

MALACHITE RESOURCES LIMITED

ABN 86 075 613 268

NOTICE OF GENERAL MEETING

Notice is hereby given of a General Meeting of the Company

At: Level 4, 283 George Street, Sydney NSW 2000, Australia

On: Wednesday 14 October 2020 at 2.00 pm (Sydney Time)

IMPORTANT INFORMATION ABOUT THE GENERAL MEETING

As a consequence of government-based measures to combat the spread of COVID-19, physical attendance at the General Meeting is strongly discouraged. Accordingly, please note as follows:

1. **Shareholders are strongly urged not to attend the meeting in person and no refreshments will be served.**
2. There will be no presentations by the Chairman or the Executive Director & CEO. Any presentation to the meeting will be lodged with the ASX and made available on the Company's website before the commencement of the Meeting.
3. **Shareholders are encouraged to vote by submitting their proxy prior to the meeting as set out in more detail in the attached Notice of Meeting and Proxy Form.**
4. Resolutions will be determined by proxy votes received.
5. Shareholders are strongly urged to appoint the Chair of the Meeting as their proxy. Shareholders can complete the proxy form to provide specific instructions on how a vote is to be exercised on each item of business, and the Chair of the Meeting must follow your instructions.
6. The Executive Director & CEO and the Company Secretary will attend the meeting in person (subject to and taking account of all social distancing guidelines) but other directors will not be attending in person. Where possible, other Directors will participate via audio and/or visual facilities.
7. Shareholders will be able to participate by viewing and listening to the meeting by logging in at:

<https://us02web.zoom.us/j/89848170648?pwd=MjZuVThXbXZMbGFWSVFJbEhRbVBmUT09>
8. Questions for the board of directors can be e-mailed to info@malachite.com.au and must be received by no later than 17:00 on 7 October 2020. The Executive Director & CEO or the Company Secretary will endeavour to present answers to these questions to the meeting. In the alternative the Company Secretary will respond directly to your questions by email.

BUSINESS

1. Acquisition of Sunshine Minerals Limited

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

Subject to Resolution 2 being passed, that approval be given for the acquisition by the Company of 41,748,670 ordinary fully paid shares in the issued capital of Sunshine Minerals Limited (Solomon Islands Company Number 201617843) on the terms summarised in the Explanatory Memorandum.

2. Issue of Ordinary Shares as Consideration for the Acquisition of Sunshine Minerals Limited

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

Subject to resolution 1 being passed, that for the purposes of Listing Rule 7.1 and for all other purposes, approval be given to issue up to 24,421,294 fully paid ordinary shares in the Company to the vendors of Sunshine Minerals Limited on the terms set out in the Explanatory Memorandum as consideration for the acquisition of 41,748,670 ordinary fully paid shares in the issued capital of Sunshine Minerals Limited.

3. Sale of Volga Elderberry Pty Ltd

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

That approval be given for the sale by the Company of 100% of the issued capital of Volga Elderberry Pty Ltd (ACN 112 177 107) on the terms summarised in the Explanatory Memorandum."

4. Ratify Previous Issue of Placement of Shares

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

That for the purposes of Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the issue of 12,513,496 fully paid ordinary shares in the Company issued at the price of \$0.03 per share to each of the sophisticated and institutional investors referred to and on the terms and conditions set out in the accompanying Explanatory Memorandum.

5. Proposed issue of Shares to a Rob Thomson - \$100,000

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

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of up to 3,333,334 fully paid ordinary shares at \$0.03 by the Company to Mr. Rob Thomson or his associate as described in the Explanatory Memorandum.

6. Proposed issue of Options to Bridge Street Capital Partners

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

That, for the purposes of Listing Rule 7.1 and for all other purposes, approval be given in respect of the issue of up to 7,500,000 Options to acquire fully paid ordinary shares at an exercise price of \$0.06 by the Company to a Bridge Street Capital Partners or its nominees as described in the Explanatory Memorandum.

7. Proposed issue of Options to Rob Thomson

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

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of up to 1,250,000 Options to acquire fully paid ordinary shares at an exercise price of \$0.06 by the Company to Mr. Rob Thomson or his associate as described in the Explanatory Memorandum.

8. Proposed issue of Options to Geoffrey Hiller

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

That, for the purposes of Listing Rule 10.11 and for all other purposes, approval be given in respect of the issue of up to 2,750,000 Options to acquire fully paid ordinary shares at an exercise price of \$0.06 by the Company to Mr. Geoffrey Hiller or his associate as described in the Explanatory Memorandum.

VOTING EXCLUSIONS

The Company will disregard any votes cast in favour of the resolution (as set out in the table below) by or on behalf of:

- the named person or class of persons excluded from voting (as set out in the table below); or
- an associate of that person or those persons.

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

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution	The named person or class of persons excluded from voting
2. Issue of Ordinary Shares as Consideration for the Acquisition of Sunshine Minerals Limited	A person who is expected to participate in, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares of the Company).
4. Ratify Previous Issue of Placement of Shares	A person who participated in the issue or is a counterparty to the agreement being approved.
5. Proposed issue of Shares to a Consultant - \$100,000	A person who is expected to participate in, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares of the Company).
6. Proposed issue of Options to Bridge Street Capital Partners	A person who is expected to participate in, or will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary shares of the Company).
7. Proposed issue of Options to Rob Thomson	The person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary shares in the Company)
8. Proposed issue of Options to Geoffrey Hiller	The person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary shares in the Company)

ENTITLEMENT TO VOTE

In accordance with the provisions of the Corporations Act the Board has determined that for the purposes of the meeting, a person's entitlement to vote at the meeting will be the entitlement of that person set out in the Register of Members of the Company at 7.00pm (Sydney time) on Monday 12 October 2020. Accordingly, share transfers registered after that time will not be taken into account in determining entitlements to attend and vote at the meeting.

