



CELAMIN HOLDINGS NL
ABN 82 139 255 771

2017 Notice of Annual General Meeting

Explanatory Statement and Proxy Form

Date of Meeting:
28 May 2018

Time of Meeting:
11:00am (AEST)

Place of Meeting:
Chartered Accountants Australia and New Zealand
Level 18 Bourke Place
600 Bourke Street
Melbourne, Victoria, 3000

*This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.
If shareholders are in doubt as to how they should vote, they should seek advice from their
accountant, solicitor or other professional advisor without delay*

CELAMIN HOLDINGS NL

ABN 82 139 255 771

Registered office: Level 4, 100 Albert Road, South Melbourne Victoria 3205

2017 NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the 2017 Annual General Meeting of Members of Celamin Holdings NL (the "Company") will be held at the offices of Chartered Accountants Australia and New Zealand, Level 18 Bourke Place, 600 Bourke Street, Melbourne Victoria 3000 at 11:00am (AEST) on 28 May 2018 ("Annual General Meeting" or "Meeting").

AGENDA

The Explanatory Statement and proxy form which accompany and form part of this Notice, describe in more detail the matters to be considered. Please consider this Notice, the Explanatory Statement and the proxy form in their entirety.

ORDINARY BUSINESS

Receipt and consideration of Accounts & Reports

To receive and consider the financial report of the Company and the related reports of the Directors (including the Remuneration Report) and auditors for the year ended 30 June 2017.

Note: Except for as set out in Resolution 1, there is no requirement for shareholders to approve these reports. Accordingly no resolution will be put to shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

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

"That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report (included in the Directors' report) for the financial year ended 30 June 2017 be adopted."

Resolution 2: Re-election of Mr Timothy Markwell as a Director of the Company

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

"That Mr Timothy Markwell, being a director who retires pursuant to the Constitution of the Company and being eligible for re-election offers himself for re-election, is hereby re-elected as a Director of the Company."

Resolution 3: Consolidation of Share Capital

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

That, for the purposes of section 254H of the Corporations Act 2001 and ASX Listing Rule 7.20 and for all other purposes, the issued capital of the Company be consolidated on the basis that:

- (a) Every 100 Shares be consolidated into 1 Share;*
- (b) Every 100 Options be consolidated into 1 Option; and*
- (c) Every 100 Partly Paid Shares be consolidated into 1 Partly Paid Share,*

and, where consolidation results in a fraction of a Share, Option or Partly Paid Share being held, the Company be authorised to round that fraction up to the next whole number of Shares, Options or Partly Paid Shares (as the case may be), with such consolidation to take effect in the manner and on the date described in the Explanatory Statement.

Resolution 4: Approval to Issue Underwriter Options

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

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, shareholders approve the issue of 3,787,500 options in the Company with exercise price of \$0.05 (5 cents), expiry date of 28 May 2019 and which, upon exercise, entitle the holder to one fully paid ordinary share in the Company, to the nominees of Patersons Securities Limited as described in the Explanatory Statement which accompanies and forms part of this Notice."

Resolution 5: Approval to Issue Shares on Conversion of Underwriter Options

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

“That, for the purpose of item 7 of Section 611 of the Corporations Act and for all other purposes, shareholders approve the issue of up to 3,787,500 Shares in the Company upon the conversion of Underwriter Options as described in the Explanatory Statement which accompanies and forms part of this Notice.”

SPECIAL BUSINESS

The Corporations Act requires that, in order for Resolutions 6, 7 and 8 to be effective, they each must be passed as a special resolution, which requires 75% of votes cast on the Resolution (whether by Shareholders in person, or by proxy or by attorney and entitled to vote on the Resolution) to be in favour.

Resolution 6: Capital Reduction – Partly Paid Shares

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

*“That, conditional on Resolution 3 being passed, and in accordance with sections 256B and 256C of the Corporations Act, the Listing Rules and for all other purposes, shareholders approve the reduction of the share capital of the Company by extinguishing the uncalled amount of \$10 per share on 148,878 partly paid shares (**Capital Reduction**) on the terms set out in the Explanatory Memorandum.”*

Resolution 7: Change of Company Type and Name

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

“That, conditional on Resolutions 3 and 6 being passed:

- (a) in accordance with section 162 of the Corporations Act and for all other purposes, the shareholders approve the Company being converted from a public no liability company to a public company limited by shares in accordance with section 162 of the Corporations Act and for all other purposes; and*
- (b) in accordance with section 157 of the Corporations Act and for all other purposes, the shareholders approve the change of the Company’s name from Celamin Holdings NL to Celamin Holdings Limited, on the terms set out in the Explanatory Memorandum.”*

Resolution 8: Repeal and replacement of Constitution

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

*“That, conditional on Resolutions 3, 6 and 7 being passed, in accordance with section 136 of the Corporations Act, the Constitution be repealed and replaced with a constitution in the form of the document entitled “Constitution of Celamin Holdings Limited” tabled at this Meeting (the “**Replacement Constitution**”), and signed by the Chairman for the purposes of identification, with effect from the change of status of the Company sought in Resolution 7.”*

Resolutions Interdependent:

Resolutions 3, 6, 7 and 8 are interdependent with the result that each of these Resolutions must be passed by the requisite majorities in order for the Consolidation and other matters contemplated by this Notice of Meeting to be completed.

By order of the Board



Melanie Leydin
Company Secretary
27 April 2018

Notes

1. **Entire Notice:** The details of the resolutions contained in the Explanatory Statement accompanying this Notice of Meeting should be read together with, and form part of, this Notice of Meeting.
2. **Record Date:** The Company has determined that for the purposes of the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00pm on the date 48 hours before the date of the Annual General Meeting, to be held by the persons who held them at that time. Only those persons will be entitled to vote at the Annual General Meeting and transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Annual General Meeting.
3. **Proxies**
 - a. Votes at the Annual General Meeting may be given personally or by proxy, attorney or representative.
 - b. Each shareholder has a right to appoint one or two proxies.
 - c. A proxy need not be a shareholder of the Company.
 - d. If a shareholder is a company it must execute under its common seal or otherwise in accordance with its constitution.
 - e. Where a shareholder is entitled to cast two or more votes, the shareholder may appoint two proxies and may specify the proportion of number of votes each proxy is appointed to exercise.
 - f. If a shareholder appoints two proxies, and the appointment does not specify the proportion or number of the shareholder's votes, each proxy may exercise half of the votes. If a shareholder appoints two proxies, neither proxy may vote on a show of hands.
 - g. A proxy must be signed by the shareholder or his or her attorney who has not received any notice of revocation of the authority. Proxies given by corporations must be signed in accordance with corporation's constitution and Corporations Act.
 - h. To be effective, proxy forms must be received by the Company's share registry (Advanced Share Registry Limited) no later than 48 hours before the commencement of the Annual General Meeting, this is no later than 11:00am (AEST) on 26 May 2018. Any proxy received after that time will not be valid for the scheduled meeting.

4. Corporate Representative

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

5. Voting Exclusion Statement:

Resolution 1

The Company will disregard any votes cast in favour of the resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for Resolution 1. By marking the Chairman's box on the proxy form you acknowledge that the Chairman of the meeting will vote in favour of this item of business as your proxy. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolutions 2, 3, 7 and 8

There are no voting exclusions on these Resolutions.

