits and future cash flows.

As set out in sections 1.3, 1.5 and 1.7 above, by virtue of Lion Mining acceding to the Amended LNSA and the PAG Intercreditor Agreement and the granting the PAG Security to the Financier, it may be liable for the default of any of the Transaction Parties under the Amended LNSA. While the Directors do not currently have any reason to believe that the Company (or any other Transaction Party, including Lion Mining) is likely to default in its obligations under the Amended LNSA, if a Financier becomes entitled to enforce any of its rights under the Amended LNSA because of a default by any of the Transaction Parties, the enforcement may materially prejudice the interests of Lion Mining or its shareholders (and therefore the Company Group).

On enforcement, among other rights, a Financier may become entitled to sell the assets of Lion Mining or appoint a receiver or other external administrator. The sale of assets on enforcement may yield a return to the Company Group (and ultimately the Shareholders) significantly lower than could have been achieved by the Company Group had those assets been sold in the ordinary course by the Company Group itself. This may materially prejudice the interests of the Company Group, Lion Mining and the Shareholders.

The Directors do not consider potential dilution of the interests of Evolution, as the previous shareholder of Lion Mining, to be relevant in determining prejudice due to the nature of the Acquisition.

The Directors therefore consider that, in their opinion, the Acquisition would not result in any financial assistance which would be materially prejudicial to the interests of the Company, the Shareholders, Lion Mining, their creditors or the Transaction Parties on the basis of:

- (a) the risk and costs to the Company and each Transaction Party if the Acquisition is not completed;
- (b) the improvement in the Company's financial position and asset base, cash flow and allowing working capital to support the new mining operations;
- (c) overall reduction in business risk to the Company Group as the purchase of Cracow means that there are two operating mines.

The Directors have therefore formed the view that the giving of financial assistance and is in the best interests, and for the corporate benefit, of the Company Group and their members for the reasons outlined in this Explanatory Memorandum.

While the Directors have formed these views, the Directors also believe it is appropriate to ask Shareholders to approve the transaction in accordance with the procedures set out in section 260B of the Corporations Act.

1.9 Recommendation of Directors

The Directors unanimously recommend that the Shareholders vote in favour of Resolution 1 for the reasons set out above in sections 1.2 to 1.8.

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1.10 Notice to ASIC

Copies of this Notice of Meeting and Explanatory Memorandum were lodged with ASIC before being sent to Shareholders, in accordance with section 260B(5) of the Corporations Act.

1.11 Statement under section 260B(4) of the Corporations Act

After due and careful consideration of the information and all of the circumstances of the proposed arrangements and, in particular, having regard to the benefits to be achieved by the Acquisition and the funding provided by the Financier and the Company's current financial circumstances (as well as those of the Company Group), the Directors believe that:

- (a) Lion Mining giving financial assistance by providing the PAG Security, Deferred Consideration Security, the Royalty and accompanying Royalty Mining Mortgage will, in all the circumstances, be in the best interests of the Company Group (including Lion Mining) and is given in good faith;
- (b) the Company Group (of which Lion Mining will be a member on completion of the Acquisition) will directly and indirectly benefit from the transaction and Acquisition;
- (c) the proposed financial assistance will not materially prejudice the interests of Lion Mining or its shareholders, or its ability to pay creditors; and
- (d) the Directors consider that this Explanatory Memorandum contains all material information known to the Company that could reasonably be required by Shareholders in deciding how to vote on proposed Resolution 1, other than information that it would be unreasonable to require the Company to disclose because the Company has previously disclosed the information to its Shareholders.

1.12 Special Resolution

Resolution 1 is a Special Resolution and requires the approval of at least 75% of the votes cast by Shareholders in person or by proxy.

