

# EUROPA METALS LTD

ACN 097 532 137

## NOTICE OF GENERAL MEETING

AND

## EXPLANATORY STATEMENT TO SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that a General Meeting of the members of Europa Metals Ltd (**Europa** or the **Company**) will be held on the date and at the location and time specified below:

**DATE:** 15 July 2020

**LOCATION:** By Virtual Meeting Facility

**TIME:** 11.00 a.m. UK time / 12.00 noon SA time

**BUSINESS:** The business of the General Meeting is to consider and pass the Resolutions set out in the agenda.

In light of the evolving COVID-19 situation and UK Government restrictions on public gatherings in place on the date of this Notice of Meeting, the Directors have made a decision that there will not be a physical meeting where Shareholders can attend in person. Accordingly, the Directors strongly encourage all Shareholders to either lodge a directed proxy form or vote online prior to the Meeting or attend the Meeting virtually.

In accordance with subsection 5(f) of the Corporations (Coronavirus Economic Response) Determination (No. 1) 2020, the Company will not be dispatching physical copies of the Notice. For shareholders where the Company has email addresses on record, the Company will send a copy of this Notice and other material relating to the Meeting or provide a link to where the Notice and other material can be viewed or downloaded by email. To other Shareholders, the Company will send a letter or postcard setting out a URL for viewing or downloading the Notice and other material.

Shareholders can access a copy of the Notice at the following link:

<http://www.europametals.com/site/aim-rule-261/shareholder-communication1>

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary, Mr Dan Smith on +61 (8) 9486 4036 or by email at [Dsmith@europametals.com](mailto:Dsmith@europametals.com). Alternatively, you should consult your licensed financial adviser, stockbroker or other professional adviser.

## TIME AND PLACE OF MEETING AND HOW TO VOTE

### VENUE

The Directors have determined that as most Shareholders reside in the United Kingdom, the most convenient time and place to hold the Meeting is in London.

In light of the evolving COVID-19 pandemic and the UK Government's public health laws and restrictions on public gatherings in place on the date of this Notice of Meeting, the Directors have made a decision that there will not be a physical meeting where Shareholders can attend in person. Shareholders are therefore strongly urged to either lodge a proxy or vote online as soon as practicable or attend the Meeting via the Virtual Meeting Facility (see below).

The current situation is evolving and the UK Government may change the current restrictions or implement further measures relating to the holding of public gatherings during the affected period. The Company will make any further announcement(s) that may be required in this regard by way of a regulatory information service and the Company's website.

### YOUR VOTE IS IMPORTANT

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

### VOTING AND PARTICIPATING IN THE MEETING BY VIRTUAL MEETING FACILITY

#### Virtual Meeting Facility

Shareholders who wish to participate in the General Meeting to be held on **15 July 2020 at 11.00 a.m. (UK time)** may do so by dialling into the virtual meeting facility (**Virtual Meeting Facility**).

To dial into the Zoom Virtual Meeting Facility please follow the below steps:

- Copy the following link to your web browser:  
<https://zoom.us/j/2659187498?pwd=emxWT1FuRFJuTEc4cFFubktrdXNJQT09>
- Meeting ID: 265-918-7498.
- Password: 555555.
- One tap mobile:
  - Australia: +61 8 7150 1149; +61 2 8015 6011; +61 3 7018 2005
  - South Africa: +27 87 551 7702; +27 87 550 3946
  - United Kingdom: +44 203 481 5240; +44 131 460 1196; +44 203 051 2874

The Company appreciates the understanding of its Shareholders during this difficult situation due to the COVID-19 pandemic.

Shareholders who attend the Meeting virtually will be able to watch, listen, submit written questions and participate in all poll votes put to the Meeting.

Shareholders who intend to participate, and/or vote on a poll at the Meeting, must contact the Company at [Dsmith@europametals.com](mailto:Dsmith@europametals.com) notifying the Company that you intend to participate and/or vote on a poll at the Meeting by emailing the Company a poll form. You will also need to register and access the Meeting by videoconference to follow the meeting and timing of the poll as set out above. After receiving such notice and after 11.30 a.m. (UK time) on the day of the Meeting, the Company will send you a personalised poll form. The personalised poll form must be completed and returned to the Company after the poll has been called and prior to the close of polling. During the Meeting, the Chairman will

notify you when and how you are able to complete and return the personalised poll form. The results of the Meeting are then expected to be announced on a regulatory news service later that day.

### **Asking Questions at the Meeting**

The Virtual Meeting Facility will include the ability for Shareholders to ask questions in relation to the business of the Meeting.

Shareholders are also invited to submit questions in advance of the Meeting. You may send questions in writing to the share registry at the address set out on the proxy form or email your questions to the Company Secretary at: [Dsmith@europametals.com](mailto:Dsmith@europametals.com).

Please ensure that your questions are received no later than 5.00 p.m. (UK time) on Monday, 13 July 2020.

Further information and support on how to use the Virtual Meeting Facility is available on the Company's website.

### **VOTING IN PERSON**

In light of the status of the evolving COVID-19 situation and UK Government restrictions on public gatherings in place on the date of this Notice of Meeting, the Directors have made a decision that there will not be a physical meeting where Shareholders can attend in person.

**Accordingly, the Directors strongly encourage all Shareholders to either lodge a directed proxy form or vote online prior to the Meeting.** Shareholders who attend the Meeting virtually will be able to watch, listen, submit written questions and participate in all poll votes put to the Meeting.

For their votes to be counted, DI Holders must submit their CREST Voting Instruction to the Company's agent by the required cut-off time set out below. Alternatively, DI Holders can vote using the enclosed Form of Instruction as per the instructions set out below.

### **VOTING BY PROXY**

Shareholders are strongly urged to appoint the Chairman of the Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a Shareholder's vote is to be cast on each item of business, and the Chairman of the Meeting must follow your instructions.

#### **Australia (Proxy Forms)**

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

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

- A Shareholder (either an individual or a body corporate) who is entitled to attend and vote at the Meeting is entitled to appoint a proxy which may be a body corporate or an individual.
- A proxy need not be a Shareholder.
- A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the total votes. 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 the enclosed Proxy Form. To appoint a second proxy, you must follow the instructions on the Proxy Form.

Sections 250BB and 250BC of the Corporations Act apply to voting by proxy and Shareholders and their proxies should be aware of these provisions which generally provide that:

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

If the proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on that resolution on a show of hands.

The enclosed Proxy Form provides further details on voting entitlement, appointing proxies and lodging proxy forms. To vote by proxy, please complete, sign and return the enclosed Proxy Form. In order for it to be valid, your Proxy Form (and any power of attorney under which it is signed) must be received at one of the addresses given below at least 48 hours before the Meeting, being by **11.00 a.m. (UK time)** on 13 July 2020. Any Proxy Form received after that time will not be valid for the Meeting.

<b>Online</b>	at <a href="http://www.investorvote.com.au">www.investorvote.com.au</a>
<b>By mail</b>	Share Registry - Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia
<b>By fax</b>	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
<b>By mobile</b>	Scan the QR Code on your Proxy Form and follow the prompts.
<b>Custodian voting</b>	For Intermediary Online subscribers only (custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions.

### **South Africa (Proxy Forms)**

The enclosed Proxy Form provides further details on voting entitlement, appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate 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 or its share registry in advance of the Meeting.

To vote by proxy, please complete and sign the Proxy Form enclosed and deliver the Proxy Form to:

Computershare Investor Services (Proprietary) Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 South Africa (Private Bag X9000, Saxonwold, 2132 South Africa) to reach them by no later than **12 noon (SA time) on 13 July 2020**.

### **United Kingdom (CREST Voting Instructions)**

Holders of Depository Interests in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a **CREST Voting Instruction**) must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (identification number: 3RA50) by no later than **11.00 a.m. (UK time) on 9 July 2020**. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. Holders of Depositary Interests in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time. In this regard, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

### **United Kingdom (Form of Instruction)**

Alternatively, DI Holders can vote by completing, signing and returning the enclosed Form of Instruction to the Company's agent (identification number: 3RA50) no later than **11.00 a.m. (UK time) on 9 July 2020**.

### **CUSTODIAN VOTING**

For Intermediary Online subscribers only (custodians), please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions.

# Europa Metals Ltd

ACN 097 532 137

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## NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of the Shareholders of Europa Metals Ltd will be held at 11.00 a.m. (UK time) on 15 July 2020 by way of the Virtual Meeting Facility.