Resolution 4

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person who may participate or might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any of their respective Associates. However, the Company need not disregard a vote if it is cast:

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

Resolution 5

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of any person who may participate or might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any of their respective Associates. However, the Company need not disregard a vote if it is cast:

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

Resolution 6

The Company will disregard any votes cast in favour of Resolution 6 by a person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their Associates. However, the Company need not disregard a vote if it is cast:

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

6. Enquiries

Shareholders are invited to contact the Company Secretary, Melanie Leydin on (03) 9692 7222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

Part 1: Background to the Resolutions

Up until March 2015, the Company had been focused on the exploration and development of the Chaketma Phosphate Project in Tunisia. The Chaketma Phosphate Project in Tunisia, is operated by a joint venture company, Chaketma Phosphate SA (**CPSA**), in which the Company's wholly-owned subsidiary, Celamin Limited, held a 51% interest and its Tunisian partner, Tunisian Mining Services (**TMS**) held a 49% interest.

On 3 March 2015 the Company was advised that Celamin Limited's shares in CPSA had been transferred to TMS on 13 February 2015. The Company remains in dispute with TMS regarding ownership and control of CPSA (**Dispute**) and the Company has instituted various legal proceedings, including international arbitration (**Arbitration**) by a sole arbitrator (**Arbitrator**) appointed by the International Court of Arbitration of the International Chamber of Commerce (**ICC**).

As announced to ASX on 1 December 2017, a final award was issued in favour of Celamin Limited by the Arbitrator ordering TMS to return Celamin Limited's 51% shareholding in CPSA and to pay damages and costs in excess of US\$4 million (**Final Award**).

To date, TMS has not complied with the Final Award and Celamin Limited is seeking enforcement of the Final Award in Tunisia by way of application to the Tunisian Court of Appeal and may institute other legal proceedings to protect its interests during the enforcement process.

The Company's shares have been suspended from trading on ASX since the Dispute arose in 2015.

As announced by the Company to ASX on 2 March 2018, the ASX has granted the Company a 3 month extension to the deadline for the Company to be removed from the ASX official list to 6 June 2018.

The Company also committed to completing a number of steps to support an application for reinstatement of the Company's shares to trading on ASX.

The Company has now completed all outstanding accounts and reports, including the 2016 and 2017 Annual Reports, copies of which may be accessed on the Company's website: www.celaminl.com.au or via the Company's announcement platform on ASX.

This Annual General Meeting and the resolutions to be put to this meeting are further steps to be completed prior to the Company seeking reinstatement of its shares.

In addition to the usual business for the Company's Annual General Meeting, the Company is proposing a number of resolutions for the purpose of consolidating the Company's issued securities, addressing outstanding underwriter options and partly paid shares, seeking approval to change from a no liability company to a public company limited by shares and to adopt a new constitution. The Company believes that the consolidation and other steps will provide the Company with the best platform for continued growth, a capital structure that is more in line with the Company's size and a share price level that is more attractive to investors.

The Company has a large number of Shares on issue due to historical equity-based capital raisings, particularly where a disproportionate number of Shares were required to be issued during the difficult period since the Dispute arose in 2015, in order to have sufficient working capital to continue to pursue legal proceedings for the recovery of the Company's interest in CPSA.

Further, the last capital raising conducted by the Company in February 2018 was a placement of shares to sophisticated investors and others at \$0.0025 (0.025 cents), which is below the ASX minimum required price of 1 cent for trading shares on ASX.

Accordingly, the Company is proposing in Resolution 3 to consolidate its issued share capital by a ratio of 1 for 100, to support a price of 2.5 cents (**Consolidated Share Price**) for the Company's application for reinstatement to ASX.

Where share capital is consolidated, consolidation is also required to the Company's other issued securities, including options and partly paid shares.

Under Listing Rule 7.22.1 the number of Options must be consolidated in the same ratio as the ordinary shares and the exercise price must be amended in inverse proportion to that ratio. The Company currently has 879,163,437

options on issue exercisable at 0.2 cents (with 865,660,939 expiring in July 2020 and 13,502,498 expiring in January 2021). Upon consolidation, the number of options on issue will reduce to 8,791,634 and the exercise price of those options will increase to 20 cents.

The Company currently has 14,887,796 partly paid shares on issue with an unpaid amount of 10 cents per partly paid share. Under Listing Rule 7.24, the number of partly paid shares must be reorganised in the same proportion as the other classes of shares and the reorganisation must not involve cancellation or reduction of the total amount payable and unpaid by the holders of the partly paid shares. The consolidation of the partly paid shares will therefore result in reduction of the number of partly paid shares on issue to 148,878, with an unpaid amount of \$10 for each partly paid share.

The Board is of the view that a call for payment of unpaid amounts is unlikely to be successful, given the significant difference between the unpaid amount per share and the proposed Consolidated Share Price. Accordingly, Resolution 6 seeks shareholder approval to reduce the share capital of the Company by extinguishing the uncalled amount of \$10 per share on the 148,878 Partly Paid Shares post consolidation, effectively converting these shares to 148,878 fully paid ordinary shares.

Resolution 4, seeks shareholder approval to the issue of options to the nominees of the Underwriter of the Company's Rights Issue conducted in 2014.

In late 2014 the Company conducted a Rights Issue which was partially underwritten by Patersons Securities Limited (**Underwriter**) to raise a minimum of \$7.575 million on the terms set out in the Rights Issue Offer Document lodged with ASX on 4 November 2014. In accordance with the Underwriting Agreement dated 4 November 2014 (**Underwriting Agreement**), the Company agreed to issue to the Underwriter or its nominees (including sub-underwriters) a total of 378,750,000 options (**Underwriter Options**) exercisable at \$0.02 (being two times the Rights Issue Offer Price of \$0.01) on or before 29 February 2016. Sub-underwriters included two of the company's substantial shareholders, Polo Investments Limited (**Polo**) and African Lion 3 Limited (**AFL3**) and two directors, Martin Broome and Nicholas Clift and accordingly, the issue of the Underwriter Options was subject to shareholder approval. The Underwriting Agreement provided that if shareholder approval was not obtained, the Company would be required to make an equivalent cash payment to the sub-underwriters of the value of the Underwriter Options.

No general meeting of shareholders was held to approve issue of the Underwriter Options prior the dispute arising over the ownership of Celamin's interest in Chaketma Phosphates SA. The Company has now reached agreement with the Underwriter in relation to its obligations under the Underwriting Agreement, whereby the Underwriter has agreed to accept, and the Company is seeking approval to issue, 3,787,500 Underwriter Options exercisable at \$0.05 (5 cents) on or before 28 May 2019, in full and final satisfaction of the Company's obligations to the Underwriter under the Underwriting Agreement.

The company's capital structure before and after the Consolidation and passing of all other resolutions to be put to this meeting, is and will be as follows:

	Pre Consolidation	Post Consolidation*
Fully Paid Ordinary Shares	8,958,498,854	89,733,867
Partly Paid Shares	14,887,796	0
Options (0.2 cent)	879,163,437	0
Options (20 cents)	0	8,791,634
Underwriter Options (5 cents)	0	3,787,500

*numbers may change subject to rounding of fractional entitlements

Following reorganisation of the Company's share capital, Resolution 7 seeks approval to change from a no liability to a public company and Resolution 8 seeks shareholder approval for the adoption of a new constitution to replace the existing, outdated constitution, which has not been amended since the Company listed on ASX in 2009.