2. Resolution 2 – Ratification of Prior Issue of Shares

2.1 Background

On 15 June 2020, the Company issued 244,337,605 Shares at an issue price of \$0.03 per Share under an full-underwritten institutional placement (**Placement**), utilising the Company's existing capacity under Listing Rule 7.1 together with its enlarged capacity as a result of the waiver granted by ASX to the Company (**Enlarged Placement Capacity**). The waiver was granted by the ASX to the Company on 29 May 2020 and has the effect of permitting the Company to calculate the number of shares of Shares which it may agree to issue under the Placement without shareholder approval on the basis that variable "A" of the formula in Listing Rule 7.1 is deemed to include the number of Shares in the Company that may be issued under

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the underwritten component of the company's accelerated pro rata renounceable entitlement offer (the **ASX Supersize Waiver**).

The Placement forms part of the capital raising that the Company is undertaking in order to fund part of the Cash Consideration in respect of the Acquisition.

2.2 Listing Rules 7.1 and 7.4

This Resolution 2 proposes that Shareholders of the Company approve and ratify the Placement.

A total of 244,337,605 Shares under the Placement were issued within the Company's Enlarged Placement Capacity under Listing Rule 7.1.

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 shares it had on issue at the start of that period.

The Placement does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by the Company's Shareholders, it effectively uses up all of the 15% limit in Listing Rule 7.1 (as modified by the ASX Supersize Waiver), reducing the Company's capacity to issue further equity securities without shareholder approval under Listing Rules 7.1 for the 12 month period following the issue date.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in a general meeting ratifies a previous issue of securities made or agreed to be made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1, and so does not reduce the Company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain shareholder approval for such issues under Listing Rules 7.1.

Ratification by the Shareholders of the Company of the Placement is now sought pursuant to Listing Rule 7.4 under Resolution 7.1 in order to reinstate the Company's capacity to issue up

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to 15% of its issued capital under Listing Rule 7.1, if required, in the next 12 months without Shareholder approval, to the extent of the Placement.

The effect of this Resolution 2 is that the Company, for the purposes of Listing Rule 7.1 will be able to refresh its 15% placement capacity, respectively, with effect from the date of the General Meeting, to the extent of the Placement.

If Resolution 2 is passed, the Placement 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 2 is not passed, the Placement 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.

2.3 Listing Rule 7.5

Pursuant to Listing Rule 7.5, the following information is provided in respect of the Listing Rule 7.4 ratification sought under Resolution 2:

(a) **The names of the persons to whom the entity issued or agreed to issue the securities or the basis on which those persons were identified or selected**

The Shares under the Placement were issued and allotted to the Placement Recipients, being investors identified by Euroz Securities Limited and Bell Potter Securities Limited (together, the **Underwriters**) who were appointed as joint lead managers and underwriters to the Placement and the Entitlement Offer. The Placement Recipients are unrelated sophisticated and professional investors, and were introduced by the Underwriters or were prospective investors already known to the Underwriters or Company. In respect of the Placement, the Underwriters are entitled to receive:

- (1) a management fee equal to 2% of the gross funds raised under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer;
- (2) an underwriting fee equal to 3% of the gross funds raised under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer plus GST; and
- (3) a discretionary equity raising fee equal to 0.5% of the gross funds raised under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer (**Discretionary Fee**),

to be paid in equal proportions between the Underwriters.

For the purposes of ASX Guidance Note 21, Tudor Court Limited, a substantial shareholder of the Company participated in the Placement by subscribing for a total of 48,843,523 Shares under the Placement, and SG Hiscock & Company Limited became a substantial shareholder of the Company by subscribing for 100,000,000 Shares under the Placement.

Otherwise, no Placement Recipients were a related party or a substantial shareholder of the Company and are not considered to be "material investors" for the purposes of ASX Guidance Note 21, paragraph 7.2.

(b) **The number and class of securities the entity issued or agreed to issue**

The Company issued 244,337,605 fully paid ordinary Shares.

Explanatory Memorandum

(c) **If the securities are not fully paid ordinary securities, a summary of the material terms of the securities**

The Shares issued under the Placement were fully paid ordinary shares on issue and ranked equally in all aspects with all existing Shares previously issued by the Company.