The Explanatory Statement to this Notice of Meeting provides additional information on the matters to be considered at the General Meeting and a glossary of defined terms not defined in full in this Notice. The Explanatory Statement and the enclosed Proxy Form, or Form of Instruction if you are a DI Holder, form part of this Notice of Meeting. Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the glossary.

The Directors have determined, pursuant to Regulations 7.11.37 and 7.11.38 of the Corporations Regulations, that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at **5.00 p.m. (UK time) on 13 July 2020**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

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## Overview

AIM has, since the Company's removal from the official list of the ASX Limited on 8 March 2019, been the Company's primary listing. Since removal from the ASX and following consultation with certain significant Shareholders and advisers, the Board believes it appropriate to, inter alia, implement certain changes to the Company's constitution to bring the Company into greater alignment with more UK market standard corporate governance practices and to undertake a share consolidation. In addition, the Company is seeking to put in place a new share option plan to assist in incentivising its key personnel whilst allowing for cost-reductions.

Accordingly, the Directors are seeking Shareholder approval (Resolution 1) to consolidate the number of Shares in issue on a 1 for 500 basis (the **Consolidation**). The Consolidation is being undertaken as the Company's Directors and advisers consider the number of Shares currently in issue to be considerably higher than the majority of companies of a similar size on AIM, which when combined with the current share price of significantly less than 1 pence per Share, unduly affects investor perception of the Company and volatility in its share price. Following advice from its advisers on these factors, including a period of monitoring of movements in the Company's share price, it has been made clear that the Company should take steps to consolidate its Shares to a more appropriate level and ensure it benefits from the ongoing support of the AIM market. The Company also wishes to notify Shareholders that, for the purposes of its financial year ending 30 June 2020, it will be adopting and applying the QCA Corporate Governance Code and reporting against it on a comply or explain basis in the Corporate Governance Statement in its forthcoming 2020 Annual Report and Financial Statements, as required by AIM Rule 26.

Whilst remaining an Australian registered and domiciled company subject to all relevant regulations within such jurisdiction, the Company is proposing certain changes to update its Constitution following its removal from the ASX. These include pre-emption rights for Shareholders for any issue of new securities (as contained in the UK Companies Act), subject to certain exceptions where the Directors can dis-apply pre-emption rights such as, inter alia, with prior Shareholder approval (Resolution 2). Shareholder approval is sought at the Meeting to grant the Directors the general authority to issue Shares up to 25% of the Company's issued share capital as at the date of the Meeting for non-cash consideration purposes (Resolution 10) and, separately, to issue Shares up to a further 50% of the Company's issued share capital as at the date of the Notice of Meeting for cash consideration purposes (Resolution 11).

During 2020 the Board has implemented a cost reduction strategy which includes a 20% reduction in Directors' and senior managements' salaries and fees. The objective of this cost cutting exercise is to conserve the group's cash reserves, particularly during the current Coronavirus (COVID-19) pandemic whilst allowing the Company to retain its core operating team in Spain to continue with selected key work on the ground to progress the Company's wholly owned Toral lead, zinc and silver project. Consequently, and to reward and incentivise key personnel and further align the interests of management with those of Shareholders, Shareholder approval is sought for a new share option plan (Resolution 3) and to issue Incentive Options to the Directors (Resolutions 5 to 9).

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## AGENDA

### RESOLUTIONS

#### 1. Consolidation of share capital

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

*"That, for the purposes of section 254H of the Corporations Act and for all other purposes, the issued share capital of the Company be consolidated on the basis that every 500 Shares be consolidated into 1 Share; and where this consolidation results in a fraction of a Share being held by a Shareholder, the Directors be authorised to round that fraction down to the nearest whole Share, and otherwise on the terms and conditions set out in the Explanatory Statement."*

#### 2. Amendments to the Company's Constitution

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

*"That, subject to the passing of Resolutions 10 and 11 and for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend its existing Constitution in the form tabled at the Meeting (**Proposed Constitution**) and initialed by the Chairman for identification purposes and as described in the Explanatory Statement."*

#### 3. Approval of Europa Metals Ltd's Incentive Plan (Incentive Plan)

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

*"That, subject to the passing of Resolution 2 and for the purposes of clause 3.7 of the Proposed Constitution and for all other purposes, the Company's employee incentive plan titled "Europa Incentive Plan" is approved and the Company is authorised to issue Performance Rights, Options and Shares on exercise of Options in accordance with the Europa Incentive Plan, on the terms and conditions set out in the Explanatory Statement."*

**Voting Prohibition and Exclusion:** The Company will disregard any votes cast on this Resolution by or on behalf of a Director and/or any associates of the Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 3.

#### 4. Fixing of value of unmarketable parcels

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

*“That, for the purposes of clause 24.2(a) of the Proposed Constitution and for all other purposes, the threshold for unmarketable parcels is fixed at £1,000.”*

#### 5. Grant of Incentive Options to, a related party, Laurence Read

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

*“That, for the purposes of sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the grant of up to 350,000,000 Incentive Options (pre-Consolidation) to Mr Laurence Read (or his nominee) under the Incentive Plan and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Prohibition and Exclusion:** The Company will disregard any votes cast on this Resolution by Laurence Read or his associates (**Resolution 5 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chairman is not a Resolution 5 Excluded Party, it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 5.

#### 6. Grant of Incentive Options to, a related party, Myles Campion

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

*“That, for the purposes of sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the grant of up to 350,000,000 Incentive Options (pre-Consolidation) to Mr Myles Campion (or his nominee) under the Incentive Plan and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Prohibition and Exclusion:** The Company will disregard any votes cast on this Resolution by Myles Campion or his associates (**Resolution 6 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chairman is not a Resolution 6 Excluded Party, it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 6.

#### 7. Grant of Incentive Options to, a related party, Colin Bird

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

*“That, for the purposes of sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the grant of up to 150,000,000 Incentive Options (pre-Consolidation) to Mr Colin Bird (or his nominee) under the Incentive Plan and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Prohibition and Exclusion:** The Company will disregard any votes cast on this Resolution by Colin Bird or his associates (**Resolution 7 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chairman is not a Resolution 7 Excluded Party, it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 7.



**8. Grant of Incentive Options to, a related party, Evan Kirby**

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

*“That, for the purposes of sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the grant of up to 100,000,000 Incentive Options (pre-Consolidation) to Mr Evan Kirby (or his nominee) under the Incentive Plan and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Prohibition and Exclusion:** The Company will disregard any votes cast on this Resolution by Evan Kirby or his associates (**Resolution 8 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chairman is not a Resolution 8 Excluded Party, it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 8.

**9. Grant of Incentive Options to, a related party, Daniel Smith**

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

*“That, for the purposes of sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve and authorise the grant of up to 50,000,000 Incentive Options (pre-Consolidation) to Mr Daniel Smith (or his nominee) under the Incentive Plan and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Prohibition and Exclusion:** The Company will disregard any votes cast on this Resolution by Daniel Smith or his associates (**Resolution 9 Excluded Party**). However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, provided the Chairman is not a Resolution 9 Excluded Party, it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides. The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolution 9.

**10. Authority to allot securities for non-cash consideration purposes**

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

*“That, subject to the passing of Resolution 2 and for the purposes of clause 3.7(a) of the Proposed Constitution and for all other purposes, Shareholders approve and authorise the Directors to allot new equity securities up to 25% of the issued share capital of the Company as at the date of the Meeting for non-cash consideration purposes and that this authority shall expire on the earlier of the conclusion of the next annual general meeting of the Company and the date of twelve (12) months from the date of passing this resolution, and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**11. Disapplication of Pre-emption Rights (authority to allot securities for cash consideration purposes)**

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

*“That, subject to the passing of Resolution 2 and for the purposes of clause 3.8 of the Proposed Constitution, the Directors be authorised to allot and issue equity securities for cash limited to 8,361,104,825 (pre-Consolidation) equity securities (being equal to 50% of the issued share capital of the Company as at the date of the Notice of Meeting) and that this authority shall expire at the earlier of the conclusion of the next annual general meeting of the Company and the date of twelve (12) months from the date of passing this resolution.”*

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**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Daniel Smith', with a stylized flourish at the end.

**Daniel Smith**

Director/Company Secretary

**DATED** 12 June 2020

# Europa Metals Ltd

ACN 097 532 137

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## EXPLANATORY STATEMENT TO SHAREHOLDERS

### INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the Resolutions to be considered at the General Meeting of the Shareholders of Europa Metals Ltd to be held by way of the Virtual Meeting Facility **on 15 July 2020 at 11.00 a.m. (UK time)**.