The proposal to change the company type arises because, pursuant to the Corporations Act, a public no liability company must not engage in activities outside of its mining purpose objects. Notwithstanding that the Company intends to continue to pursue the return of its interest in the Chaketma Phosphate project and the development of that Project and to continue with its other exploration activities, the Company is proposing to change its company type from a public no liability company to a public company limited by shares to provide flexibility for possible future endeavours, so that it may consider other activities outside of mining.

Assuming that all resolutions proposed at the meeting are approved by shareholders, it is the intention of the Company to:

- lodge a cleansing prospectus in respect of the recent placement completed in February 2018; and
- apply to ASX for reinstatement of the Company's shares to trading on ASX to take effect following implementation of the consolidation of the Company's issued capital and other matters contemplated by this notice of meeting.

In support of its application for reinstatement, the Company intends to undertake to conduct an offer of shares to eligible shareholders by way of a Share Purchase Plan (**SPP**) which will enable all eligible shareholders an opportunity to apply for between \$500 and \$15,000 worth of new Shares at an issue price which will be capped at the Consolidated Share Price. The Company believes that this SPP will offer all Shareholders the opportunity to increase their shareholdings to at least a marketable parcel at the price offered to participants in the last placement conducted in February 2018.

In addition, in order to reward Shareholders for their support during the 3 year period of suspension since the Dispute arose and to enhance their exposure to the Company's future growth, the Directors have resolved to make a bonus issue of options to Shareholders on the basis of one option for every 2 Shares held at the same time as the SPP is offered to Shareholders.

The SPP and Bonus Offer will be subject to reinstatement of the Company's shares to trading on ASX and, subject to all necessary waivers under the Corporations Act and the Listing Rules, the company intends to make these offers within 3 months of reinstatement of the Company's Shares to trading on ASX.

Part 2: Explanatory Statement - Resolutions

Receipt and consideration of Accounts & Reports

A copy of the Annual Report for the financial year ending 30 June 2017 (which incorporates the Company's financial report, reports of the Directors (including the Remuneration Report) and the auditors) is not enclosed as there is no longer a requirement for the Company to incur the printing and distribution costs associated with doing so for all shareholders. You may obtain a copy free of charge in hard copy form by contacting the Company by phone at (03) 9692 7222, and you may request that this occurs on a standing basis for future years. Alternatively, you may access the Annual Report at the Company's website: www.celaminnl.com.au or via the Company's announcement platform on ASX. Except for as set out in Resolution 1, no resolution is required on these reports.

Resolution 1: Adoption of Remuneration Report

Section 250R(3) of the Corporations Act 2001 requires that a resolution to adopt the Remuneration Report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2017 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the Remuneration Report at the Annual General Meeting.

The Corporations Act 2001 requires the Company to put a resolution to Shareholders that the In accordance with Division 9 of Part 2G.2 of the Corporations Act 2001, if twenty five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the Remuneration Report represented less than twenty five (25%) per cent of the total votes cast and accordingly, a spill resolution will not under any circumstances be required for the Annual General Meeting.

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

Board Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of Meeting), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors unanimously recommend that shareholders vote in favour of Resolution 1 to adopt the Remuneration Report.

Voting Exclusions

The Company will disregard any votes cast on this resolution (in any capacity) by or on behalf of a member of the Key Management Personnel (being those persons described as such in the Remuneration Report) or a closely related party of such a member unless the vote cast as proxy for a person entitled to vote in accordance with a direction on the proxy form.

Any undirected proxies held by Directors or other Key Management Personnel or their closely related parties for the purposes of Resolution 1 (excluding the Chairman) will not be voted on Resolution 1. Accordingly, if you intend to appoint a member of Key Management Personnel as your proxy, please ensure that you direct them how to vote. The Chairman will vote undirected proxies in favour of Resolution 1.

Resolution 2: Re-election of Mr Timothy Markwell as a Director of the Company

Background

The Constitution of the Company requires that at every Annual General Meeting, at least one Director shall retire from office and provides that such Directors are eligible for re-election at the meeting. Mr Markwell being eligible, offers himself for re-election.

Mr Markwell is a qualified geologist with 20 years' experience in the resource sector, including senior technical roles with BHP Billiton, Golder Associates and Minara Resources. He has specific expertise in resource assessment and was involved in feasibility studies for a number of Australian resources projects. Tim joined African Lion in February 2007. Prior to this he held roles as a resources/investment analyst with a broking firm and then a listed investment fund. He graduated with an honours degree in geology from the University of Western Australia in 1993, and has a Graduate Diploma in Applied Finance and Investment from FINSIA.

Board Recommendation

The Board (with Mr Markwell abstaining), recommends that shareholders vote in favour of the re-election of Mr Markwell. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Markwell's re-election.

Voting Exclusions

There are no voting exclusions on this resolution.

Resolution 3: Consolidation of Share Capital

Background

As announced by the Company to ASX on 2 March 2018, the ASX has granted the Company a 3 month extension to the deadline for the Company to be removed from the ASX Official List to 6 June 2018. The Company also committed to completing a number of steps to support an application for reinstatement of the Company's Shares to trading on ASX, which included a commitment to seek Shareholder approval to a share consolidation.

The Company currently has 8,958,498,854 fully paid ordinary shares (**Shares**) on issue. The Company's shares have been suspended from trading for over 3 years, since the Dispute arose in relation to the Company's interest in CPSA.

The last capital raising conducted by the Company in February 2018 was a placement of Shares to sophisticated investors and others at \$0.0025 (0.025 cents) per Share to raise a total of \$1.55M. The Placement Price is below the ASX minimum required price of 1 cent for trading shares on ASX.

Section 254H of the Corporations Act provides that a company may, by resolution passed in general meeting, convert all or any of its shares into a larger or smaller number of shares. Accordingly, the Company is proposing to consolidate its issued share capital through the conversion of one hundred (100) present Shares into one (1) ongoing Share for the purposes of section 254H of the Corporations Act and for all other purposes, including to support a price of 2.5 cents (**Consolidated Share Price**) for the Company's application for reinstatement to ASX.

Where share capital is consolidated, consolidation is also required to the Company's other issued securities, including options and partly paid shares.

Under Listing Rule 7.22.1 the number of Options must be consolidated in the same ratio as the ordinary shares and the exercise price must be amended in inverse proportion to that ratio. The Company currently has 879,163,437 options on issue exercisable at 0.2 cents (with 865,660,939 expiring in July 2020 and 13,502,498 expiring in January 2021) (**Options**). Upon consolidation, the number of options on issue will reduce to 8,791,634 (with 8,656,609 expiring in July 2020 and 135,025 expiring in January 2021) and the exercise price of these options will increase to 20 cents.

The Company currently has 14,887,796 partly paid shares on issue (**Partly Paid Shares**), which were issued at various times in 2010 at \$0.001 (one/tenth of a cent) to raise a total of \$14,888 with an unpaid amount of 10 cents per partly paid share. The Company has not made any call for payment of these Partly Paid Shares.

Under Listing Rule 7.24, the number of partly paid shares must be reorganised in the same proportion as the other classes of shares and the reorganisation must not involve cancellation or reduction of the total amount payable and unpaid by the holders of the partly paid shares. The consolidation of the Partly Paid Shares will therefore result in reduction of the number of Partly Paid Shares on issue to 148,878, with an unpaid amount of \$10 for each Partly Paid Share.