VOTING BY PROXY

- A Shareholder entitled to attend and vote at the meeting is entitled to appoint not more than 2 proxies to attend and vote instead of the Shareholder.
- Where 2 proxies are appointed the Proxy Form should specify the proportion, or the number of votes that each proxy may exercise. If the Proxy Form does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.
- A proxy need not be a Shareholder of the Company. The proxy appointed may be described in the Proxy Form by an office held, e.g. "the Chair of the Meeting".
- Proxy Forms must be signed by a Shareholder or the Shareholder's attorney or, if the Shareholder is a corporation, must be under its common seal, or if it does not have one, by 2 directors or by a director and a company secretary, or if it is a proprietary company that has a sole director who is also the company secretary, by that director, or under hand of its attorney or duly authorised officer. If the Proxy Form is signed by a person who is not the registered holder of shares in the Company (i.e. under power of attorney or other authorisation), then the relevant authority (or a certified copy of such authority) must either have been exhibited previously to the Company or be enclosed with the Proxy Form.

In order to record a valid vote, members will need to take the following steps:

- Cast your vote online by visiting www.investorvote.com.au and following the instructions and information provided on the enclosed Proxy Form; or
- Custodian voting - For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions; or
- Complete and lodge the Proxy Form with the Company at the address or facsimile number specified below, along with any power of attorney or notarially certified copy of a power of attorney (if the proxy form is signed pursuant to a power of attorney), by no later than 48 hours before the General Meeting (i.e. *by no later than 2.00 pm (Sydney time), Monday 12 October 2020*):

Malachite Resources Limited
C/- Computershare Investor Services Pty Ltd
GPO Box 242
MELBOURNE VIC 3001

Or facsimile 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

CORPORATE REPRESENTATIVES

A body corporate that is a member, or that has been appointed as a proxy of a member, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment including the authority under which it is signed.

By order of the Board
Andrew J Cooke
Company Secretary
11 September 2020



EXPLANATORY MEMORANDUM TO NOTICE OF GENERAL MEETING

Certain background information to the Listing Rules and the Resolutions generally that are the subject of this Notice of Meeting is set out below:

ASX LISTING RULES

ASX Listing Rule 7.1

Subject to a number of exceptions, ASX Listing Rule 7.1 limits the number of securities that the Company can issue without Shareholder approval in any 12-month period to 15% of its fully paid ordinary securities.

Resolution 2 seeks Shareholder approval pursuant to ASX Listing Rule 7.1. If Resolutions 2 is not passed, then the Company may still be able to proceed with the issue of Shares to the persons referred to in Resolution 2 subject to the Company's placement capacity available under ASX Listing Rule 7.1.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 allows an issue of securities to be subsequently approved by shareholders and treated as having been made with approval of shareholders for the purpose of ASX Listing Rule 7.1. By obtaining approval for the issue of shares under ASX Listing Rule 7.4 the Company is able to refresh its capacity to issue up to 15% of its issued shares, if required, in the next 12 months without the need to obtain shareholder approval.

Resolution 4 seeks Shareholder approval pursuant to ASX Listing Rule 7.4.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a Company must not issue or agree to issue equity securities to a related party of the Company, such as a person who is a director of the Company, without the Company first obtaining the approval by ordinary resolution of its shareholders.

Resolutions 5, 7 and 8 seek Shareholder approval pursuant to ASX Listing Rule 10.11.

If approval is given under Listing Rule 10.11, Shareholder approval is not required under Listing Rule 7.1.

RESOLUTION 1: Acquisition of Sunshine Minerals Limited

As announced to the ASX on 21 August 2020 Malachite has entered into a Share Purchase Agreement (SPA) to formalise its acquisition of the remaining 85% interest in Sunshine Minerals Limited (Sunshine) that it does not already own.

Sunshine is a private company incorporated in the Solomon Islands with the Company Number 201617843. Malachite previously acquired 15% of Sunshine. Pursuant to the SPA, Malachite will acquire 41,748,670 shares in the capital of Sunshine (the Sale Shares) being all of the issued shares in Sunshine not already owned by Malachite.

Sunshine owns 80% of Sunshine Nickel Limited (SNL) which holds prospecting licence tenement PL 01/18 located on the south coast of Santa Isabel Island in the Solomon Islands. The remaining 20% of SNL is owned by local landowners (Landholders). The Jejevo Nickel Project is located within the PL 01/18 project area.

The Jejevo Nickel Project:

The Jejevo Nickel Project is an advanced stage direct shipping ore nickel laterite project. The project was previously drilled in 2013 and the initial objective is to do sufficient work to confirm a 2012 JORC Resource at the earliest opportunity.

The Jejevo Nickel Project has a number of positive aspects including its close proximity to the coast, no processing requirements, low capital route to direct shipping, ore production and local landowner support. It is envisaged that mining of the project could potentially commence within 2 years.