**This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.**

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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## 1. RESOLUTION 1: CONSOLIDATION OF SHARE CAPITAL

### 1.1 Background

The Directors are seeking Shareholder approval to consolidate the number of Shares in issue on a 1 for 500 basis (**Consolidation**). The Consolidation is being undertaken because the Company's Directors and advisers consider the number of Shares currently in issue to be considerably higher than the majority of companies of a similar size on AIM, which when combined with the current share price of significantly less than 1 pence per Share, unduly affects investor perception of the Company and volatility in its share price. The Directors believe that a reduction in the number of Shares on issue will create a higher price per Share, lead to an improvement in the Company's marketability, and bring its capital structure more in line with its AIM-quoted peers. The Company also wishes to notify Shareholders that, for the purposes of its financial year ending 30 June 2020, it will be adopting and applying the QCA Corporate Governance Code and reporting against it on a comply or explain basis in the Corporate Governance Statement in its forthcoming 2020 Annual Report and Financial Statements, as required by AIM Rule 26.

Shareholders will have the same percentage interest in the Company following the Consolidation, but will hold fewer individual Shares, with each Share having a higher market value due to the total aggregate number of Shares in issue being less.

### 1.2 Legal and regulatory requirements

Section 254H of the Corporations Act provides that a company may, by a resolution passed at a general meeting of shareholders, convert all or any of its shares into a larger or smaller number of shares.

The Company has various unquoted options (each to be issued Shares on exercise) on issue (**Options**). These Options were issued when the Company was listed on the ASX and accordingly contain contractual terms that require all rights of a holder of Options to be changed in a manner consistent with the ASX Listing Rules at the time of a share capital reconstruction (e.g. the proposed Consolidation). Whilst the Company is no longer listed on the ASX, the Company is obliged to comply with the contractual terms of the Options to consolidate them in accordance with the ASX Listing Rules, which require that the number of Options in issue be consolidated according to the

same ratio as the ordinary share capital and the exercise price amended in an inverse proportion to that ratio.

The Company also has various unquoted warrants (each to be issued Shares on exercise) on issue (**Warrants**). The terms of the Warrants require that, upon any consolidation or sub-division of the ordinary shares before certain applicable dates, the number of Shares to be subscribed on any subsequent exercise of the subscription rights pertaining to the Warrants will be increased or, as the case may be, reduced in due proportion and the subscription price per Share will be adjusted accordingly.

### 1.3 Effect on the capital structure

If this Resolution is passed, the number of Shares, Options and Warrants in issue (including those to be issued, subject to Shareholder approval sought under this Notice of Meeting) will be reduced as follows:

<b>Shares</b>	<b>Number (pre-Consolidation)</b>		<b>Number (post-Consolidation, subject to any amendment for fractions)</b>	
Existing Shares in issue	16,722,209,651		33,444,419	

  

<b>Options</b>	<b>(Pre-Consolidation)</b>		<b>(Post-Consolidation)</b>	
	Number	Exercise Price	Number	Exercise Price
Exercisable on or before 22 May 2020	66,666,666	0.0750p	133,333	37.5p
Exercisable on or before 22 May 2021	10,000,000	0.0750p	20,000	37.5p
Exercisable on or before 22 May 2023	337,500,000	0.0575p	675,000	28.75p

In addition, Shareholders should note that should this Resolution and any combination or all of Resolutions 5 - 9 be passed, the Incentive Options to be issued will also be adjusted as follows (as applicable):

<b>Resolution</b>	<b>Director</b>	<b>Number of Incentive Options (Pre- Consolidation)</b>	<b>Number of Incentive Options (Post- Consolidation)</b>
Resolution 5	Laurence Read	350,000,000	700,000
Resolution 6	Myles Campion	350,000,000	700,000
Resolution 7	Colin Bird	150,000,000	300,000

Resolution 8	Evan Kirby	100,000,000	200,000
Resolution 9	Daniel Smith	50,000,000	100,000

Warrants	(Pre-Consolidation)		(Post-Consolidation)	
	Number	Exercise Price	Number	Exercise Price
Exercisable on or before 22 November 2020	235,249,929	0.0750p	470,499	37.5p
Exercisable on or before 10 October 2021	2,000,000,000	0.0375p	4,000,000	18.75p
Exercisable on or before 10 October 2022	240,000,000	0.0250p	480,000	12.5p
Exercisable on or before 30 April 2022	138,000,000	0.0250p	276,000	12.5p
Exercisable on or before 30 April 2022	2,666,666,666	0.0250p	5,333,333	12.5p

As the Consolidation applies equally to all Shareholders, individual Shareholdings will be reduced in the same ratio as the total number of Shares on issue (subject to rounding down to the nearest whole share).

The Consolidation will not result in any change to the rights and obligations of existing Shareholders.

The Consolidation will result in the Shares having a new ISIN and SEDOL as follows:

New ISIN: AU0000090060

New SEDOL: BM9G091

The Company does not have any unpaid securities on issue.

#### 1.4 Timetable

An indicative timetable for the Consolidation, assuming Resolution 1 is approved, is as follows:

<b>Event</b>	<b>Date</b>
Record date for SA shareholders to be registered in order to receive the Notice of Meeting and other material relating to the Meeting	Friday, 5 June 2020
Announcement of proposed Consolidation and publication of Notice of Meeting	Friday, 12 June 2020
Record date for SA shareholders in order to be eligible to participate and vote at the General Meeting	Tuesday, 30 June 2020

General Meeting UK time / SA time	11.00 a.m. (12 noon SA time) on Wednesday, 15 July 2020
Results of General Meeting published on SENS and RNS (see note (i) below)	Wednesday, 15 July 2020
Last date for SA shareholders to trade in pre-Consolidation Shares on Alt-X	Wednesday, 15 July 2020
Last date for UK shareholders to trade in pre-Consolidation Shares on AIM and for the Company to register transfers on a pre-Consolidation basis in the United Kingdom and South Africa	Wednesday, 15 July 2020
Record Date for the Consolidation (Australia and United Kingdom)	6.00 p.m. (local time) on Wednesday, 15 July 2020
Post-Consolidation Shares commence trading on AIM and Alt-X under new ISIN AU0000090060	Thursday, 16 July 2020
CREST accounts credited with post-Consolidation Shares in the United Kingdom	Thursday, 16 July 2020
Record date for the Consolidation (SA) and last day for settlement of trades in the pre-Consolidation Shares in SA	Monday, 20 July 2020
Accounts of dematerialised SA shareholders at their CSDP or broker updated	Tuesday, 21 July 2020
New holdings statements sent to security holders on the Australian Register	By Friday, 24 July 2020

**NOTES:**

- i) The results will be announced as soon as practicable following closure of the Meeting and counting of all poll votes.
- ii) No cross border transactions to occur for SA holders from Monday, 13 July 2020 to Thursday, 16 July 2020 (both days inclusive).
- iii) No dematerialisation or rematerialisation of share certificates for SA holders from Thursday, 16 July 2020 to Monday 20 July 2020 (both days inclusive).

The dates/times above are indicative only and may change, subject to, *inter alia*, the Corporations Act and the AIM Rules for Companies. Should any of such dates/times change, the Company will update Shareholders accordingly via a regulatory information service.

### 1.5 Fractional entitlements and taxation

Fractional entitlements, which will occur where a Shareholder holds an odd number of Shares that cannot be evenly divided by 500, will be rounded down to the nearest whole Share. For the information of SA Shareholders, a fraction rate will not be paid in accordance with the Company's Constitution and the Corporations Act.

Whilst the Company does not believe that there are any tax consequences as a result of the Consolidation, Shareholders are advised to seek their own advice. The Company does not accept any responsibility for any tax consequences for individuals as a result of the Consolidation.

### 1.6 Holding statements

After the Consolidation becomes effective, all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of post-Consolidation Shares, and the Company will arrange for new holdings statements to be issued to holders of those securities.

It is the responsibility of each security holder to check the number of Shares held before and after implementation of the Consolidation.

### 1.7 Directors' recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1. The Directors' recommendation is based on the reasons outlined in section 1.1 above.

## 2. RESOLUTION 2: AMENDMENTS TO THE COMPANY'S CONSTITUTION

### 2.1 General

AIM has been the Company's primary listing for approximately the last 14 months, following the Company's removal from the official list of the ASX Limited on 8 March 2019. Following consultation with certain significant Shareholders and advisers, the Board believes it appropriate to, inter alia, implement certain changes to the Company's Constitution to bring the Company into greater alignment with more UK market standard corporate governance practices.