In summary, the proposed consolidation (**Consolidation**) will:

- (a) reduce the number of Shares from 8,958,498,854 to approximately 89,584,989 representing a 99% reduction in the number of Shares on issue;
- (b) reduce the number of Options from 879,163,437 options on issue exercisable at 0.2 cents to 8,791,634 options exercisable at 20 cents; and
- (c) reduce the number of Partly Paid Shares from 14,887,796 Partly Paid Shares with an unpaid amount of 10 cents per partly paid share to 148,878 Partly Paid Shares with an unpaid amount of \$10 for each Partly Paid Share, with each holder's proportionate interest in the Company's Shares, Options and Partly Paid Shares, as the case may be, remaining unchanged, subject to rounding up of fractional entitlements to the next whole number of Shares, Options and Partly Paid Shares.

Key Details

Key details for the Consolidation process, if approved by Shareholders, are:

- (a) The Consolidation will take effect following Shareholder approval being obtained.
- (b) Where the Consolidation results in a holders account having an entitlement to a fraction of a Share, Option or Partly Paid Share, that fraction will be rounded up to the nearest whole number of Shares, Options or Partly Paid Shares, as the case may be.
- (c) The Consolidation will not materially change the proportionate interest of each holder in the Company's Shares, Options and Partly Paid Shares, as the case may be, because the consolidation ratio applies (subject to rounding) to all present Shares, Options and Partly Paid Shares.
- (d) The Partly Paid Shares issued by the Company will by their terms be similarly consolidated in a number of one hundred (100) for one (1) basis, with the unpaid amount per Partly Paid Share being amended in inverse proportion to that ratio.
- (e) The Options issued by the Company will by their terms be similarly consolidated in a number of one hundred (100) for one (1) basis with the relevant strike price for each option being increased by a factor of one hundred (100).
- (f) Current holding statements for Shares in the Company will be replaced by new holding statements showing the number of Shares held post the consolidation. The Company will issue a notice to Shareholders, Optionholders and the holders of Partly Paid Shares advising them of the number of Shares, Options and Partly Paid Shares held by them both before and after the Consolidation. The Company will also arrange for new holding statements and option certificates to be issued to Shareholders and Optionholders.

Tax Implications

Shareholders, Optionholders and the Partly Paid Shareholders are encouraged to seek professional advice in relation to any tax implications which may arise as a result of the Consolidation. Neither the Company nor any of its officers, employees or advisors assume any liability or responsibility for advising Shareholders, Optionholders or Partly Paid Shareholders about the tax consequences for them from the proposed Consolidation. Shareholders, Optionholders and Partly Paid Shareholders should seek their own tax advice on how the proposed Consolidation will affect them.

Capital Structure

The Company's capital structure before and after the Consolidation is as set out below:

	Pre Consolidation	Post Consolidation ^a
Fully paid ordinary shares	8,958,498,854	89,584,989
Options ^b	879,163,437	8,791,634
Partly Paid Shares ^c	14,887,796	148,878

- a. Post Consolidation numbers may change subject to rounding of fractional entitlements
- b. Options exercisable at 0.2 cents pre Consolidation and 20 cents post Consolidation
- c. Partly Paid Shares with an unpaid amount of 10 cents per partly paid share pre Consolidation and \$10 per partly paid share post Consolidation

Timetable

The timetable for the share consolidation process is as follows.

Event	Indicative date
Meeting held, including Resolution to approve Share Consolidation	28 May 2018
Company notifies ASX that Shareholders have approved the Share Consolidation	28 May 2018
Last day for trading in pre-consolidated Shares	29 May 2018
Trading in the consolidated Shares on a deferred settlement basis starts	30 May 2018
Last day for Company to register Share transfers on a pre-consolidated basis	31 May 2018
First day for Company to register share transfers on a consolidated basis and first day for Company to issue holding statements for Shares on a consolidated basis.	1 June 2018
Company announces to ASX that despatch of the new holding statements has occurred	4 June 2018
Deferred settlement trading ends.	8 June 2018
Normal T+2 trading in consolidated Shares starts	11 June 2018

If the Company, in its absolute discretion, forms the view that a Shareholder has been party to any shareholding splitting or division to obtain an advantage from the rounding of fractional entitlements, then the Company may take appropriate action, including (without limitation) the disregarding of the splitting or division, for the purposes of dealing with fractional entitlements.

Board Recommendations

The Board recommends that Shareholders vote in favour of Resolution 3. The Chairman of the meeting intends to vote undirected proxies in favour of this Resolution.

Voting Exclusions

There are no voting exclusions in relation to Resolution 3.

Resolution 4: Approval to Issue Underwriter Options

The Company is seeking Shareholder approval to issue 3,787,500 options for the purposes of Listing Rule 10.11 and for all other purposes. Each option will be exercisable at \$0.05 (5 cents), expire on 29 May 2019 and will, upon exercise, entitle the holder to one fully paid ordinary share in the Company.

Background

In late 2014 the Company conducted a Rights Issue which was partially underwritten by Patersons Securities Limited (**Underwriters**) to raise a minimum of \$7.575 million on the terms set out in the Rights Issue Offer Document lodged with ASX on 4 November 2014. In accordance with the Underwriting Agreement dated 4 November 2014 (**Underwriting Agreement**), the Company agreed to issue to the Underwriters one underwriter option for every two shares underwritten (being a total of 378,750,000 underwriter options) exercisable at \$0.02 (being two times the Rights Issue Offer Price of \$0.01) on or before 29 February 2016. The underwriter options were intended to be issued to sub underwriters, which included two of the company's substantial shareholders, Polo Investments Limited (**Polo**) and African Lion 3 Limited (**AFL3**) and two directors, Martin Broome and Nicholas Clift. The issue of the underwriter options was subject to shareholder approval. The Underwriting Agreement provided that if shareholder approval was not obtained, the Company would be required to make an equivalent cash payment to the Underwriter to the value of the underwriter options.

No general meeting of Shareholders was held to approve issue of the underwriter options prior the Dispute arising over the ownership of Celamin's interest in CPSA, leaving the Company with an outstanding obligation to the Underwriter. The Company and the Underwriter have now reached agreement for the issue of 3,787,500 options exercisable at 5 cents on or before 29 May 2019 (**Underwriter Options**), in full and final satisfaction of the Company's obligations under the Underwriting Agreement.

ASX Listing Rule Requirements

ASX Listing Rule 10.11 provides, in summary, that a listed company must not, subject to specified exceptions, issue equity securities to any of the following without the approval of holders of ordinary securities:

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

The sub underwriters to whom the Underwriter Options are to be issued include two substantial holders of the Company, Polo and AFL3, who are deemed by ASX to be a person within the meaning of paragraph (ii) above and two directors of the Company, Martin Broome and Nicholas Clift, who are related parties for the purpose of paragraph (i) above.