Key Terms of the Share Purchase Agreement to acquire Sunshine

The key terms of the SPA include:

- a) An initial payment of \$850,000 to the remaining 85% shareholders in Sunshine by the issue of up to 10,617,954 fully paid ordinary shares in Malachite at a deemed issue price of \$0.08 (Upfront Consideration Shares);
- b) A further payment of \$1,105,000 to the remaining 85% shareholders in Sunshine by the issue of up to 13,803,340 fully paid ordinary shares in Malachite at a deemed issued price of \$0.08 (Deferred Consideration Shares) (less any clawback or reduction for adjustments) upon the valid application for a mining lease for PL 01-18 being submitted to the Mines Department ; and
- c) All Malachite shares issued to the vendors are subject to voluntary escrow arrangements as follows:
 - i. For the Upfront Consideration Shares, an escrow period applies from completion until the earlier of: (a) the date 12 months from completion; or (b) the date 10 business days after the Mines Department grants SNL a mining lease for PL 01-18; and
 - ii. For the Deferred Consideration Shares, an escrow period applies from the date the Deferred Consideration Shares are issued until the earlier of: (a) the date 12 months from the Deferred Consideration issue date; or (b) to the date 10 business days after the Mines Department grants SNL a mining lease for PL 01-18.
- d) The Consideration Shares will be issued on the same terms, and with the same rights attached, as other fully paid ordinary shares issued in the Company as at Completion;
- e) The SPA is subject to standard warranties and representations for transactions of this nature.

Conditions Precedent

The SPA is also subject to conditions precedent, including:

- a) Sunshine entering into an agreement with SNL and the Landholders, on terms satisfactory to Malachite, for the provision of funding by Malachite to the Landholders (to be repaid from SNL's cash flows and sale proceeds) for their portion of exploration and development costs relating to the Jejevo Nickel Project;
- b) The Vendors obtaining and delivering to Malachite a discharge and release of any encumbrances over the Sale Shares; and

- c) the shareholders of Malachite approving the transactions contemplated by the SPA in a general meeting, including a resolution authorising the allotment and issue of the Upfront Consideration Shares and Deferred Consideration Shares to the Vendors in accordance with the ASX Listing Rules and the Corporations Act.

Period Prior to Completion

In the period prior to Completion, the Vendors must ensure that Sunshine does not alter its share capital or any of the provisions of its constitution, incur any debt or liability or remove, divest or otherwise transfer any asset out of Sunshine.

Completion

Completion is to occur 5 business days following the satisfaction or waiver of all conditions precedent by the Company or at such time and place as the parties agree in writing.

Dilution effect

The table below shows the dilution of existing Shareholders on the issue of the Consideration Shares. At the date of this Notice, the Company had 124,623,300 shares on issue.

The table shows the dilution effect on the current issued capital after the issue of the Consideration Shares;

		Dilution effect		
		Upfront Consideration Shares	Deferred Consideration Shares	Total Consideration Shares
Current Issued Capital	124,623,300	10,617,954	13,803,340	24,421,294
Issued Capital post Consideration Shares	Issued capital after issue of Consideration Shares	135,241,254	149,044,594	149,044,594
	Dilution	8.52	11.08	19.60

Note: the table above assumes that no Shares are issued before the date of issue of the Consideration Shares. If further Shares are issued and Shareholders do not participate in the issue, their ownership and voting power in the Company will be further diluted.

Directors Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 1.

RESOLUTION 2: Issue of Ordinary Shares as Consideration for the Acquisition of Sunshine Minerals Limited

As outlined above, it is proposed that Malachite will issue the following shares as consideration for the acquisition of Sunshine (Consideration Shares):

- a) 10,617,954 fully paid ordinary shares in Malachite at a deemed issue price of \$0.08 (Upfront Consideration Shares);
- b) Up to 13,803,340 fully paid ordinary shares in Malachite at a deemed issued price of \$0.08 (Deferred Consideration Shares) (less any clawback or reduction for adjustments) upon the valid application for a mining lease for PL 01-18 being submitted to the Mines Department.

The following information is provided for the purposes of ASX Listing Rule 7.3:

- i. The persons to whom Malachite will issue the Consideration Shares are the persons/entities (other than Malachite itself) who currently hold shares in Sunshine. These person/entities will receive the Consideration Shares pro-rata to their existing shareholding in Sunshine. None of the persons/entities to whom the Consideration Shares are to be issued are related parties to Malachite or associates of any Director of Malachite or are persons to whom ASX Listing Rule 10.11 would apply.
- ii. The maximum number of Consideration Shares to be issued by the Company is 24,421,294 Shares
- iii. The shares to be issued by the Company will be ordinary fully paid Shares.
- iv. The Upfront Consideration Shares are to be issued by the Company upon Completion. Completion is to occur 5 business days after each of the conditions precedent have been satisfied or waived. Subject to the approval of Resolutions 1 and 2 it is anticipated that Completion will occur not later than 3 months after the date of the shareholders meeting to be held pursuant to this Notice of Meeting.