(d) **The date or dates on which the securities were or will be issued**

The Shares under the Placement were issued on 15 June 2020.

(e) **The price or other consideration the entity has received or will receive for the issue**

The issue price of the Shares issued under the Placement was \$0.03 per Share.

(f) **The purpose of the issue, including the use (or intended use) of any funds raised by the issue**

As set out in section 1.2 above, the funds raised under the Placement will be used to form part of the Cash Consideration to fund the Acquisition and pay the costs of the Placement and the Entitlement Offer.

(g) **If the securities were or will be issued under an agreement, a summary of any other material terms of the agreement**

The Shares under the Placement were not issued under an agreement.

(h) **A voting exclusion statement**

A voting exclusion statement is set out under Resolution 2 of the Notice of Meeting.

2.4 Recommendation

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

3. Voting entitlement

For the purposes of determining voting entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at 7:00pm (Sydney time) on Saturday, 8 August 2020. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

4. Interpretation

The following terms used in the Notice of Meeting and the Explanatory Memorandum are defined as follows:

\$ means Australian dollars, unless otherwise stated.

Acquisition means the acquisition of Cracow by the Company from Evolution.

Aeris Regional means Aeris Regional Holdings Pty Ltd ACN 632 279 344.

Amended LNSA means the amended and restated Senior Loan Note Subscription Agreement dated 4 June 2020 between the Transaction Parties and the Financier.

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ASIC means the Australian Securities & Investments Commission.

Associates has the meaning given to that term in the Corporations Act, and **Associated** has a corresponding meaning.

ASX means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange (as applicable).

Business Day means a day on which all banks are open for business generally in Brisbane.

Chair means the person chairing the Meeting.

Company means Aeris Resources Limited ACN 147 131 977.

Company Group means the Company and each of its Related Bodies Corporate.

Constitution means the constitution of the Company from time to time.

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

Cracow means the Cracow Gold Mine.

Deferred Consideration Security Documents means:

- (a) Evolution Guarantee;
- (b) Evolution General Security Deed;
- (c) Evolution Real Property Mortgage; and
- (d) a document entered into for the purpose of amending or novating, any document referred to in a paragraph above.

Directors or **Board** means the board of directors of the Company from time to time.

Explanatory Memorandum means the explanatory memorandum accompanying the Notice.

Evolution or the **Vendor** means Evolution Mining Limited ACN 084 669 036.

Evolution General Security Deed means the general security deed (which is to be second ranking in accordance with the terms of the Priority Deed) over all present and after acquire property of Lion Mining to secure amounts payable under the Evolution Guarantee.

Evolution Guarantee means a guarantee provided by Lion Mining in favour of Evolution to guarantee the obligation of Aeris Regional to pay the Deferred Consideration.

Evolution Priority Deed means the priority deed entered into (amongst others) PAG, Evolution, Aeris Regional and others which regulates the priority between the PAG Security Documents and the Evolution Deferred Consideration Security Documents.

Evolution Real Property Mortgage means a real property mortgage (such mortgage to be second ranking in accordance with the Priority Deed) granted by Lion Mining in respect of the land holdings held by Lion Mining (other than the road licence) securing amounts payable by Aeris Regional to Evolution under the Evolution Guarantee.

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Financier means Special Portfolio Opportunity V Limited and PAG Special Situations IV Limited.

Lion Mining means Lion Mining Pty Ltd ACN 000 697 183.

Listing Rules means the official listing rules of the ASX as amended from time to time.

Meeting means the Extraordinary General Meeting to be held on Monday, 10 August 2020 as convened by the accompanying Notice of Meeting.

Notice of Meeting or **Notice** means the notice of meeting giving notice to Shareholders of the Meeting, and accompanying this Explanatory Memorandum.

Ordinary Resolution means a resolution passed by more than 50% of the votes at a general meeting of Shareholders.

PAG means PAG Special Situations IV Limited.