The relevant interests of Polo, AFL3, Martin Broome and Nicholas Clift in the securities of the Company both prior to the issue of the Underwriter Options and following the issue of the Underwriter Options is as follows:

Relevant Interests Prior to the Issue of the Underwriter Options

Sub-Underwriter	Post-consolidated fully paid ordinary shares currently held	Post-consolidated partly paid shares currently held	Total post-consolidated shares held assuming conversion of partly paid shares	Current percentage interest	Post-consolidated options currently held	Options to be issued under Resolution 4
African Lion 3 Limited	26,844,708	2,000	26,846,708	29.92%	3,179,591	1,500,000
Polo Investments Limited	22,459,796	-	22,459,796	25.03%	2,979,898	1,500,000
Mr Martin Broome	3,730,000	-	3,730,000	4.16%	315,000	50,000
Mr Nicholas Clift	630,888	-	630,888	0.70%	65,444	50,000
Total	53,665,392	2,000	53,667,392	59.81%	6,539,933	3,100,000

Relevant Interests Following the Issue of the Underwriter Options

Sub-Underwriter	Post-consolidated fully paid ordinary shares currently held	Post-consolidated partly paid shares currently held	Total post-consolidated shares held assuming conversion of partly paid shares	Current percentage interest	Options held following the issue of Underwriter Options under Resolution 4
African Lion 3 Limited	26,844,708	2,000	26,846,708	29.92%	4,679,591
Polo Investments Limited	22,459,796	-	22,459,796	25.03%	4,479,898
Mr Martin Broome	3,730,000	-	3,730,000	4.16%	365,000
Mr Nicholas Clift	630,888	-	630,888	0.70%	115,444
Total	53,665,392	2,000	53,667,392	59.81%	9,639,933

Note: the above tables are on a post consolidation basis, assuming that Resolution 3, Consolidation of Share Capital, is passed at the Meeting. Post Consolidation numbers may change subject to rounding of fractional entitlements.

ASX Listing Rule 10.13 requires that the meeting documents concerning a proposed resolution to approve an issue of securities in accordance with ASX Listing Rule 10.11 must include the following information:

- (a) the Underwriter Options will be issued to the following persons:

Sub-Underwriter	Number of Options
African Lion 3 Limited	1,500,000
Polo Investments Limited	1,500,000
Mr Martin Broome	50,000
Mr Nicholas Clift	50,000
Mr Jake Mounsey <JAM Capital Investment A/C>	10,000
Yondro Pty Ltd <Pacias Family A/C>	37,500

Mr Stephen Retzos	15,000
Mr Tarecq Aldaoud	10,000
Mr Stephen Noel & Ms Jessica Ann Blackhall <SJC Superannuation Fund A/C>	20,000
Berbay Pty Ltd <SAYC Super Fund A/C>	5,000
Mr Christopher Lindsay Bollam	10,000
Mrs Sarah Kay Daly	30,000
Sam Goulopoulos Pty Ltd <S Goulopoulos Family Super A/C>	25,000
Atlantis MG Pty Ltd <MG Family Super Fund A/C>	12,500
Mrs Jaclyn Stojanovski & MrChris Retzos & Mrs Susie Retzos <Retzos Executive S/F A/C>	30,158
Colonel West Pty Ltd <Colonel West Family A/C>	50,000
Mr Richard Thomas Daly & Mrs Sarah Kay Daly <The Daly Family Super A/C>	25,000
Treyvaud Nominees Pty Ltd <Phil Treyvaud S/F A/C>	7,500
Nutsville Pty Ltd <Indust Electric Co S/F A/C>	30,000
Westpark Operations Pty Ltd <Westpark Operations Unit A/C>	194,842
Randal Investment Holdings Pty Ltd	25,000
IBT Holdings Pty Ltd <IBT Holdings Pty Ltd Fam A/C>	50,000
Wandjina Investments Pty Ltd <M J Derham Super Fund A/C>	15,000
South Banc Group Pty Ltd <David Hales Family A/C>	25,000
MGL Corp Pty Ltd	25,000
North of the River Investments Pty	10,000
Mr Bin Liu	25,000
Total	3,787,500

- (b) the maximum number of Underwriter Options to be issued will be 3,787,500;
- (c) the Underwriter Options will be issued no later than on month after the date of the Meeting;
- (d) approval is required as each of Polo and AFL3 are substantial shareholders of the Company and each of Martin Broome and Nicholas Clift are directors and therefore related parties of the Company;
- (e) No consideration will be paid for the issue of the Underwriter Options, which will be issued in full and final satisfaction of the Company's obligations under the Underwriting Agreement as outlined in this Explanatory Statement;
- (f) the Underwriter Options will be issued on the terms and conditions set out in Schedule 1 to this Explanatory Statement;
- (g) no funds will be raised by the issue of the Underwriter Options, which are issued in satisfaction of the Company's obligations under the Underwriting Agreement as noted above. Any funds raised upon exercise of options will be applied to the working capital requirements of the Company at the time of exercise;
- (h) a voting exclusion statement is included in the Notice of which this Explanatory Statement forms part and is set out again below.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 4.

Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any person who may participate or might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any of their respective Associates. However, the Company need not disregard a vote if it is cast:

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

Resolution 5: Approval for the conversion of Options

The Company is seeking Shareholder approval for the conversion of 3,787,500 Underwriter Options granted in accordance with Resolution 4 for the purposes of item 7 of section 611 of the Corporations Act, the Listing Rules and for all other purposes.

Conversion of Underwriter Options will be subject to section 606 of the Corporations Act, that is, the section would prevent a shareholder from increasing their holding from 20% or below 20% to more than 20% by converting Underwriter Options unless they can rely on one of the exemptions in section 611 of the Act.

On 3 December 2014 the Company announced its intention to seek shareholder approval for the conversion of the Underwriter Options for the purpose of item 7 of section 611 of the Act, at the same time as approval was sought to the issue of the Underwriter Options.

Resolutions 4 and 5 are not interdependent and, if shareholders withhold approval for the purposes of item 7 of section 611 of the Act, the holders of the Underwriter Options will be required to rely on other exemptions in section 611 of the Act such as the 3% creep in 6 months exemption under item 9 of section 611.

The following information is provided in accordance with paragraph (b) of item 7 of section 611:

The table below sets out

- (a) the names of the persons acquiring the Underwriter Options and their Associates;
- (b) their current voting power in the Company;
- (c) the maximum extent of the increase in their voting power in the event of exercise of all Underwriter Options granted to them; and
- (d) the voting power each of those persons and their Associates would have as a result of exercise of all Underwriter Options granted to them.

Sub-Underwriter	Post-consolidated current number of shares held	Post-consolidated current number of partly paid shares held	Total post-consolidated shares held assuming conversion of partly paid shares	Current voting power in the Company	Post-consolidated options currently held	Number of sub-underwriter options to be Granted (the subject of Resolution 4)	Number of Shares held if all sub-underwriter options are exercised	Voting power if all sub-underwriter options are exercised	Increase/(decrease) in voting power if all sub-underwriter options are exercised
African Lion 3 Limited	26,844,708	2,000	26,846,708	29.92%	3,179,591	1,500,000	28,346,708	30.31%	0.39%
Polo Investments Limited	22,459,796	-	22,459,796	25.03%	2,979,898	1,500,000	23,959,796	25.62%	0.59%
Mr Martin Broome	3,730,000	-	3,730,000	4.16%	315,000	50,000	3,780,000	4.04%	-0.11%
Mr Nicholas Clift	630,888	-	630,888	0.70%	65,444	50,000	680,888	0.73%	0.02%
Mr Jake Mounsey <JAM Capital Investment A/C>	217,106	-	217,106	0.24%	-	10,000	227,106	0.24%	0.00%
Yondro Pty Ltd <Pacias Family A/C>	1,499,999	-	1,499,999	1.67%	150,000	37,500	1,537,499	1.64%	-0.03%
Mr Stephen Retzos	7,673,078	-	7,673,078	8.55%	578,504	15,000	7,688,078	8.22%	-0.33%
Mr Tarecq Aldaoud	800,000	-	800,000	0.89%	-	10,000	810,000	0.87%	-0.03%
Mr Stephen Noel & Ms Jessica Ann Blackhall <SJC Superannuation Fund A/C>	-	-	-	0.00%	15,000	20,000	20,000	0.02%	0.02%
Berbay Pty Ltd <SAYC Super Fund A/C>	-	-	-	0.00%	-	5,000	5,000	0.01%	0.01%
Mr Christopher Lindsay Bollam	17,106	-	17,106	0.02%	-	10,000	27,106	0.03%	0.01%
Mrs Sarah Kay Daly	3,388,837	-	3,388,837	3.78%	324,999	30,000	3,418,837	3.66%	-0.12%
Sam Goulopoulos Pty Ltd <S Goulopoulos Family Super A/C>	1,245,764	-	1,245,764	1.39%	100,000	25,000	1,270,764	1.36%	-0.03%
Atlantis MG Pty Ltd <MG Family Super Fund A/C>	1,579,633	-	1,579,633	1.76%	75,000	12,500	1,592,133	1.70%	-0.06%
Mrs Jaclyn Stojanovski & MrChris Retzos & Mrs Susie Retzos	7,673,078	-	7,673,078	8.55%	578,504	30,158	7,703,236	8.24%	-0.31%