Whilst remaining an Australian registered and domiciled company subject to all relevant regulations within such jurisdiction, Europa Metals is no longer governed by the Listing Rules of the ASX, including restrictions on the Directors' powers to issue securities. In order to more closely align the Company's Constitution with the articles of association or similar constitutional document of the majority of other issuers quoted on AIM, the Board considers it prudent to amend the Constitution (**Proposed Constitution**) with the material proposed amendments briefly summarised in section 2.2 below. These include pre-emption rights for Shareholders for any issue of new securities (a right that is contained in the UK Companies Act), subject to certain exceptions where the Directors can dis-apply pre-emption rights such as, *inter alia*, with prior Shareholder approval. Shareholder approval is sought at the Meeting to grant the Directors the general authority to issue Shares up to 25% of the Company's issued share capital as at the date of the Meeting for non-cash consideration purposes (Resolution 10) and, separately, to issue Shares up to a further 50% of the Company's issued share capital as at the date of the Notice of Meeting for cash consideration purposes (Resolution 11).

The General Meeting also provides an opportunity for the Company to make other amendments to its Constitution consistent with those typically found in the current constitutions of Australian public companies. Those amendments are also set out below.

Section 136(2) of the Corporations Act provides that a company can modify its constitution by special resolution. Resolution 2 is a special resolution and requires the approval of 75% of the votes cast by Shareholders present and eligible to vote (in person via the Virtual Meeting Facility, by proxy, via CREST or online or by attorney or, in the case of a corporate Shareholder, by a corporate representative).

A copy of the Proposed Constitution (showing the proposed amendments as tracked changes) is available for review by Shareholders on the Company's website at: <http://www.europametals.com>. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary at +61 8 9486 4036 and +61 417 978 955. Shareholders are invited to contact the Company if they have any queries or concerns.

### 2.2 Summary of material proposed changes

#### *Pre-emption Rights (new clauses 3.6, 3.7 and 3.8)*

The Proposed Constitution contains certain pre-emption rights, which would have the effect that the Company cannot issue equity securities (save for an issue under an employee share or option scheme, or with prior Shareholder approval) unless:

- (a) the equity securities are offered first to all Shareholders (other than those with a registered address in a jurisdiction where it would not be reasonable to make an offer) on a pro-rata basis; or
- (b) Shareholders have given prior authority to the Board by ordinary resolution to issue equity securities for non-cash consideration up to a specified number, with such authority expiring no later than 12 calendar months after the date of the approval; or
- (c) Shareholders have given prior authority to the Board via a "Disapplication Resolution" (being a special resolution) to issue equity securities for cash up to a specified number, with such authority expiring no later than 12 calendar months after the date of passing the Disapplication Resolution.

Such pre-emption rights are contained in the UK Companies Act and are broadly consistent with market practice in the United Kingdom for small to mid-cap companies admitted to trading on AIM.

#### *Recognition and disclosure of interests*

The Corporations Act requires persons holding a relevant interest (broadly defined and including interests of associates) in a company listed on ASX to disclose that interest to ASX if the interest is 5% or more, and to disclose any changes of 1% or more. Following its delisting from ASX, Shareholders were no longer subject to that disclosure obligation.

To reflect UK market practice, the Proposed Constitution contains clauses which adopt Chapter 5 of the disclosure and transparency rules made by the Financial Conduct Authority of the United Kingdom under Part VI of the Financial Services and Markets Act 2000 (as amended) of the United Kingdom (“DTR 5”). The effect of DTR-5 is as follows:

- (a) Shareholders are required to notify the Company of the percentage of their voting rights if the percentage of voting rights which they hold as a Shareholder or through their direct or indirect holding of Shares reaches, exceeds or falls below 3%, 4%, 5%, 6%, 7%, 8%, 9%, 10%, and each 1% threshold thereafter up to 100% or reaches, exceeds or falls below any of these thresholds as a result of events changing the breakdown of voting rights.
- (b) The Directors have the power to require any Shareholder to disclose to the Company the identity of any person other than the Shareholder who has any interest in the Shares held by the Member and the nature of such interest. The Proposed Constitution contains various sanctions for Shareholders who do not comply with a disclosure requirement, including not being able to vote, transfer or receive dividends with respect to the Shares the subject of the non-disclosure.

The proposed amendment does not affect Shareholder rights contained in the Corporations Act with respect to takeovers, including that (subject to certain exceptions) no person can acquire a relevant interest in 20% or more of the Company’s Shares without making a takeover bid for all Shares.

#### *Other amendments relating to the AIM quotation*

The Proposed Constitution contains provisions to ensure compliance with the AIM Rules for Companies and the settlement rules relating to the electronic settlement system in the United Kingdom operated by Euroclear UK & Ireland Limited, which enables Shareholders to hold Shares in uncertificated form and transfer Shares electronically.

#### *Unmarketable Parcels (new clause 24)*

The Company’s current Constitution does not provide for the sale of unmarketable parcels of securities. An ‘unmarketable parcel’ is a shareholding that, for a holder, may be difficult and/or expensive to sell (due to its small and uneconomic value). The administrative costs associated with shareholdings of this size can also be burdensome for a company, particularly of Europa’s size. The Proposed Constitution provides that the relevant threshold for an unmarketable parcel is an amount determined from time to time by Shareholders by ordinary resolution at a general meeting. Following feedback from brokers and the Company’s advisers, it is proposed that this amount will be £1,000 (see Resolution 4).

In order to reduce such administrative inefficiencies, clause 24 of the Proposed Constitution allows the Company to direct the sale of unmarketable parcels of securities, with the proceeds of any sale to be paid to that selling Shareholder and with no brokerage to be paid by that individual. Shareholders holding unmarketable parcels can object to the sale by, after the Company has given notice that unmarketable parcels will be sold, advising the Company in writing that they do not want their Shares to be sold.

#### *Partial (proportional) takeover provisions (new clause 25)*



A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares; with the risk that the bidder acquires control leaving shareholders holding shares as minorities.

As the Company is incorporated in Australia, the Corporations Act regulates takeovers. Section 648G of the Corporations Act allows a company's constitution to provide that a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act. This limits a person's ability to make a proportionate bid for the Company and in doing so acquiring control without all Shareholders having an opportunity to accept a bid for their Shares.

This clause of the Proposed Constitution is common in Australian companies, and will cease to have effect on the third anniversary of the date of its adoption or the last renewal of the clause.

### **Information required by section 648G of the Corporations Act**

#### *Effect of proposed proportional takeover provisions*

Where offers have been made under a proportional off-market bid for a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under the bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

#### *Reasons for proportional takeover provisions*

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. The proposed provision will allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

#### *Knowledge of any acquisition proposals*

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

#### *Potential advantages and disadvantages of proportional takeover provisions*

The potential advantages of the proportional takeover provisions for Shareholders include:

- the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- assisting in preventing Shareholders from being locked in as a minority;
- increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- proportional takeover bids may be discouraged;
- lost opportunity to sell a portion of their Shares at a premium; and
- the likelihood of a proportional takeover bid succeeding may be reduced.

### *General updates*

Clauses that were outdated have been removed to simplify the document and minimise the need for updates in the event of any legislative or regulatory change. The provisions of the Constitution have been amended to reflect changes in terminology now contained in the Corporations Act and remove provisions and terminologies required under the ASX Listing Rules in connection with the Company's former listing on the ASX.

## **2.3 Inter-conditionality**

Resolution 2 is conditional upon Shareholders approving Resolutions 10 and 11, and no changes will be made to the Constitution if those Resolutions are not approved.

## **2.4 Directors' Recommendation**

The Directors unanimously recommend that Shareholders vote to approve Resolution 2, as the proposed amendments will: (i) ensure that the Company's constitution is more appropriate for an AIM-quoted company (with provisions consistent with those found for the majority of other companies quoted on AIM); (ii) is updated to ensure consistency with latest applicable Australian and UK laws and regulations; (iii) will facilitate unmarketable parcel sales; and (iv) will ensure that proportionate bids are conducted fairly for all Shareholders.

## **3. RESOLUTION 3: APPROVAL OF EUROPA METALS LTD'S INCENTIVE PLAN**

### **3.1 Background**

The Proposed Constitution provides that an exception to the limitation on issuing equity securities (including Options and Warrants) under Clause 3.6 of the Proposed Constitution are issues under an employee incentive plan (**Incentive Plan**). Whilst the Proposed Constitution and Corporations Act do not require that Shareholders approve an Incentive Plan, as a matter of good corporate governance the Board is seeking such approval under Resolution 3. This Resolution is subject to Shareholders approving the Proposed Constitution (Resolution 2).