The Deferred Consideration Shares are to be issued by the Company within 5 business days of the valid application by SNL for a mining lease for prospecting licence tenement PL 01/18 being submitted to the Mines Department in the Solomon Islands (or the equivalent governmental agency). It is anticipated that the Deferred Consideration Shares may be issued not later than 3 months after the date of the shareholders meeting to be held pursuant to this Notice of Meeting however it is quite possible that the submission of the application for a mining lease may not occur within that timeframe. In this regard the ASX has granted a waiver of ASX Listing Rule 7.3.4 on the following conditions:

- *The Deferred Consideration Shares will be issued upon the earlier of a valid mining lease for PL 01-18 being granted or 30 June 2023;*
 - *The maximum number of Deferred Consideration Shares to be issued is 16,250,000 at the deemed issue price of \$0.08;*
 - *Adequate details regarding the dilutionary effect on the Company's capital structure is included in the Notice;*
 - *The conditions which must be satisfied for the Deferred Consideration Shares to be issued are not varied;*
 - *For any annual reporting period during which any of the Deferred Consideration Shares have been issued, the Company's annual report sets out in detail the number of Deferred Consideration Shares issued in that annual reporting period;*
 - *In any half year or quarterly report for a period during which any of the Deferred Consideration Shares have been issued, the Company must include a summary statement of the number of Deferred Consideration Shares issued during the reporting period; and*
 - *The Notice contains the full terms and conditions of the Deferred Consideration Shares as well as the conditions of this waiver.*
- v. All of the Consideration Shares will be issued at the deemed issue price of \$0.08 as consideration for the acquisition of the Sale Shares.
 - vi. All of the Consideration Shares will be issued as consideration for the acquisition of the Sale Shares. No cash funds will be received for the issue of the Consideration Shares.
 - vii. The material terms of the SPA are outlined above in this Explanatory Memorandum in relation to Resolution 1.
 - viii. The Consideration Shares are not being issued under, or to fund, a reverse takeover.
 - ix. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders do not approve Resolution 2 then Malachite will not be able to complete the acquisition of the remaining 85% interest in Sunshine that it does not already own as contemplated in the SPA. This would leave Malachite with a relatively minor interest in the Jejevo Nickel Project.

Directors Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 2.

RESOLUTION 3: Sale of Volga Elderberry Pty Ltd

As announced to the ASX on 28 July 2020 Malachite has entered into a Deed of Release to resolve the long running dispute in respect of the Lorena Gold Project ("Lorena" or "Lorena Project") on commercial terms satisfactory to Malachite.

Background

The Mining Licence and some exploration prospects in respect of the Lorena Project have been held by a wholly-owned subsidiary, Volga Elderberry Pty Ltd ("Volga").

As previously reported, operational performance at the Lorena Project has been well below expectations and, in February 2019, Volga issued a Dispute Notice to the other joint venture parties in accordance with the terms of the Joint Venture Deed dealing with numerous matters, which principally related to achieving a reconciliation of historical joint venture expenditure, the conduct of the joint venture and Malachite's contribution to certain joint venture expenditure.

Also as previously reported, Malachite had received notice on behalf of Ore Processing Services Pty Ltd (OPS) requiring payment of an outstanding loan amount (being \$574,342.49 as at 20 February 2019).

Resolution of Dispute

Key elements of the dispute resolution agreement include:

- Malachite has entered into a Share Sale Agreement (Agreement) with Lorena Gold Mine Pty Ltd and OPS. Under the Agreement Lorena Gold Mine Pty Ltd will acquire 100% of the issued capital of Volga. The Deed of Release is conditional on the Share Sale Agreement completing;
- Malachite has received an initial payment of \$50,000 and is due to receive a further \$130,000 on or before 14 October 2020 subject to agreed adjustments;
- Conditions precedent include Malachite entering into an agreement to receive a 2% Net Smelter Return on gold produced from future underground operations at Lorena;
- The Lorena joint venture parties have entered into a Deed of Release in respect of obligations and liabilities arising out of the Lorena Gold Project; and
- Malachite has also entered into a Deed of Debt Forgiveness with Ore Processing Services Pty Ltd pursuant to which outstanding loan liabilities to OPS have been forgiven. The loan amount that was forgiven by OPS was \$637,342.47 at the time the Deed of Debt Forgiveness was entered.

The purpose of this resolution is to seek shareholder approval for the proposed sale of Volga pursuant to the Share Sale Agreement referred to above.

Malachite will retain 100% of EPM 18908 which holds the Bloodwood copper/gold and Lady Mary gold prospects where encouraging exploration was previously undertaken by the Company. The Company is now able to focus on this tenement given an agreement has been entered to resolve the dispute in relation to the Lorena Project. Entering an agreement to resolve this long running dispute in relation to the Lorena Project allows Malachite to focus on other opportunities, such as nickel in the Solomon Islands, while retaining an appropriate ongoing royalty interest and maintaining exploration upside at its two remaining gold prospects in the region.

Directors Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 3.

RESOLUTION 4: Ratify Previous Issue of Placement of Shares

As announced to the ASX on 17 August 2020 Malachite successfully completed a placement of 20,833,334 fully paid ordinary Shares at \$0.03 to raise \$625,000 (Placement) on Friday 14 August 2020 ("Issue Date").

In accordance the ASX's Class Waiver the Placement was undertaken in conjunction with a Share Purchase Plan (SPP) which allowed existing Eligible Shareholders to purchase parcels of Shares valued at up to \$30,000 at the same issue price of \$0.03. The SPP closed on 31 August 2020 and raised \$611,000.

The Placement was comprised of 12,513,496 Shares (LR 7.1 Placement Shares) issued pursuant to Listing Rule 7.1 and 8,319,838 Shares issued pursuant to ASX Class Waiver Decision – Temporary Extra Placement Capacity dated 9 July 2020 (together referred to as the Total Placement Shares).

ASX Class Waiver Decision – Temporary Extra Placement Capacity dated 9 July 2020

The Placement was undertaken in accordance with the ASX Class Waiver. The Class Waiver temporary emergency capital raising measures are to help listed entities affected by the COVID-19 pandemic to raise urgently needed capital. The Placement was made to sophisticated and institutional investors qualifying under s708 of the Corporations Act 2001.