<Retzos Executive S/F A/C>									
Colonel West Pty Ltd <Colonel West Family A/C>	7,673,078	-	7,673,078	8.55%	578,504	50,000	7,723,078	8.26%	-0.29%
Mr Richard Thomas Daly & Mrs Sarah Kay Daly <The Daly Family Super A/C>	3,388,837	-	3,388,837	3.78%	324,999	25,000	3,413,837	3.65%	-0.13%
Treyvaud Nominees Pty Ltd <Phil Treyvaud S/F A/C>	382,829	-	382,829	0.43%	25,000	7,500	390,329	0.42%	-0.01%
Nutsville Pty Ltd <Indust Electric Co S/F A/C>	451,338	-	451,338	0.50%	-	30,000	481,338	0.51%	0.01%
Westpark Operations Pty Ltd <Westpark Operations Unit A/C>	-	-	-	0.00%	-	194,842	194,842	0.21%	0.21%
Randal Investment Holdings Pty Ltd	17,817	-	17,817	0.02%	-	25,000	42,817	0.05%	0.03%
IBT Holdings Pty Ltd <IBT Holdings Pty Ltd Fam A/C>	1,135,530	-	1,135,530	1.27%	25,000	50,000	1,185,530	1.27%	0.00%
Wandjina Investments Pty Ltd <M J Derham Super Fund A/C>	255,658	-	255,658	0.28%	15,000	15,000	270,658	0.29%	0.00%
South Banc Group Pty Ltd <David Hales Family A/C>	42,765	-	42,765	0.05%	-	25,000	67,765	0.07%	0.02%
MGL Corp Pty Ltd	392,766	-	392,766	0.44%	25,001	25,000	417,766	0.45%	0.01%
North of the River Investments Pty	100,106	-	100,106	0.11%	16,500	10,000	110,106	0.12%	0.01%
Mr Bin Liu	42,765	-	42,765	0.05%	-	25,000	67,765	0.07%	0.02%

Note: the above tables are on a post consolidation basis, assuming that Resolution 3, Consolidation of Share Capital, is passed at the meeting. Post Consolidation numbers may change subject to rounding of fractional entitlements.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 5.

Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 5 by or on behalf of a person who may participate or might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any of their respective Associates. However, the Company need not disregard a vote if it is cast:

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

SPECIAL RESOLUTIONS

Resolution 6 – Capital Reduction – Partly Paid Shares

Background

During 2010 the Company issued at various times, a total of 18,126,801 Partly Paid Shares at \$0.001 (one/tenth of a cent), with an unpaid amount of 10 cents per Partly Paid Share.

Holders of Partly Paid Shares were permitted to pay remaining unpaid amounts at any time. The unpaid amount was subsequently paid up in respect of 3,239,005 of those Partly Paid Shares, leaving 14,887,796 Partly Paid Shares on issue as at 16 October 2012. Under the terms of their issue, the Company could call for payment of the unpaid amounts on or after 17 December 2012, with each call being for not more than 2 cents.

In a no liability company, a partly paid shareholder is under no obligation to pay the call, however, if the partly paid shareholder fails to do so, the share may be forfeited (subject to the Corporations Act and the Listing Rules). The Company has not made any call for payment of these Partly Paid Shares.

Under Listing Rule 7.24, the number of partly paid shares must be reorganised in the same proportion as the other classes of shares and the reorganisation must not involve cancellation or reduction of the total amount payable and unpaid by the holders of the partly paid shares. Assuming Resolution 3 is passed, the consolidation of the Partly Paid Shares will therefore result in reduction of the number of Partly Paid Shares on issue to 148,878, with an unpaid amount of \$10 for each Partly Paid Share.

The Board is of the view that a call for payment of unpaid amounts is unlikely to be successful, either before or after consolidation of the Company's issued capital, particularly given the significant difference between the unpaid amount per Partly Paid Share of \$10 and the proposed Consolidated Share Price of 2.5 cents.

Further, under section 162 of the Corporations Act, a public no liability company is not permitted to have partly paid shares on issue at the time it changes its type to a public company limited by shares.

In light of the Company's proposal to change from a public no liability company to a public company limited by shares and given the significant difference between the unpaid amount and the proposed Consolidated Share Price, this Resolution 6 seeks shareholder approval, in accordance with sections 256B and 256C of the Corporations Act and subject to approval of the Consolidation in accordance with Resolution 3, to reduce the share capital of the Company by extinguishing the uncalled amount of \$10 per share on the 148,878 Partly Paid Shares post consolidation (***Capital Reduction***), effectively converting these shares to 148,878 fully paid ordinary shares.

Legal Requirements for the Capital Reduction

In accordance with section 256B of the Corporations Act, the Company may only reduce its share capital if the reduction:

- (a) is fair and reasonable to Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors; and
- (c) is approved by Shareholders under section 256C of the Corporations Act.

The proposed Capital Reduction is a selective reduction as it relates only to the Partly Paid Shares. Accordingly, as the proposed Capital Reduction is a selective reduction, section 256C of the Corporations Act requires the approval of the proposed Capital Reduction by either:

- (d) a Special Resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their Associates; or
- (e) a resolution agreed to, at a general meeting, by all ordinary Shareholders.

The Directors are of the view that the proposed Capital Reduction is fair and reasonable to the Shareholders for the reasons set out in this Explanatory Memorandum and that the Capital Reduction will not prejudice the Company's ability to pay its creditors.

Effect of the proposed Capital Reduction on the Company

The effect of the proposed Capital Reduction will be to reduce the share capital of the Company by extinguishing the uncalled amount of \$10 per share on 148,878 Partly Paid Shares (post consolidation in accordance with Resolution 3), thus effectively converting these Partly Paid Shares to 148,878 Fully Paid ordinary shares.