The aim of the Incentive Plan is to allow the Board to assist eligible participants who, in the Board's opinion, are dedicated and will provide ongoing commitment and effort to the Company. Participants in the Incentive Plan may include full-time or permanent part-time employees of the Company or a related body corporate (which includes Directors, the Company Secretary and officers), or such other persons as the Board determines, including contractors of the Group (**Eligible Participants**).

The Incentive Plan is subject to the Corporations Act, including that financial benefits (including issues of securities under the Incentive Plan) issued to related parties require prior shareholder approval under Chapter 2E of the Corporations Act, unless an exception applies. See below for further information on Chapter 2E.

The Board believes that grants to Eligible Participants under the Incentive Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the Incentive Plan will:

- (a) enable the Company to recruit, incentivise and retain key personnel needed to achieve the Company's business objectives;
- (b) link the reward of key personnel with the achievements of strategic goals and the long-term performance of the Company;
- (c) align the financial interest of participants of the Incentive Plan with those of Shareholders; and
- (d) provide incentives to participants of the Incentive Plan to focus on superior performance that creates Shareholder value.

The key features of the Incentive Plan are as follows:

- (e) The Board will determine the number of Incentive Options (or Performance Rights as applicable) to be granted to Eligible Participants (or their nominees), the vesting conditions (if any) and expiry date of the Incentive Options at its sole discretion;
- (f) The Incentive Options, once granted, will not be transferable unless the Board determines otherwise or a transfer is required by law and provided that the transfer complies with the Corporations Act;
- (g) Subject to the Corporations Act and the AIM Rules for Companies and restrictions on reducing the rights of a holder of Incentive Options, the Board will have the power to amend the Incentive Plan as it sees fit.

A detailed overview of the terms of the Incentive Plan is attached in Annexure A. A copy of the Incentive Plan may be obtained by contacting the Company.

#### **4. RESOLUTION 4: THRESHOLD FOR UNMARKETABLE PARCELS**

Resolution 4 seeks Shareholder approval for a threshold for clause 24 of the Proposed Constitution (see section 2.2 above). Resolution 4 is subject to Shareholders approving Resolution 2 and the Company adopting the Proposed Constitution.

The proposed threshold of £1,000 was determined following advice from the Company's broker and others on the threshold at which it would not be cost effective for brokers to open accounts on behalf of Shareholders wishing to sell their Shares.

#### **5. INTRODUCTION TO RESOLUTIONS 5 TO 9: GRANT OF INCENTIVE OPTIONS TO DIRECTORS**

##### **5.1 Background**

The Company proposes to grant Incentive Options to the Directors of the Company: Laurence Read, Myles Campion, Colin Bird, Evan Kirby and Daniel Smith.

Through the grant of the Incentive Options, the Company will reward and incentivise Directors, whilst conserving cash, and align their interests with Shareholders.

##### **5.2 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless the giving of the financial benefit falls within one of the nominated exceptions or Shareholder approval is obtained prior to the giving of the financial benefit.

A "related party" for the purposes of the Corporations Act is defined broadly and includes a director of the company. "Financial Benefit" has a wide meaning and includes the issue of securities by a public company.

Section 195(4) of the Corporations Act provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered, except in certain circumstances or unless non-interested directors pass a resolution approving the interested director's participation.

Given approval is being sought for the grant of Incentive Options to all Directors pursuant to Resolutions 5 to 9, each of the Directors (comprising the Board) having a material personal interest in the outcomes of Resolutions 5 to 9, a quorum could not be formed to consider the matters contemplated by Resolutions 5 to 9 at Board level. The Board therefore proposes to seek shareholder approval for such issues.

Accordingly, Resolutions 5 to 9 seek Shareholder approval under Chapter 2E of the Corporations Act for the respective grants of Incentive Options.

## 6. RESOLUTIONS 5 AND 6: GRANT OF INCENTIVE OPTIONS TO THE EXECUTIVE DIRECTORS

### 6.1 Introduction

The Company proposes to grant Incentive Options exercisable in three tranches under the terms and conditions set out in Annexure B of this Explanatory Statement and expiring on or before 3 years from the date of their grant to the Company's executive Directors, Mr Read and Mr Campion (or their nominees), as follows (on a post-Consolidation basis):

Executive	Total Incentive Options	Tranche 1	Tranche 2	Tranche 3
Laurence Read	700,000	150,000	400,000	150,000
Myles Campion	700,000	150,000	400,000	150,000

In the event that Resolution 1 is not passed, the number of Incentive Options will be adjusted as follows:

Executive	Total Incentive Options	Tranche 1	Tranche 2	Tranche 3
Laurence Read	350,000,000	75,000,000	200,000,000	75,000,000
Myles Campion	350,000,000	75,000,000	200,000,000	75,000,000

Details of the individual tranches are as follows:

- (a) Tranche 1: exercisable at a 25% premium to the 30-day VWAP prior to the date of issue and expire on or before 3 years from the date of issue;
- (b) Tranche 2: exercisable at a 50% premium to the 30-day VWAP prior to the date of issue and expire on or before 3 years from the date of issue; and
- (c) Tranche 3: exercisable at a 75% premium to the 30-day VWAP prior to the date of issue and expire on or before 3 years from the date of issue.

Having regard to the significant roles that Mr Read and Mr Campion hold in respect of the development of the Company, the Directors (excluding Mr Read and Mr Campion) consider that the grant of Incentive Options to Mr Read and Mr Campion is an appropriate form of long-term incentive-based remuneration as:

- (d) the Incentive Options are a performance based incentive. Each executive Director will be incentivised to work towards achieving an increase in the market price of the Company's Shares which will thereby benefit all Shareholders;
- (e) the issue of Incentive Options is a non-cash form of remuneration, thus conserving the Company's cash, particularly in light of the current, extremely challenging, market/macro-economic environment;

- (f) the potential future exercise of the Incentive Options will provide additional working capital for the Company at no significant cost. By way of an example, based on the indicative-only assumptions contained in 6.2(h), if all of the Incentive Options proposed to be issued pursuant to Resolutions 5 and 6 are exercised, an amount of £152,250 (A\$310,894) would be raised.

## 6.2 Information required by Chapter 2E of the Corporations Act

Pursuant to, and in accordance with the requirements of Chapter 2E, and in particular section 219 of the Corporations Act, the following information is provided for the purposes of obtaining Shareholder approval for Resolutions 5 and 6:

- (a) The related parties to whom a financial benefit is proposed to be given are:

Mr Read and Mr Campion (or their nominees), who are both executive Directors, hence related parties of the Company.

- (b) The nature of the financial benefit proposed to be given to Mr Read and Mr Campion:

The grant of, in aggregate, 1,400,000 (post-Consolidation) Incentive Options, the details of which are set out in section 6.1 above.

- (c) Reasons for giving the benefit:

The reason for giving the benefit is set out in section 6.1 above.

- (d) Directors' interests in the resolutions:

None of the Directors, other than Mr Read in respect of Resolution 5 and Mr Campion in respect of Resolution 6, have any interest in the outcome of Resolutions 5 and 6. If Resolution 5 is passed, Mr Read will be granted 700,000 (post-Consolidation) Incentive Options; If Resolution 6 is passed, Mr Campion will be granted 700,000 (post-Consolidation) Incentive Options.

- (e) Total remuneration package:

The remuneration packages for Mr Read and Mr Campion for the current and previous financial years are:

Director	Current financial year	2018/2019 financial year
Laurence Read	£61,550 (A\$125,685 <sup>1</sup> )	£66,381 (A\$135,549 <sup>1</sup> )
Myles Campion	£94,641 (A\$193,257 <sup>1</sup> )	£88,386 (A\$180,484 <sup>1</sup> )

<sup>1</sup> Based on an exchange rate of £1:A\$2.0420 (Oanda.com - 3 April 2020).