The Company offered participation in the Placement to each of its Top 20 shareholders in an effort to accommodate existing shareholders who were sophisticated or institutional investors. The Top 20 shareholders also have the opportunity to invest in the Company via the SPP. The Board engaged Bridge Street Capital Partners to identify participants in the Placement. Bridge Street Capital Partners focussed on achieving a spread of new investors to complement the Company going forward.

So far as the Company is aware, none of the participants in the Placement were:

- a related party to the Company;
- a person who is, or was at any time in the 6 months before the Placement, a substantial (30%+) holder in the Company;
- a person who is, or was at any time in the 6 months before the Placement, a substantial (10%+) holder in the entity and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so; or
- an associate of a person referred to above.

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

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

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

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

To this end, Resolution 4 seeks shareholder approval to the issue of the LR 7.1 Placement Shares under and for the purposes of Listing Rule 7.4.

The following information is provided for the purposes of ASX Listing Rule 7.5:

- i. The Company offered participation in the Placement to each of its Top 20 shareholders in an effort to accommodate existing shareholders who were sophisticated or institutional investors. The persons to whom Malachite subsequently issued the Total Placement Shares were the persons/entities identified by Bridge Street Capital Partners who had been engaged by the Company as Lead Manager to identify participants in the Placement. Bridge Street Capital Partners focussed on achieving a spread of new investors to complement the Company going forward.
- ii. The Placement was comprised of 12,513,496 Shares (LR7.1 Placement Shares) issued pursuant to ASX Listing Rule 7.1 and 8,319,838 shares issued pursuant to ASX Class Waiver Decision – Temporary Extra Placement Capacity dated 9 July 2020. The approval sought under Resolution 4 relates only to the 12,513,496 Shares issued by the Company using its ASX Listing Rule 7.1 capacity.
- iii. All of the Total Placement Shares issued pursuant to the Placement were ordinary fully paid shares of the Company.
- iv. All of the Total Placement Shares were issued on 14 August 2020.
- v. All of the Total Placement Shares issued were issued at the issue price of \$0.03
- vi. The funds raised by the Placement and the SPP are to be used:
 - a) to advance the Company's nickel project interests in the Solomon Islands;
 - b) to review the Company's Bloodwood copper/gold and Lady Mary gold prospects within EPM 18908 located in northwest Queensland; and
 - c) for general working capital and corporate purposes.
- vii. The Total Placement Shares were not issued under an agreement.
- viii. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Resolution 4 is passed, the LR 7.1 Placement Shares will be excluded in calculating Malachite's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 4 is not passed, the LR 7.1 Placement Shares will be included in calculating Malachite's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

Directors Recommendation

The Directors unanimously recommend that shareholders vote in favour of Resolution 4.

RESOLUTION 5: Proposed issue of Shares to Mr. Rob Thomson - \$100,000

At the same time that Malachite announced to the Placement to the ASX on 17 August 2020 it was also announced that the Company would also seek to raise up to an additional \$100,000 by a placement of additional Shares at the same issue price as the Placement of \$0.03 to consultants engaged by the Company subject to shareholder approval at a future general meeting of the Company.

Mr. Rob Thomson was engaged on 1 September 2020 as a Consultant to the Company to provide technical and corporate advisory services.

Mr. Rob Thomson was also appointed as a Director of the Company on 3 September 2020 and accordingly Mr. Thomson is now considered to be a related party of the Company.

ASX Listing Rule 10.11 provides that a Company must not issue or agree to issue equity securities to a related party of the Company, such as a person who is a director of the Company, without the Company first obtaining the approval by ordinary resolution of its shareholders.

Resolution 5 seeks approval to allot Shares to Mr. Rob Thomson.

The following information is provided for the purposes of ASX Listing Rule 10.13:

- i. Shares are to be allotted to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> which is an associate of Mr. Rob Thomson.
- ii. Mr. Rob Thomson is a related party of the Malachite as he is a Director of Malachite.
- iii. A total of 3,333,334 ordinary fully paid shares in the Company are to be allotted to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund>.
- iv. The securities to be issued to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> are fully paid ordinary shares.
- v. Subject to approval of Resolution 5, it is anticipated that the Shares will be allotted to Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> within 7 days of the date of the meeting and in any event not later than 1 month after the date of the meeting.
- vi. The Shares will be issued at \$0.03 being the same issue price at which Malachite conducted the Placement and the Share Purchase Plan announced to the market on 17 August 2020.
- vii. In conjunction with the funds raised by the Placement and the Share Purchase Plan announced to the market on 17 August 2020 the funds raised by the issue of these Shares are to be used:
 - a) to advance the Company's nickel project interests in the Solomon Islands;
 - b) to review the Company's Bloodwood copper/gold and Lady Mary gold prospects within EPM 18908 located in northwest Queensland; and
 - c) for general working capital and corporate purposes.
- viii. The issue of these Shares is for cash subscribed by Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund> and not are remuneration or to incentivise Mr. Rob Thomson.
- ix. The Shares are to be issued pursuant to two standard Applications for Shares submitted by Monterey Consolidated Services Pty Ltd <Lorodaca Super Fund>. Each of the Applications for Shares requires the total subscription amount to be paid to the Company within 7 days of the date of shareholders granting approval for the allotment of these Shares.
- x. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders do not approve Resolution 5 then the Company would be unable to complete the proposed issue of shares to Mr. Thompson as contemplated and the Company would not receive the \$100,000 that was to have been subscribed by Mr. Thompson for these shares.