PAG Acquisition Facility means the A\$30,000,000 facility to be advanced to Aeris Regional by the Financier under the terms of the Amended LNSA.

PAG General Security Deed means a general security deed entered into between Lion Mining and the Financier.

PAG Intercreditor Agreement means the subordination deed (which contains a guarantee in favour of the Financier on account of the amounts owing to it) dated 14 September 2018 between, among others, Transaction Parties (other than Aeris Regional) and the Financier.

PAG Mining Tenement Mortgage means a mining tenement mortgage granted to the Financier in respect of the tenements comprising the Cracow gold mine.

PAG Real Property Mortgage means a real property mortgage provided by Lion Mining to the Financier in respect of the landholdings held by Lion Mining (other than any road licence comprised in the Cracow landholdings which cannot be encumbered by a registered legal real property mortgage as a matter of Queensland law).

PAG Security means the security granted by Lion Mining to the Financier to secure the repayment of the PAG Acquisition Facility under the Amended LNSA as contemplated in the PAG Security Documents.

PAG Security Documents means:

- (a) PAG General Security Deed;
- (b) PAG Mining Tenement Mortgage;
- (c) PAG Real Property Mortgage; and
- (d) a document entered into for the purpose of amending or novating, any document referred to in a paragraph above.

Related Body Corporate has the meaning given to it in the Corporations Act.

Related Party has the meaning in section 228 of the Corporations Act.

Relevant Interest has the meaning given to it in sections 608 and 609 of the *Corporations Act*.

Explanatory Memorandum

Resolution means each of or any of the resolutions set out in the Notice of Meeting.

Royalty means the royalty to be granted by Lion Mining in favour of Evolution, being a 10% net value royalty (gross revenue less C1 direct cash cost, multiplied by 10%) from 1 July 2022 to 30 June 2027, capped at \$50 million pursuant to the terms of the Royalty Deed.

Royalty Deed means the deed to be entered into between Lion Mining and Evolution in respect of the Royalty.

Royalty Documents means the Royalty Deed and the Royalty Mining Mortgage.

Royalty Mining Mortgage means the mining mortgage to be granted to Evolution to guarantee payment of the Royalty.

Securities has the meaning in section 92(1) of the *Corporations Act*.

Security Trustee means PAG Special Situations IV Limited.

Security Trust Deed means the security trust deed of which the Security Trustee is the trustee under which all security given in favour of PAG is held (including the security interests created by the PAG Security Documents).

Shareholder means a holder of Shares in the Company.

Shares means fully paid ordinary shares in the Company from time to time.

SPA means the sale and purchase agreement dated 4 June 2020 between the Company, Aeris Regional and Evolution in respect of the acquisition by Aeris Regional of all of the shares held by Evolution in Lion Mining.

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

Trading Day has the meaning given to that term in the Listing Rules.

Transaction Parties means the Company, Tritton Resources Pty Ltd, Aeris Regional and Straits Mining Limited.

Explanatory Memorandum

Virtual Attendance at the General Meeting

Due to health concerns and the current government-imposed restrictions on public gatherings arising from the COVID-19 pandemic, shareholder will not be able to attend the Meeting in person.

The Federal Treasurer has made a determination modifying, among other matters, the operation of provisions of the *Corporations Act 2001 (Cth)* and the *Corporations Regulations (2001) (Cth)* under *Corporations (Coronavirus Economic Response) Determination (No. 1) 2020 (Determination)* to allow companies who are required or permitted to hold meetings to hold those meetings remotely as virtual meetings, instead of in person.

As a consequence of this Determination, the Meeting will be held virtually (online) via an online platform at <https://agmlive.link/AIS20>. There will be no physical attendance at the Meeting. This is an important health and safety measure, given we have approximately 3,800 shareholders on our share register.

To do this, shareholders and proxyholders will need a desktop or mobile/tablet device with internet access to log onto the online platform on the morning of the Meeting and provide their details **(including your Shareholder Reference Number (SRN) or Holder Identification Number (HIN))** to be verified as a shareholder or proxyholder.