- (f) The existing relevant interests of the related parties in securities of the Company:

The securities currently held by Mr Read and Mr Campion (on a post-Consolidation basis assuming the passing of Resolution 1) and those that may be issued subject to Shareholder approval at the Meeting are set out in the table below:

Director	Existing Shares (post-Consolidation)	Existing Options (post-Consolidation)	Incentive Options (subject to passing of Resolutions 5 and 6)
Laurence Read	47,826	225,000	700,000
Myles Champion	170,362	291,666	700,000

(g) Dilution:

The dilution effect on Shareholders if all Incentive Options are exercised (assuming no other convertible securities are exercised or Shares issued), will be 5.64% as set out below:

	Shares (post-Consolidation subject to any amendment for fractions)
Shares currently in issue	33,444,419
Resolution 5: Incentive Options to be granted to Laurence Read	700,000
Resolution 6: Incentive Options to be granted to Myles Champion	700,000
Resolutions 7 to 9: Incentive Options to be granted to the Non-Executive Directors	600,000
Total Shares to be issued if all Incentive Options to Directors (under Resolutions 5 to 9) are exercised	2,000,000
Dilutive effect of Incentive Options	5.64%

(h) The value of the financial benefit proposed to be given to Mr Read and Mr Champion:

These values have been calculated by BDO using a Black Scholes option pricing model for the Incentive Options. BDO made the following assumptions under the model:

- the Incentive Options do not have market vesting conditions attached and the exercise of the Incentive Options does not affect the value of the underlying asset;
- 3 April 2020 (**Valuation Date**) was adopted as the valuation date;
- 0.0145 pence, being the underlying share price on the Valuation Date, used as the input in the pricing model; the exercise prices, therefore, being 0.0181 pence for Tranche 1; 0.0218 pence for Tranche 2; and 0.0254 pence for Tranche 3, based on premia of 25%, 50% and 75% respectively to the input price (effectively mirroring the exercise price terms of the Incentive Options being granted to Mr Read and Mr Champion);
- the Incentive Options have effective lives of 3 years assuming an exercise date as the expiry date;

- a share price volatility of 120% based on the historical volatility of the Company's AIM quoted share price;
- the risk free rate of interest being the three-year United Kingdom Government Bond Rate of 0.114%; and
- a dividend yield of 0%.

Director	Number of Incentive Options (post-Consolidation)	Indicative Black Scholes value
Laurence Read	700,000	£30,750 (A\$62,791 <sup>1</sup> )
Myles Campion	700,000	£30,750 (A\$62,791 <sup>1</sup> )

<sup>1</sup> Based on an exchange rate of £1:A\$2.0420 (Oanda.com 3 April 2020).

(i) Other Information

There are no material opportunity costs and taxation consequences to the Company and no material benefits foregone by the Company in granting the Incentive Options to Mr Read and Mr Campion.

The Directors are not aware of any information, other than the information set out in this Explanatory Statement that would reasonably be required by Shareholders in order to decide whether or not it is in the Company's interests to pass Resolutions 5 and 6.

### 6.3 Directors' recommendation and basis of recommendation:

During 2020, the Board has been implementing a cost reduction strategy which includes a 20% reduction in the salaries and fees of all Directors and senior management. The objective of this cost cutting exercise is to conserve the group's cash reserves, particularly during the current Coronavirus (COVID-19) pandemic whilst allowing the Company to retain its core operating team in Spain to continue with select key work on the ground to progress the Company's wholly owned Toral lead, zinc and silver project. Consequently, a new share option plan is proposed to Shareholders (Resolution 3) and approval is sought to issue Incentive Options to the Directors (Resolutions 5 to 9) to reward and incentivise key personnel and further align the interests of management with those of Shareholders.

The Executive Directors abstain from making a recommendation to Shareholders in relation to Resolutions 5 and 6 as they have a personal interest in such resolutions.

The Non-Executive Directors have carefully considered the proposed grant of Incentive Options to Mr Read and Mr Campion, as well as their remuneration packages generally, and consider the grants to be an important component of Mr Read's and Mr Campion's remuneration packages. The Non-Executive Directors all recommend that Shareholders vote in favour of Resolutions 5 and 6 for the reasons set out in section 6.1 above.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolutions 5 and 6.

## 7. RESOLUTIONS 7 TO 9: GRANT OF INCENTIVE OPTIONS TO THE NON-EXECUTIVE DIRECTORS

### 7.1 Details of the proposed grant of Incentive Options to the Non-Executive Directors

The Company proposes to grant Incentive Options to each of Colin Bird, Evan Kirby and Daniel Smith (the Non-Executive Directors) (or their nominees) as follows (on a post-Consolidation basis):

<b>Non-Executive Director</b>	<b>Number of Incentive Options (post-Consolidation)</b>
Colin Bird	300,000
Evan Kirby	200,000
Daniel Smith	100,000
<b>Total</b>	<b>600,000</b>

The Incentive Options will be granted under the terms and conditions set out in Annexure B of this Explanatory Statement. The exercise price and expiry date of the Incentive Options is set out in the table below:

<b>Director</b>	<b>Number of Incentive Options (post-Consolidation)</b>	<b>Exercise price</b>	<b>Expiry date</b>
Colin Bird	300,000	A 50% premium to the 30-day VWAP prior to the date of issue	3 years from issue
Evan Kirby	200,000	A 50% premium to the 30-day VWAP prior to the date of issue	3 years from issue
Daniel Smith	100,000	A 50% premium to the 30-day VWAP prior to the date of issue	3 years from issue

In the event that Resolution 1 is not passed, the number of Incentive Options and exercise price will be adjusted as follows:

<b>Director</b>	<b>Number of Incentive Options (pre-Consolidation)</b>	<b>Exercise price</b>	<b>Expiry date</b>
Colin Bird	150,000,000	A 50% premium to the 30-day VWAP prior to the date of issue	3 years from issue
Evan Kirby	100,000,000	A 50% premium to the 30-day VWAP prior to the date of issue	3 years from issue
Daniel Smith	50,000,000	A 50% premium to the 30-day VWAP prior to the date of issue	3 years from issue

The grant of such Incentive Options forms part of the remuneration planning for such Non-Executive Directors. The Board considers that it is reasonable in the circumstances for the Non-Executive Directors to be offered the Incentive Options as part of their remuneration, given that:

- (a) the primary purpose of the grant of the Incentive Options to the Non-Executive Directors is to motivate their performance in their respective roles as Non-Executive Directors;



- (b) the issue of Incentive Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will enable the Company to spend a greater proportion of its cash reserves on its operations and working capital than it would if alternative cash forms of remuneration were given to the Non-Executive Directors;
- (c) the Incentive Options are a performance based incentive. The Non-Executive Directors will be incentivised to work towards achieving an increase in the market price of the Company's Shares which will thereby benefit all Shareholders;
- (d) the issue of Incentive Options is a non-cash form of remuneration, thus conserving the Company's cash, particularly in light of the current, extremely challenging, market/macro-economic environment.
- (e) The potential future exercise of the Incentive Options will provide additional working capital for the Company at no significant cost. By way of an example, based on the indicative-only assumptions contained in 7.2(h), if all of the Incentive Options proposed to be issued pursuant to Resolutions 7 to 9 are exercised, an amount of £65,250 (A\$133,240) would be raised.

Resolutions 7 to 9 seek Shareholder approval under Chapter 2E of the Corporations Act for the above proposed grant of Incentive Options.

## 7.2 Information required by Chapter 2E of the Corporations Act

Pursuant to, and in accordance with the requirements of Chapter 2E, and in particular with section 219, of the Corporations Act, the following information is provided for the purposes of obtaining Shareholder approval for Resolutions 7 to 9:

- (a) The related parties to whom a financial benefit is proposed to be given are:  
Colin Bird, Evan Kirby and Daniel Smith (or their nominees), each of whom is a Non-Executive Director, hence a related party of the Company.
- (b) The nature of the financial benefit proposed to be given to each Non-Executive Director is:  
The grant of Incentive Options with the details set out in section 7.1 above.
- (c) Reasons for giving the benefit:  
The reason for giving the benefit is set out in section 7.1 above.
- (d) Directors' interest in the resolutions:  
In the event that Resolutions 7 to 9 are passed, each of the Non-Executive Directors, Colin Bird, Evan Kirby and Daniel Smith, will be granted the relevant number of Incentive Options set out in 7.1 above, the other Directors do not have any interest in Resolutions 7 to 9.
- (e) Total remuneration package:  
The total remuneration packages of the Non-Executive Directors for the current and previous financial years are as follows:

Non-Executive Director	Current financial year	2018/2019 financial year
Evan Kirby	£14,545 (A\$29,700 <sup>1</sup> )	£14,692 (A\$30,000 <sup>1</sup> )
Colin Bird	£36,426 (A\$74,382 <sup>1</sup> )	£31,778 (A\$64,891 <sup>1</sup> )
Daniel Smith	£9,598 (A\$19,600 <sup>1</sup> )	£11,753 (A\$24,000 <sup>1</sup> )

<sup>1</sup> Based on an exchange rate of £1:A\$2.0420 (Oanda.com - 3 April 2020).