Chapter 2E of the Corporations Act 2001

The proposed issue of Shares under Resolution 5 to Mr. Rob Thomson involves giving a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act 2001. Chapter 2E prohibits the Company from giving a financial benefit to a related party of the Company unless either:

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

The Directors of the Company (excluding Mr. Thomson) believe that the issue of Shares is appropriate and reasonable in all circumstances, as they are being issued on the same terms and conditions as those that were issued to third parties pursuant to the Placement and the Share Purchase Plan. Therefore the Company considers that the issue of the Shares comes within section 210 of the Corporations Act 2001, and shareholder approval is not required for that purpose.

Directors Recommendation

The Directors (excluding Mr. Thomson) recommend that shareholders vote in favour of Resolution 5.

RESOLUTION 6: Proposed issue of Options to Bridge Street Capital Partners

As announced to the ASX on 17 August 2020 Malachite successfully completed a placement of 20,833,334 fully paid ordinary Shares at \$0.03 to raise \$625,000 (Placement) on Friday 14 August 2020.

Bridge Street Capital Partners Pty Ltd (BSCP) acted as Lead Manager to identify participants in the Placement. Pursuant to the terms of an Engagement Letter that Malachite entered into with BSCP, Malachite has paid a Management Fee of 2.0% and a Placement Fee of 4.0% to BSCP.

Pursuant to the Engagement Letter BSCP will also provide Corporate Advisory Services to Malachite for a period of 1 year for a fee of \$6,000 (plus GST) per quarter.

In addition to the fees outlined above, Malachite has agreed to issue 7,500,000 Options to incentivise BSCP or its nominees to provide long term support to the Company (BSCP Options).

The following information is provided for the purposes of ASX Listing Rule 7.3:

- i. The entity to whom Malachite will issue the BSCP Options is BSCP or its nominee. None of the persons/entities to whom the options are to be issued are related parties to Malachite or associates of any Director of Malachite.
- ii. The maximum number of BSCP Options to be issued by the Company is 7,500,000
- iii. The BSCP Options are subject to the terms and conditions set out in Schedule 1. Key terms and conditions are summarised below:
 - a) Each BSCP Option entitles the optionholder to subscribe for 1 Share in the Company;
 - b) The Exercise Price for each BSCP Option is \$0.06;
 - c) The BSCP Options shall expire 30 September 2023;
 - d) The BSCP Options will be subject to voluntary escrow for a period of 12 months from their issue date, during which time the BSCP Options may not be sold, transferred, assigned or exercised without the prior written approval of the Company;
 - e) The BSCP Options shall be unlisted and Company will not apply for quotation of the Options on the ASX
- iv. It is anticipated that the BSCP Options will be issued shortly after the date of the meeting to be held pursuant to this Notice of Meeting and in any event not later than 3 months after the date of the meeting.

- v. All of the BSCP Options will be issued for Nil consideration. No cash funds will be received for the issue of the BSCP Options.
- vi. The purpose of issuing the BSCP Options was to incentivise BSCP to provide long term support to the Company. If some or all of the options are exercised the Company will receive up to \$450,000 for new Shares in the Company. If any of the BSCP Options are exercised it is envisaged that the funds raised will be applied to advance the Company's projects or for general working capital and corporate purposes.
- vii. The BSCP Options are to be issued pursuant to the Engagement Letter with BSCP outlined above.
- viii. The BSCP Options are not being issued under, or to fund, a reverse takeover.
- ix. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders do not approve Resolution 6 then the Company would be unable to complete the proposed issue of BSCP Options to BSCP as contemplated. The Company may in the future be able to proceed with the issue of the BSCP Options to BSCP as capacity becomes available with the passage of time under ASX Listing Rule 7.1 to issue up to 15% of its issued shares, if required, without the need to obtain shareholder approval.

Directors Recommendation

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

RESOLUTION 7: Proposed issue of Options to Mr. Rob Thomson

Resolution 7 seeks approval to allot Directors Options to Mr. Rob Thomson or an associate of his.

The following information is provided for the purposes of ASX Listing Rule 10.13:

- i. Directors Options are to be issued to Mr. Rob Thomson or an associate of his.
- ii. Mr. Rob Thomson is a related party of the Malachite as he is a Director of Malachite.
- iii. A total of 1,250,000 Directors Options to subscribe for Shares in the Company are to be issued to Mr. Rob Thomson or an associate of his.
- iv. The Directors Options are subject to the terms and conditions set out in Schedule 2. Key terms and conditions are summarised below:
 - a) Each Directors Option entitles the Optionholder to subscribe for 1 Share in the Company;
 - b) The Exercise Price for each Directors Option is \$0.06;
 - c) The Directors Options shall expire 30 September 2023;
 - d) The Directors Options are not transferable;
 - e) The Directors Options shall be unlisted and the Company will not apply for quotation of the Directors Options on the ASX.
- v. Subject to approval of Resolution 7, it is anticipated that the Directors Options will be issued to Mr. Rob Thomson or an associate of his not later than 1 month after the date of the meeting.
- vi. The Directors Options are to be issued to Mr. Rob Thomson or an associate of his for nil consideration and no funds will be raised by the issue of the Directors Options. However if the Directors Options are exercised Mr. Thomson or his associate will subscribe up to \$75,000 for new Shares in the Company. If any of the Directors Options are exercised it is envisaged that the funds raised will be applied to advance the Company's projects or for general working capital and corporate purposes.