Shareholders and proxyholders will be able to log in to the online platform at least 15 minutes prior to the schedule start time for the Meeting using the instructions set out in the Notice of Meeting and the Online Meeting Guide (which is attached to this Notice of Meeting). We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the Meeting.

Once the Meeting commences at 10:00am, shareholders and proxyholders will be able to listen to the Chairman of the Meeting talking live and in real time.

Shareholders and proxyholders will have the ability to ask questions during the Meeting via the online platform, and to hear all of the discussion, subject to connectivity of their devices.

A detailed guide on how to participate virtually in the Meeting is set out in the Online Meeting Guide. The Online Meeting Guide explains how to ensure that the browser is compatible with the online platform, as well as a step-by-step guide to successfully log in and navigate the online platform. The Online Meeting Guide will be lodged with ASX and is attached to this Notice of Meeting.

In addition to the above, shareholder and proxyholder participation (as relevant) is possible by shareholders completing and lodging the Proxy Form electronically at the Company's share registry at www.linkmarketservices.com.au or, alternatively, returning it in the envelope provided or faxed to the Company's share registry on **+61 2 9287 0309**, so that it is received by 10:00am on Saturday, 8 August 2020, in order to be valid. In addition to the enclosed Proxy Form, the Proxy Form is also available on the Company's website at <https://www.aerisresources.com.au/investor-centre/#asx-announcements>.

Discussion will take place on all resolutions to be considered at the Meeting. Shareholders will have a reasonable opportunity to ask questions in respect of the resolutions put forward at the Meeting during the Meeting via the online platform.

All Resolutions will be determined by poll

In accordance with the Determination, each resolution considered at the Meeting will be decided on a poll.

Voting via online platform – During the Meeting

Notice of Extraordinary General Meeting and Explanatory Memorandum

Shareholders participating in the Meeting via the online platform will be able to vote directly at any time between the start of the Meeting at 10:00am (Brisbane time) and the closure of voting as announced by the Chairman during the Meeting.

Proxies and representatives

Shareholders are entitled to appoint a proxy to attend and vote on their behalf. Where a Shareholder is entitled to cast two or more votes at the meeting, they may appoint two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific proportion or number of votes the Shareholder may exercise. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes. The proxy may, but need not, be a Shareholder of the Company.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below, or by hand to the Share Registry, Link Market Services Limited**, not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Aeris Resources Limited

C/- Link Market Services Limited

Locked Bag A14

Sydney South NSW 1235 Australia

Telephone Phone: 1300 975 518 (Overseas: +61 1300 975 518)

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is **attached** to this Notice.

Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the Holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

LODGE YOUR VOTE

 **ONLINE**
www.linkmarketservices.com.au

 **BY MAIL**
Aeris Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

 **BY FAX**
+61 2 9287 0309

 **BY HAND**
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

 **ALL ENQUIRIES TO**
Telephone: 1300 554 474 Overseas: +61 1300 554 474

PROXY FORM

I/We being a member(s) of Aeris Resources Limited and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy. An email will be sent to your appointed proxy with details on how to access the virtual meeting.

Name

Email

STEP 1

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Extraordinary General Meeting of the Company to be held at **10:00am (Brisbane Time) on Monday, 10 August 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting. You can attend the meeting online and participate by logging in online at <https://agmlive.link/AIS20> (refer to details in the Meeting Online Guide).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

For Against Abstain*

1 Approval of provision of financial assistance

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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2 Ratification of Prior Issue of Shares

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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STEP 2

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

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, all shareholders must sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

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

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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; and
- return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

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

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

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

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

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting Virtually the appropriate "Certificate of Appointment of Corporate Representative" must be received at vote@linkmarketservices.com.au prior to admission in accordance with the Notice of Extraordinary General Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Brisbane Time) on Saturday, 8 August 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Aeris Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