The capital structure of the Company at the date of this Notice is as follows:

Class	Number
Fully paid ordinary shares	8,958,498,854
Partly Paid Shares	14,887,796
Options exercisable at 2 cents expiring 11/7/2020	865,660,939
Options exercisable at 2 cents expiring 10/1/2012	13,502,498

If all Resolutions are passed, including approval of capital reduction in accordance with this Resolution 6, the securities on issue in the Company will be as shown below:

Class	Number²
Fully paid ordinary shares ¹	89,733,867
Partly Paid Shares	0
Options exercisable at 20 cents expiring 11/7/2020	8,656,609
Options exercisable at 20 cents expiring 10/1/2021	135,025
Underwriter Options exercisable at 5 cents expiring 29 May 2019 ³	3,787,500
Notes:	
1. includes post consolidation fully paid ordinary shares and party paid shares (converted to fully paid ordinary shares)	
2. numbers may change subject to rounding up of fractional entitlements for the purposes of the consolidation	
3. approval of issue of these options is sought in Resolution 4	

Effect of the proposed Capital Reduction on Shareholders

Fully Paid Shareholders

The proposed Capital Reduction will have no effect on the number of fully paid ordinary shares held by Shareholders. The following table sets out the potential dilutionary effect of Resolution 6 on Shareholders:

Fully paid shares on issue post consolidation	Fully Paid Shares to be issued upon Capital Reduction and conversion of Partly Paid Shares	Dilution
89,584,989	148,878	0.0017%

Partly Paid Shareholders

The effect of Resolutions 3 and 6 is that each Partly Paid Shareholder will hold 1 fully paid ordinary share for every 100 Partly Paid Shares held at the date of this Notice.

Tax implications for Partly Paid Shareholders

The proposed Capital Reduction may have tax implications for Partly Paid Shareholders. The Company has not taken tax advice on the impact of the proposed Capital Reduction on Partly Paid Shareholders. Partly Paid Shareholders should seek their own tax advice on how the proposed Capital Reduction may affect them.

Other Material Information

There is no other information material to the making of the decision by a Shareholder whether or not to approve Resolution 6 (being information that is known to any of the Directors and which has not been previously disclosed to Shareholders) other than as disclosed in this Explanatory Memorandum.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 6.

Voting Exclusions

The Company will disregard any votes cast in favour of Resolution 6 by a person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their Associates. However, the Company need not disregard a vote if it is cast:

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

Resolution 7: Change of Company Type and Name

The Company is currently a public no liability company and proposes to change to a public company limited by shares to enable it to pursue alternative business opportunities other than mining as set out in Part 1 of this Explanatory Statement. In accordance with the Corporations Act, a public no liability company must not engage in activities outside of its mining purposes objects. As such, it is proposed to change the Company's status to a limited company so that it may consider other activities outside of mining.

In accordance with section 162 of the Corporations Act, a public no liability company may change to a public company limited by shares by passing a Special Resolution resolving to change its type.

Accordingly, the Company is seeking the approval of Shareholders, by Special Resolution to change from a public no liability company to a public company limited by shares.

The Company is also seeking approval by Special Resolution to change its name from "Celamin Holdings NL" to "Celamin Holdings Limited" to reflect this change in status in accordance with section 157 of the Corporations Act.

The change of the Company's status and change of name will take effect from the date on which ASIC alters the details of the Company's registration following the meeting.

Board Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 7.

Voting Exclusions

There are no voting exclusions for Resolution 7.

Resolution 8: Repeal and replacement of Constitution

This resolution seeks Shareholder approval to replace the Company's existing Constitution with a replacement Constitution.

The Company's Constitution was adopted in 2009 when the Company conducted its initial public offering of shares and sought admission to ASX. Since then the Company has undergone considerable change and, in addition, material changes have been made to the Corporations Act and the Listing Rules. There have also been a number of developments in corporate governance practices. Further, in accordance with Resolution 6, the Company is seeking to change from a public no liability company to a public company limited by shares. Accordingly, the Constitution of the Company will need to be changed to reflect the proposed change in company type.

A review of the Constitution has been conducted, as a result of which the Board believes that it should be brought up to date with the current provisions of the Corporations Act and the Listing Rules and to give effect to the Company's transition

from a public no liability company to a public company limited by shares. In addition, the Board considers that numerous provisions in it should be brought into line with corporate governance best practices.

Rather than make extensive amendments to the existing Constitution, the Board believes that it is preferable to repeal it and adopt an up-to-date replacement Constitution.

The proposed replacement Constitution has been approved by the ASX for Listing Rule consistency purposes. The replacement constitution differs from the existing Constitution in a number of ways, many of which are technical or relatively minor in nature. There have been no fundamental changes to shareholders rights, such as the rights to vote and participate in dividends. A brief overview of the material differences between the existing Constitution and the replacement Constitution is set out in the table below.

This overview is not exhaustive and does not identify all of the differences between the existing and replacement Constitutions. Accordingly, copies of the existing Constitution and the proposed replacement Constitution are available at www.celaminl.com.au. A copy of the Replacement Constitution, signed by the Chairman for the purposes of identification, will also be tabled at the Meeting.

Overview of material differences between existing Constitution and the proposed replacement Constitution

Change	Explanation of Change
General Update	The proposed replacement Constitution generally updates the various provisions in a variety of respects to reflect industry best practice in a form approved by the ASX.
Objects and Purpose	A public no liability company has its objects and purpose limited to mining and mining related activities. There is no such limitation in the proposed replacement Constitution.
Chairman	The proposed replacement Constitution allows the Directors to elect a chairman from time to time. This differs from the existing position where the chairman once elected by the Board will remain Chair until that person is removed or resigns as a Director.
Partly Paid Shares	One of the principal differences between a no liability company and a company limited by shares is that members of a no liability company are not obligated to pay calls for unpaid money on partly paid shares. In a limited company, shareholders are contractually obligated to pay unpaid amounts on their shares, and they remain liable until any unpaid amounts have been paid in full.
Change of Company Type	Updating the Company Type from a public no liability company to a public company limited by shares.
Dividends	The proposed replacement Constitution will provide further clarity around the payment of dividends and to enable the setting aside of reserves and provisions from any source permitted by law. The Board also has greater flexibility in relation to the payment of dividends and to give effect to authorised reductions of capital or any capitalisation of profits.

In accordance with section 135 of the Corporations Act, a resolution to adopt a new Constitution must be passed by Special Resolution at a general meeting.

Accordingly, Shareholder approval is sought for the adoption of the proposed Constitution. Shareholders should note that Resolutions 8 is conditional on the passing of Resolutions 6 and 7. Accordingly, if Resolutions 6 and 7 are passed, the adoption of the new Constitution will take effect from the time the change of status of the Company takes effect.

Board Recommendation

The Board considers that adopting the Replacement Constitution is in the best interests of the Company. Accordingly, the Board unanimously recommends that Shareholders approve Resolution 8.

Voting Exclusions

Resolution 8 is a Special Resolution and can only be passed if at least 75% of the votes cast, in person or by proxy, by Shareholders who are entitled to vote on the Resolution, are voted in favour. No voting exclusions apply.

GLOSSARY

The following terms have the following meanings in this Explanatory Statement:

“\$” means Australian Dollars;

“**Annual Report**” means the Directors’ Report, the Financial Report, and Auditor’s Report, in respect to the year ended 30 June 2017;

“**ASX**” means ASX Limited ABN 98 008 624 691 or the Australian Securities Exchange, as the context requires;

“**ASX Settlement Operating Rules**” means the rules of ASX Settlement Pty Ltd which apply while the Company is an issuer of CHESS approved securities;

“**Auditor’s Report**” means the auditor’s report on the Financial Report;

“**AEST**” means Australian Eastern Standard Time.

“**Board**” means the Directors acting as the Board of Directors of the Company or a committee appointed by such board of Directors;

“**Chairman**” means the person appointed to chair the Meeting of the Company convened by the Notice;

“**CHESS**” has the meaning in Section 2 of the ASX Settlement Operating Rules;

“**Closely Related Party**” means:

(a) a spouse or child of the member; or

(b) has the meaning given in section 9 of the Corporations Act.