- (f) The existing relevant interest of the related parties in securities of the Company:

The securities currently held by the Non-Executive Directors (on a post-Consolidation basis assuming the passing of Resolution 1) are set out in the table below:

Director	Existing Shares (post-Consolidation)	Existing Options (post-Consolidation)	Incentive Options (subject to passing of Resolutions 7 to 9)
Colin Bird <sup>1</sup>	366,666	343,333	300,000
Evan Kirby	25,858	45,000	200,000
Daniel Smith	Nil	20,000	100,000

<sup>1</sup> Mr Bird also has an indirect interest in a further 130,499,858 Shares (pre-Consolidation) via his directorship of African Pioneer plc.

- (g) Dilution:

The dilutive effect on Shareholders, if all Incentive Options are exercised (assuming no other convertible securities are exercised or Shares issued) will be 5.64%. Refer to section 6.2(g) above.

- (h) Valuation of the financial benefit to be given to the Non-Executive Directors.

The values set out in the table below have been calculated by BDO using a Black Scholes option pricing model for the Incentive Options. BDO made the following assumptions under their model:

- the Incentive Options do not have market vesting conditions attached and the exercise of the Incentive Options does not affect the value of the underlying asset;
- 3 April 2020 was adopted as the Valuation Date;
- 0.0145 pence, being the underlying share price on the Valuation Date, was used as the input in the pricing model; the exercise price, therefore, being 0.0218 pence based on a premium of 50% to the input price (effectively mirroring the exercise price terms of the Incentive Options being granted to the Non-Executive Directors);
- the Options have effective lives of 3 years assuming an exercise date as the expiry date;
- a share price volatility of 120% based on the historical volatility of the Company's AIM quoted share price;
- the risk free rate of interest being the three-year United Kingdom Government Bond Rate of 0.114%; and
- a dividend yield of 0%.

Director	Number of Incentive Options (post-Consolidation)	Indicative Black Scholes valuation
Colin Bird	300,000	£13,500 (A\$27,567 <sup>1</sup> )
Evan Kirby	200,000	£9,000 (A\$18,378 <sup>1</sup> )
Daniel Smith	100,000	£4,500 (A\$9,189 <sup>1</sup> )

<sup>1</sup> Based on an exchange rate of £1: A\$2.0420 (Oanda.com - 3 April 2020).

(i) Other Information

There are no material opportunity costs and taxation consequences to the Company and no material benefits foregone by the Company in granting the Incentive Options to the Non-Executive Directors.

The Directors are not aware of any information, other than the information set out in this Explanatory Statement that would reasonably be required by Shareholders in order to decide whether or not it is in the Company's interests to pass Resolutions 7 to 9.

### 7.3 Directors' recommendation and basis of recommendation:

The Non-Executive Directors abstain from making a recommendation to Shareholders in relation to Resolutions 7 to 9 as they have a personal interest in such resolutions.

Mr Read and Mr Campion recommend that Shareholders vote in favour of Resolutions 7 to 9 for the reasons set out in section 7.1 above.

The Chairman intends to exercise all undirected proxies **IN FAVOUR** of Resolutions 7 to 9.

## 8. RESOLUTION 10: GENERAL AUTHORITY TO ALLOT SECURITIES FOR NON-CASH CONSIDERATION PURPOSES

### 8.1 Introduction

Pursuant to Resolution 10, the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot shares in the Company and grant rights to subscribe for or to convert any security into shares in the Company up to 25% of the issued share capital of the Company as at the date of the Meeting for non-cash consideration purposes to such persons and at such times and on such terms and conditions as the Directors think proper. An authority given under Resolution 10 will expire at the earlier of the conclusion of the next annual general meeting of the Company and the date twelve (12) months from the date of passing of Resolution 10.

### 8.2 Clause 3.7(a) of the Company's Proposed Constitution

If Resolution 2 is passed and the Proposed Constitution is approved by Shareholders, then Clause 3.6 of the Proposed Constitution will contain certain pre-emption rights which require the Company to make an offer of shares to Shareholders *pro rata* to their existing holdings prior to offering shares to another person.

Clause 3.7(a) of the Proposed Constitution enables the issue of equity securities which are wholly paid up otherwise than in cash free of such Pre-emption Rights where this is approved by an Ordinary Resolution of the Company's Shareholders. Resolution 10 seeks, as an exception to the pre-emption rights under Clause 3.6 of the Proposed Constitution, Shareholder approval under

Clause 3.7(a) of the Proposed Constitution to authorise the Directors to issue shares up to 25% of the issued share capital of the Company as at the date of the Meeting for non-cash consideration purposes.

By way of example, and using the issued share capital of the Company as at the date of this Notice of Meeting, approval to issue 25% of the Company's share capital pursuant to this Resolution would represent 4,180,552,412 Shares (on a pre-Consolidation basis).

In exercising their powers to issue shares under Resolution 10 for non-cash consideration, the Directors must act in good faith and in the best interests of the Company. Furthermore, any issue of equity securities to related parties is subject to Chapter 2E of the Corporations Act.

Resolution 10 is conditional upon Shareholders approving Resolution 2, and will not be effective if that Resolution is not approved.

### **8.3 Directors' recommendation and basis of recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 10 as it affords the Company the flexibility to potentially issue shares for non-cash consideration.

## **9. RESOLUTION 11: DISAPPLICATION OF PRE-EMPTION RIGHTS (AUTHORITY TO ALLOT SECURITIES FOR CASH CONSIDERATION PURPOSES)**

### **9.1 Introduction**

If the Proposed Constitution is approved by Shareholders, Clause 3.6 of the Proposed Constitution will contain certain pre-emption rights which require the Company to make an offer of shares to Shareholders *pro rata* to their existing holdings before the Company may issue shares to another person.

### **9.2 Disapplication Resolution**

Clause 3.8 of the Proposed Constitution sets out the process for a disapplication resolution under which the Company may resolve, by a special resolution, that the Directors are authorised to issue a maximum number of shares for cash without complying with the pre-emption rights in Clause 3.6 (a **Disapplication Resolution**).

Resolution 11 seeks Shareholder approval under Clause 3.8 of the Proposed Constitution to authorise the Directors to issue up to 50% of the Company's issued share capital as at the date of this Notice of Meeting without first offering them to all Shareholders of the Company on a *pro rata* basis, provided the conditions set out in this Resolution are met. An authority given under Resolution 11 will expire at the earlier of the conclusion of the next annual general meeting of the Company and the date twelve (12) months from the date of passing of Resolution 11.

By way of example, and using the issued share capital of the Company at the date of this Notice of Meeting, approval to issue 50% of the Company's share capital pursuant to this Resolution would represent 8,361,104,825 shares (on a pre-Consolidation basis).

The minimum issue price of shares issued under the authority approved by Resolution 11 is 80% of the 5 day VWAP of the Company's shares prior to the date the Company agrees to issue the shares.

This formula was chosen as it reflects the Corporations Act and both allows flexibility in raising funds whilst protecting shareholders' interests.

### **9.3 Additional information**

Resolution 11 is conditional upon Shareholders approving Resolution 2, and will not be effective if that Resolution is not approved.

Resolution 11 is proposed as a special resolution in accordance with Clause 3.8 of the Proposed Constitution. For a special resolution to be passed, at least 75% of the votes cast by Shareholders present and entitled to vote on the resolution must be in favour of the resolution.

### **9.4 Directors' recommendation and basis of recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 11 as whilst the Company is developing its assets and not generating revenue, it will give the Company additional flexibility in raising further capital as and when required.

## **Annexure A: Summary of terms of the Incentive Plan**

The terms and conditions of the Incentive Plan are summarised below:

### **1. Board**

The Board, or a duly appointed committee of the Board, is responsible for the operation of the Incentive Plan.

### **2. Participants**

Directors, full-time, part-time and casual employees, and contractors of the Group are all eligible to participate in the Incentive Plan.

### **3. Eligibility**

The Board has absolute discretion to determine the eligibility of participants. Some of the factors the Board will have regard to in determining eligibility include:

- (a) the potential contribution of the participant to the growth and profitability of the Group;
- (b) the seniority of the participant and the position that the participant occupies within the Group;
- (c) the length of service of the participant with the Group;
- (d) the record of employment of the participant with the Group;
- (e) the extent (if any) of the existing participation of the participant in the Incentive Plan; and
- (f) any other matters the Board considers relevant.