- vii. Subject to the approval of Resolution 7, the Directors Options are to be issued to Mr. Rob Thomson or an associate of his as additional incentive to Mr. Thomson to further the timely development of the Company's projects in a manner that is in the best interests of Malachite and its Shareholders. The proposed issue of Directors Options is intended to further align the interests of Mr. Thomson with those of Shareholders. The proposed issue of Directors Options is considered to be a reasonable and appropriate method to provide costs effective remuneration to Mr. Thomson as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if cash form of remuneration were given to Mr. Thomson.
- viii. As described above, the issue of these Directors Options will be remuneration in nature and are intended to provide additional incentive Mr. Rob Thomson in his capacity as a Director. These Directors Options do not relate to remuneration pursuant to the terms of any Consulting Agreement or any other agreement for the provision of services by Mr. Thomson.

A private consulting company associated with Mr. Thomson was engaged as a consultant on 1 September 2020 to provide technical and corporate advisory services to the Company. Pursuant to the Consulting Agreement a monthly consulting fee of \$10,000 will be paid to Mr. Thomson's consulting company.

Mr. Thomson was also appointed as a Non-Executive Director on 3 September 2020. In his capacity as a Director, Mr. Thomson will receive Directors Fees of \$39,420 per annum to be paid quarterly in arrears.

- ix. There is no agreement with Mr. Thomson or any associate of his in respect of the proposed issue of these Directors Options.
- x. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders do not approve Resolution 7 then the Company would be unable to complete the proposed issue of Directors Options to Mr. Thomson as contemplated. The Directors Options are intended to serve as additional incentive to Mr. Thomson to further the timely development of the Company's projects in a manner that is in the best interests of Malachite and its Shareholders and to further align the interests of Mr. Thomson with those of Shareholders. If Resolution 7 is not approved, then the Company may elect to provide additional cash remuneration to Mr. Thomson which would reduce the cash resources of the Company being available to spend on its operations.

Chapter 2E of the Corporations Act 2001

The proposed issue of Options under Resolution 7 to Mr. Rob Thomson involves giving a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act 2001. Chapter 2E prohibits the Company from giving a financial benefit to a related party of the Company unless either:

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

The Directors of the Company (excluding Mr. Thomson) believe that the issue of Directors Options is appropriate and reasonable in all circumstances, as they are being issued on the terms and conditions substantially the same as those that were issued to a third party. Therefore the Company considers that the grant of the Options comes within section 210 of the Corporations Act 2001, and shareholder approval is not required for that purpose.

Directors Recommendation

The Directors (excluding Mr. Thomson) recommend that shareholders vote in favour of Resolution 7.

RESOLUTION 8: Proposed issue of Options to Mr. Geoffrey Hiller

Resolution 8 seeks approval to allot Directors Options to Mr. Geoffrey Hiller or an associate of his.

The following information is provided for the purposes of ASX Listing Rule 10.13:

- i. Directors Options are to be issued to Mr. Geoffrey Hiller or an associate of his.
- ii. Mr. Geoffrey Hiller is a related party of the Malachite as he is a Director and Chief Executive Officer of Malachite.
- iii. A total of 2,750,000 Directors Options to subscribe for Shares in the Company are to be issued to Mr. Geoffrey Hiller or an associate of his.
- iv. The Directors Options are subject to the following terms and conditions:
 - a) Each Directors Option entitles the Optionholder to subscribe for 1 Share in the Company;
 - b) The Exercise Price for each Directors Option is \$0.06;
 - c) The Directors Options shall expire 30 September 2023;
 - d) The Directors Options are not transferable;
 - e) The Directors Options will be unlisted and the Company will not apply for quotation of the Directors Options on the ASX.
- v. Subject to approval of Resolution 7, it is anticipated that the Directors Options will be issued to Mr. Geoffrey Hiller or an associate of his not later than 1 month after the date of the meeting.
- vi. The Directors Options are to be issued to Mr. Geoffrey Hiller or an associate of his for nil consideration and no funds will be raised by the issue of the Directors Options. However if the Directors Options are exercised Mr. Hiller or his associate will subscribe up to \$165,000 for new Shares in the Company. If any of the Directors Options are exercised it is envisaged that the funds raised will be applied to advance the Company's projects or for general working capital and corporate purposes
- vii. Subject to the approval of Resolution 7, the Directors Options are to be issued to Mr. Geoffrey Hiller or an associate of his as additional incentive to Mr. Hiller to further the timely development of the Company's projects in a manner that is in the best interests of Malachite and its Shareholders. The proposed issue of Directors Options is intended to further align the interests of Mr. Hiller with those of Shareholders. The proposed issue of Directors Options is considered to be a reasonable and appropriate method to provide costs effective remuneration to Mr. Hiller as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would it cash form of remuneration were given to Mr. Hiller.
- viii. As described above, the issue of these Directors Options will be remuneration in nature and are intended to provide additional incentive Mr. Hiller in his capacity as an Executive Director. These Directors Options do not relate to remuneration pursuant to the terms of any Consulting Agreement or any other agreement for the provision of services by Mr. Hiller.

Mr. Hiller receives remuneration from the Company which is paid to a private consulting company associated with Mr. Hiller. Mr Hiller was initially engaged as a consultant on 1 March 2011 to provide CEO services to the Company. Pursuant to the latest consulting agreement a daily consulting fee of \$1,350 (excl GST) is paid to Mr. Hiller's consulting company.