“**Company**” means Celamin Holdings NL ABN 82 139 255 771;

“**Constitution**” means the constitution of the Company as at the date of the Meeting;

“**Convertible Security**” means a security of the Company which is convertible into shares;

“**Corporations Act**” means the Corporations Act 2001 (Cth);

“**Director**” means a Director of the Company;

“**Directors Report**” means the annual directors’ report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Equity Security**” has the same meaning as in the Listing Rules;

“**Explanatory Memorandum**” means the explanatory memorandum which forms part of the Notice;

“**Financial Report**” means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

“**Key Management Personnel**” means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Meeting**” has the meaning given in the introductory paragraph of the Notice;

“**Notice**” means the Notice of Meeting accompanying this Explanatory Statement;

“**Option**” means an option to acquire a Share in the Company;

“**Optionholder**” means the holder of Options

“**Partly Paid Share**” means a partly paid share in the capital of the Company;

“**Partly Paid Shareholder**” means a holder of Partly Paid Shares

“**Proxy Form**” means the proxy form attached to the Notice;

“**Remuneration Report**” means the remuneration report which forms part of the Directors’ Report of Celamin Holdings NL for the financial year ended 30 June 2017 and which is set out in the 2017 Annual Report.

“**Resolution**” means a resolution referred to in the Notice;

“**Schedule**” means schedule to the Notice;

“**Section**” means a section of the Explanatory Memorandum;

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

“**Shareholder**” means shareholder of the Company holding Shares;

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

“**Underwriter Options**” means the Options the issue of which shareholder approval is sought in accordance with Resolution 4;

“**VWAP**” means volume weighted average price.

SCHEDULE 1

Terms and Conditions of Underwriter Options

The terms and conditions of the Underwriter Options are as follows:

- The Underwriter Options are exercisable at any time prior to 5.00pm (AEST) on the Option Expiry date, being 29 May 2019.
- Any Underwriter Options not exercised on or before the Option Expiry Date will automatically lapse.
- Each Underwriter Option entitles the holder to subscribe for one Share upon payment of 5 cents (\$0.05) per SU Option.
- The Underwriter Options may be exercisable wholly or in part by completing an application form for Shares delivered to the Company's Share Registry, accompanied by payment of 5 cents per Underwriter Option and received by it any time on or before 5.00pm (AEST) on the Option Expiry date.
- The Company does not propose to make application to have the Underwriter Options listed for Official Quotation, however, the Company may choose to do so in the future after the Company's Shares recommence trading on ASX and provided requirements for Official Quotation of the Underwriter Options are met.
- Shares issued on the exercise of the Underwriter Options will rank pari-passu with existing Shares.
- The Company will, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Underwriter Options listed for Official Quotation.
- There will be no participating entitlements inherent in the Underwriter Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Underwriter Options.
- In the event the Company proceeds with a pro rate issue (except a bonus issue) of Shares to the holders of Shares after the date of issue of the Underwriter Options, the exercise price of the Underwriter Options will be adjusted in accordance with the formula set out in Listing Rule 6.22.2.
- In the event of any re-organisation (including reconstructions, consolidations, subdivision, and reduction of capital) of the issued capital of the Company, the Underwriter Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- The Underwriter Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Underwriter Options.

LODGE YOUR PROXY APPOINTMENT ONLINE



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



MOBILE DEVICE PROXY APPOINTMENT

Lodge your proxy by scanning the QR code below, and enter your registered postcode.

It is a fast, convenient and a secure way to lodge your vote.

2017 ANNUAL GENERAL MEETING PROXY FORM

I/We being shareholder(s) of Celamin Holdings NL and entitled to attend and vote hereby:

APPOINT A PROXY

The Chairman of the meeting

OR



PLEASE NOTE: If you leave the section blank, the Chairman of the Meeting will be your proxy.

STEP 1

or failing the individual(s) or body corporate(s) named, or if no individual(s) or body corporate(s) named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting 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 law, as the proxy sees fit), at the Annual General Meeting of the Company to be held at the offices of Chartered Accountants Australia and New Zealand, Level 18 Bourke Place, 600 Bourke Street, Melbourne Victoria 3000 at 11:00am (AEST) on 28 May 2018 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 Item 1 (except where I/we have indicated a different voting intention below) even though this Item is connected directly or indirectly with the remuneration of a member(s) of key management personnel, which includes the Chairman. I/we acknowledge the Chairman of the Meeting intends to vote all undirected proxies available to them in favour of each Item of Business.

VOTING DIRECTIONS

Agenda Items

		For	Against	Abstain*			For	Against	Abstain*
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5	Approval to Issue Shares on Conversion of Underwriter Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Re-election of Mr Timothy Markwell as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6	Capital Reduction – Partly Paid Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Consolidation of Share Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7	Change of Company Type and Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval to Issue Underwriter Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8	Repeal and replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



* 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.

STEP 2

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

STEP 3

This form should be signed by the shareholder. If a joint holding, all the shareholders should 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).

Email Address

Please tick here to agree to receive communications sent by the company via email. This may include meeting notifications, dividend remittance, and selected announcements.

HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

CHANGE OF ADDRESS

This form shows your address as it appears on 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.

APPOINTMENT OF A PROXY

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

DEFAULT TO THE CHAIRMAN OF THE MEETING

If you leave Step 1 blank, or if your appointed proxy does not attend the Meeting, then the proxy appointment will automatically default to the Chairman of the Meeting.

VOTING DIRECTIONS – PROXY APPOINTMENT

You may direct your proxy on 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 a given item, your proxy may vote as they choose to the extent they are permitted by law. If you mark more than one box on an item, your vote on that item will be invalid.

PROXY VOTING BY KEY MANAGEMENT PERSONNEL

If you wish to appoint a Director (other than the Chairman) or other member of the Company's key management personnel, or their closely related parties, as your proxy, you must specify how they should vote on Item 1, by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Item 1.

PLEASE NOTE: If you appoint the Chairman as your proxy (or if they are appointed by default) but do not direct them how to vote on an item (that is, you do not complete any of the boxes "For", "Against" or "Abstain" opposite that item), the Chairman may vote as they see fit on that item.

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 Advanced Share Registry Limited or you may copy this form and return them both together.

To appoint a second proxy you must:

- On each 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.

CORPORATE REPRESENTATIVES

If a representative of a nominated corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A Corporate Representative Form may be obtained from Advanced Share Registry.

SIGNING INSTRUCTIONS ON THE PROXY FORM

Individual:

Where the holding is in one name, the security holder must sign.

Joint Holding:

Where the holding is in more than one name, all of the security holders should sign.

Power of Attorney:

If you have not already lodged the Power of Attorney with Advanced Share Registry, please attach the original or 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 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.

LODGE YOUR PROXY FORM

This Proxy Form (and any power of attorney under which it is signed) must be received at an address given below by 11:00am (AEST) on 26 May 2018, being not later than 48 hours before the commencement of the Meeting. Proxy Forms received after that time will not be valid for the scheduled meeting.



ONLINE PROXY APPOINTMENT

www.advancedshare.com.au/investor-login



BY MAIL

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or
PO Box 1156, Nedlands WA 6909



BY FAX

+61 8 9262 3723



BY EMAIL

admin@advancedshare.com.au



IN PERSON

Advanced Share Registry Limited
110 Stirling Hwy, Nedlands WA 6009; or



ALL ENQUIRIES TO

Telephone: +61 8 9389 8033