### **4. Invitations and Awards**

The Board may, in its absolute discretion, invite eligible participants to participate in the Incentive Plan. An invitation may be made on such terms and conditions as the Board decides from time to time, including as to the terms of the Award offered and whether the Award comprises Performance Rights and/or Options.

### **5. Number of Performance Rights and/or Options**

- (a) The Board has discretion to determine the number of Performance Rights and/or Incentive Options granted to participants under an Award, however where required by law, the Board will ensure that the number of Performance Rights and/or Incentive Options offered to eligible participants over a three-year period does not exceed 5% of the Company's issued capital.
- (b) Further, in determining the number of Performance Rights and/or Incentive Options to be granted to participants, the Board will have regard to:
  - (i) current market practice; and
  - (ii) the overall cost to the Company of grants under the Incentive Plan.

**6. No payment on grant or vesting**

Unless the Board determines otherwise, no payment is required for the grant, on the vesting, or the issue, transfer or allocation of Shares following vesting of a Performance Right or Incentive Option.

**7. Vesting conditions**

Vesting of an Award may be conditional on the participant satisfying the pre-determined vesting conditions determined by the Board within the vesting period. The vesting period applicable to the Performance Rights or Incentive Options is the period determined by the Board.

**8. Vesting of Award**

The Award will only vest if the participant meets any specified vesting conditions within the vesting period. If the terms of grant require the Award to be exercised, the participant must exercise the Award in order for vesting to occur. Any Award that has not vested within the vesting period will lapse.

**9. Entitlements under Awards**

Prior to vesting and exercise (if required) of an Award, and the issue of Shares to the participant in accordance with the rules of the Incentive Plan, a participant is not entitled to exercise any votes in respect of the Shares to which the Award relates, nor is the holder entitled to participate in any dividend or any new issue of securities by the Company in respect of that Award.

**10. Issue, transfer or allocation of Shares on vesting of Award**

The Shares to be provided on vesting and exercise (if required) of the Award may be issued by the Company or acquired on market by the Company (or any trustee of the Incentive Plan) and transferred or allocated to the holder of the Performance Right. Any Shares issued under the Incentive Plan will rank *pari passu* with the existing Shares. The Board may impose restrictions on the transferability of a Share issued, transferred or allocated to a participant following vesting of a Performance Right, which shall be set out in the terms of the invitation.

**11. Cessation of eligibility**

- (a) Where a participant ceases to be eligible to participate in the Incentive Plan, the Board may determine that some or all of the participant's Award lapses, vests, is exercisable for a prescribed period (if applicable), or is no longer subject to some or all applicable restrictions.
- (b) The Board may specify in an invitation how a participant's Award will be treated in the event that the participant ceases to be eligible to participate in the Incentive Plan, which may vary depending upon the circumstances in which the participant ceases to be eligible.

**12. Change of control**

- (a) On a change of control event (which includes a takeover, merger or any person acquiring a relevant interest in more than 50% of the issued share capital in the Company and other similar events) the Board may, in its discretion, determine the manner in which any or all of a participant's Awards may be dealt with including in a manner that allows the participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event.
- (b) The Board may specify in an invitation how a participant's Award will be treated on a change of control event, which may vary depending upon the circumstances of the change of control event.

**13. Capital reorganisation**

In the event of any capital reorganisation prior to vesting and exercise (if required) of an Award, the Award may be adjusted having regard to the relevant listing rules.

**14. Clawback provision**

The Board may determine that any unvested Award and vested but unexercised Award (if exercise is required) will lapse if, in the Board's opinion, among other things:

- (a) the participant has acted fraudulently or dishonestly, engaged in gross misconduct, breached his or her duties or obligations (including where the participant's Award vests as a result of such conduct and the Board forms the opinion that the Award would not have otherwise vested); or
- (b) there is a material misstatement or omission in the financial statements of a Group company.

**15. Governing Law**

This incentive plan is governed by and shall be construed in accordance with the laws of Western Australia.



## Annexure B: Summary of the terms of the Incentive Options

The key terms and conditions of the Incentive Options to be granted to Laurence Read, Myles Campion, Evan Kirby, Colin Bird and Daniel Smith (each an **Optionholder**) are summarised below:

- (a) Each Incentive Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Incentive Option, the Optionholder must exercise the Incentive Options in accordance with the terms and conditions of the Incentive Options.
  - (b) The Incentive Options will expire at 5.00 p.m. (WST) on the date that is 36 months from their date of issue (**Expiry Date**). Any Incentive Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) The Incentive Option (on a post-Consolidation basis) can be exercised on or before 3 years from the date of issue at the following exercise prices (**Exercise Price**):
    - (i) For each of Laurence Read and Myles Campion, 25% (for 150,000 Incentive Options each), 50% (for 400,000 Incentive Options each), and 75% (for 150,000 Incentive Options each) premia respectively to the 30-day VWAP prior to the date of issue; and
    - (ii) For each of Colin Bird, Evan Kirby, and Daniel Smith, a 50% premium to the 30-day VWAP prior to the date of issue.
  - (d) The Incentive Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) An Optionholder may exercise their Incentive Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Incentive Options specifying the number of Incentive Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Incentive Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 business days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required in respect of the number of Incentive Options specified in the Exercise Notice.
  - (h) All Shares issued upon the exercise of Incentive Options will upon issue rank *pari passu* in all respects with other Shares in issue.
  - (i) The Company will not apply for quotation of any Incentive Options.
  - (j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and any applicable listing rules at the time of the reconstruction.
  - (k) There are no participating rights or entitlements inherent in the Incentive Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the exercise period of the Incentive Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be in accordance with all applicable listing rules. This will give Optionholders the opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue.
  - (l) An Incentive Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Incentive Option can be exercised.

## GLOSSARY

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In the Notice of Meeting and this Explanatory Statement:

<b>A\$ or AUD</b>	means Australian dollars.
<b>AIM</b>	means the market of that name operated by the London Stock Exchange plc.
<b>AIM Rules for Companies</b>	means the AIM Rules for Companies published by London Stock Exchange plc (as amended from time to time).
<b>Award</b>	means a right to acquire Shares under the Incentive Plan, and includes Incentive Options and/or a Performance Right(s).
<b>Board</b>	means the current board of directors of the Company.
<b>Chairman</b>	means the person appointed to chair the General Meeting convened by this Notice of Meeting.
<b>Company or Europa</b>	means Europa Metals Ltd ACN 097 532 137.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>DI Holders</b>	means holders of depositary interests in the Company.
<b>Directors</b>	means the directors of the Company, being, at the date of this Notice of Meeting, Colin Bird, Myles Campion, Evan Kirby, Laurence Read and Daniel Smith.
<b>Explanatory Statement</b>	means the explanatory statement accompanying the Notice of Meeting.
<b>General Meeting or Meeting</b>	means the General Meeting of Shareholders convened under this Notice.
<b>Group</b>	means the Company and a related body corporate of the Company as defined in section 50 of the Corporations Act and any company in respect of which the Company has voting power of not less than 20%.

<b>Form of Instruction</b>	means, for DI Holders, the form of instruction enclosed with this Notice of Meeting.
<b>Incentive Option</b>	means an option to acquire a Share on the terms and conditions set out in Annexure B.
<b>Incentive Plan</b>	means the Europa Metals Ltd Incentive Plan, a summary of which is set out in Annexure A.
<b>Key Management Personnel</b>	means a person 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.
<b>Notice of Meeting or Notice</b>	means this notice of General Meeting including the Explanatory Statement.
<b>Ordinary Resolution</b>	means a Resolution to be passed by a simple majority of Shareholders (entitled to vote) that vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
<b>Performance Right</b>	means a contractual right to receive a given number of Shares if a nominated performance milestone is achieved, subject to the terms and conditions set out in Annexure B.
<b>Proposed Constitution</b>	has the meaning given in section 2.1 of the Explanatory Statement.
<b>Proxy Form</b>	means, for Shareholders, the proxy form enclosed with this Notice of Meeting.
<b>Resolution</b>	means a resolution set out in this Notice of Meeting.
<b>Share</b>	means an ordinary share in the Company.
<b>Shareholder</b>	means a holder of Shares in the Company.
<b>Special Resolution</b>	means a Resolution to be passed by 75% of Shareholders (entitled to vote) that vote on the Resolution (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).
<b>Valuation Date</b>	means 3 April 2020.

**VWAP**

means the volume weighted average price of trades in the Company's Shares.

All references in this Notice to "£", "pence" or "p" are to the lawful currency of the United Kingdom.

All references in this Notice to "A\$", "\$", "c" or "cents" are to the lawful currency of Australia.