Mr. Hiller was also appointed as an Executive Director on 4 October 2019. In his capacity as an Executive Director, Mr. Hiller is not entitled to receive Directors Fees.
- ix. There is no agreement with Mr. Hiller or any associate of his in respect of the proposed issue of these Directors Options.
- x. A Voting Exclusion Statement is included above in the Notice of Meeting.

The following information is provided for the purposes of ASX Listing Rule 14.1A:

If Shareholders do not approve Resolution 8 then the Company would be unable to complete the proposed issue of Directors Options to Mr. Hiller as contemplated. The Directors Options are intended to serve as additional incentive to Mr. Hiller to further the timely development of the Company's projects in a manner that is in the best interests of Malachite and its Shareholders and to further align the interests of Mr. Hiller with those of Shareholders. If Resolution 8 is not approved, then the Company may elect to provide additional cash remuneration to Mr. Hiller which would reduce the cash resources of the Company being available to spend on its operations.

Chapter 2E of the Corporations Act 2001

The proposed issue of Options under Resolution 8 to Mr. Geoffrey Hiller involves giving a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act 2001. Chapter 2E prohibits the Company from giving a financial benefit to a related party of the Company unless either:

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

The Directors of the Company (excluding Mr. Hiller) believe that the issue of Directors Options is appropriate and reasonable in all circumstances, as they are being issued on the terms and conditions substantially the same as those that were issued to a third party. Therefore the Company considers that the grant of the Directors Options comes within section 210 of the Corporations Act 2001, and shareholder approval is not required for that purpose.

Directors Recommendation

The Directors (excluding Mr. Hiller) recommend that shareholders vote in favour of Resolution 8.

GLOSSARY:

ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited ABN 98 008 624 691 or the securities market which it operates, as the context requires.
Board	means the board of directors of the Company.
BSCP Options	means Options to be granted to Bridge Street Capital Partners subject to the approval of Resolution 6.
Business Day	has the meaning given in Chapter 19 of the Listing Rules.
Company	means Malachite Resources Limited.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Director Options	means Options to be granted to Directors subject to the approval of Resolutions 7 and/or 8.
Explanatory Memorandum	means the explanatory memorandum attached to the Notice of Meeting.
Listing Rules	means the official listing rules of ASX.
Notice of Meeting	means the notice of meeting and includes the Explanatory Memorandum.
Option	means a right to subscribe for a Share in the Company by paying the option exercise price to the Company prior to the option expiry date.
LR 7.1 Placement Shares	means the 12,513,496 Shares issued pursuant to Listing Rule 7.1 on Friday 14 August 2020 being part of the Total Placement Shares .
Proxy Form	means the proxy form accompanying this Notice of Meeting.
Resolution	means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.
Shares	means fully paid ordinary shares issued in the capital of the Company.
Shareholder	means a person who is the registered holder of Shares.
Total Placement Shares	means the total of 20,833,334 fully paid ordinary Shares issued at \$0.03 to raise \$625,000 on Friday 14 August 2020.

SCHEDULE 1 – TERMS AND CONDITIONS OF BSCP OPTIONS (Refer Resolution 6)

(a) Entitlement

Each Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00 pm (AEST) on 30 September 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

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

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of Shares on exercise

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

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

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

(i) Reconstruction of capital

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 the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

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

(k) Change in exercise price

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

(l) Transferability

The Options will be subject to voluntary escrow for a period of 12 months from their issue date, during which time the Options may not be sold, transferred, or assigned without the prior written approval of the Company. Thereafter the Options shall be transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS (Resolutions 7 and 8)

(a) **Entitlement**

Each Option (**Option**) entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.06 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (AEST) on 30 September 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

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

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) Shares issued on exercise

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

(i) Reconstruction of capital

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 the ASX Listing Rules at the time of the reconstruction.

(j) Participation in new issues

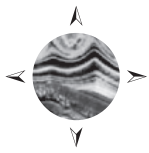
There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) Change in exercise price

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

(l) Transferability

The Options may not be sold, transferred, or assigned.



malachite
resources

Malachite Resources Limited
ABN 86 075 613 268

MAR

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

Need assistance?



Phone:

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



Online:

www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:00 pm (Sydney time) Monday, 12 October 2020.**

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

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

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

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

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

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

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

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

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

ATTENDING THE MEETING

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

Corporate Representative

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

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

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

By Fax:

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



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

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

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

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

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Malachite Resources Limited to be held at Level 4, 283 George Street, Sydney NSW 2000, Australia on Wednesday, 14 October 2020 at 2:00pm (Sydney time) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 7 & 8 (except where I/we have indicated a different voting intention in step 2) even though Items 7 & 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 7 & 8 by marking the appropriate box in step 2.

Step 2 Items of Business

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

	For	Against	Abstain
1 Acquisition of Sunshine Minerals Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issue of Ordinary Shares as Consideration for the Acquisition of Sunshine Minerals Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Sale of Volga Elderberry Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratify Previous Issue of Placement of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Proposed issue of Shares to a Rob Thomson - \$100,000	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Proposed issue of Options to Bridge Street Capital Partners	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Proposed issue of Options to Rob Thomson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Proposed issue of Options to Geoffrey Hiller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1 Securityholder 2 Securityholder 3 / /
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

Update your communication details (Optional)

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

