



Cannindah Resources
Limited

CANNINDAH RESOURCES LIMITED

ACN 108 146 694

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Date of Meeting: Thursday 24 November 2016
Time of Meeting: 11:00 am (Brisbane time)
Place of Meeting: Crowne Plaza Hotel, 2807 Gold
Coast Hwy, Surfers Paradise 4217

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Members of **Cannindah Resources Limited ACN 108 146 694 (Cannindah Resources or Company)** will be held at Crowne Plaza Hotel, 2807 Gold Coast Hwy, Surfers Paradise 4217 on Thursday 24 November 2016 commencing at 11:00 am (Brisbane time).

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

1. Resolution 1: Remuneration Report
2. Resolution 2: Re-Election of Mr Tom Pickett
3. Resolution 3: Re-election of Mr Laurie Johnson
4. Resolution 4: Election of Mr Geoff Missen

SPECIAL BUSINESS

5. Resolution 5: Ratify the Issue of Shares under Previous Placement
6. Resolution 6: Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

Ordinary Business

Audited Financial Statements and Reports

To receive and consider the Financial Report, Directors' Report and Auditor's Report in respect of the year ended 30 June 2016 (Audited Financial Statements) which were released to the ASX on 30 September 2016. The Audited Financial Statements may be viewed on the Company's website at www.cannindah.com.au and by selecting the link titled "Audited Financial Statements".

Neither the Corporations Act nor the Company's Constitution requires Shareholders to vote on such reports. However Shareholders will be given ample opportunity to raise questions about the Reports at the meeting.

1. Resolution 1: Remuneration Report

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

"That for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company be authorised to adopt the Remuneration Report for the year ended 30 June 2016".

Advisory Vote

The vote on this Resolution 1 is advisory only and does not bind the Directors of the Company.

Voting Restriction pursuant to Section 250R(4) of the Corporations Act

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report; and
- (b) a Closely Related Party of such a member.

However, the above persons may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

2. Resolution 2: Re-election of Mr Tom Pickett as a Director

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

"That Mr Tom Pickett, who retires by rotation in accordance with Article 40.1 of the Company's Constitution and Listing Rule 14.5, and being eligible, be re-elected as a Director of the Company from the conclusion of the meeting."

Details of Mr Pickett's qualifications and experience are set out in the Company's Annual Report a copy of which is available on the website at www.cannindah.com.au.

3. Resolution 3: Re-election of Mr Laurie Johnson as a Director

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

“That Mr Laurie Johnson, who retires by rotation in accordance with Article 40.1 of the Company’s Constitution and Listing Rule 14.5, and being eligible, be re-elected as a Director of the Company from the conclusion of the meeting.”

Details of Mr Johnson’s qualifications and experience are set out in the Company’s Annual Report a copy of which is available on the website at www.cannindah.com.au.

4. Resolution 4: Election of Mr Geoff Missen as a Director

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

“That Mr Geoff Missen, who was appointed by the Directors in accordance with Article 38.1 of the Company’s Constitution, retires in accordance with Article 38.2 of the Constitution and Listing Rule 14.4, and being eligible, be re-elected as a Director of the Company from the conclusion of the meeting.”

Details of Mr Missen’s qualifications and experience are set out in the Company’s Annual Report a copy of which is available on the website at www.cannindah.com.au.

Special Business

5. Resolution 5: Ratify the Issue of Shares under Previous Placement

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

*“That in accordance with the provisions of Listing Rule 7.4 of the Listing Rules, and for all other purposes, the Shareholders ratify the previous issue of seven million nine hundred and fifteen thousand and seventy (7,915,070) fully paid ordinary shares in the Company (**Previous Shares**) on 23 March 2016 for a total implied consideration of two hundred and forty-two thousand five hundred and sixty dollars (\$242,560) representing an issue price of approximately three point zero six five cents (\$0.03065) per Previous Share to Aquis Finance Pty Ltd an exempt investor under Section 708 of the Corporations Act (**Placement Participant**).”*

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by:

- The Placement Participant; and
- any associate of the Placement Participant.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

6. Resolution 6: Approval for the Company to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

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

“That, pursuant to and in accordance with Listing Rule 7.1A, and for all other purposes, the Shareholders approve the issue of Equity Securities in a number which is up to 10% of the issued

capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, over a 12 month period from the date of this Annual General Meeting, at a price not less than that determined pursuant to Listing Rule 7.1A.3 and otherwise on the terms and conditions in the Explanatory Memorandum (**10% Securities**).”

Voting exclusion statement

The Company will disregard any votes cast on this Special Resolution by a person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and the associates of any such persons.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Important Note:

The proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in ASX Listing Rule 14.11.1 relating to ASX Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Voting Intention of the Chair for all Resolutions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, subject to compliance with the Corporations Act. 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.

Record Date - Snap Shot Time

Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) permits the Company to specify a time, not more than 48 hours before the Meeting, at which time a 'snap shot' of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting. The Directors have determined such time will be 7:00pm AEDT on Tuesday 22 November 2016 ("Record Date").

Voting Instructions

Registered holders of the ordinary shares of the Company on the Record Date will be entitled either to attend the Meeting in person to vote the securities held by them or, provided a completed and executed Proxy Form has been delivered to the Company as indicated below, vote their securities by proxy.

Proxy Forms for the Meeting are enclosed with this Notice of Meeting. These Proxy Forms provide further details on appointing a Proxy. Proxy Forms (and the original or a certified copy of the power of attorney if the Proxy Form is signed by an attorney) must be received by the Company, by no later than 11:00 am (AEST) on Tuesday 22 November 2016, in accordance with the lodgement instructions detailed on the applicable Proxy Form.

Any Proxy Form received after the relevant time noted above will not be valid for the Meeting.

By order of the Board

Garry Gill
Company Secretary

26 October 2016

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is provided to Shareholders of Cannindah Resources Limited ACN 108 146 694 (Cannindah Resources or Company) in connection with the business to be considered at the Annual General Meeting of Shareholders to be held at Crowne Plaza – 2807 Gold Coast Hwy, Surfers Paradise 4217 on Thursday 24 November 2016 commencing at 11:00 am (Brisbane time).

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

ORDINARY BUSINESS

1. Resolution 1 - Remuneration Report

Remuneration Report

The Remuneration Report which details the remuneration of the Company's Directors, Company Secretary and senior executives is set out in the Cannindah Resources Limited 2016 Financial Report, which may be viewed on the Company's website (www.cannindah.com.au).

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution. This resolution shall be determined as if it were an Ordinary Resolution, although under Section 250R(3) of the Corporations Act, the vote does not bind the Directors of the Company. However the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Voting Exclusion Statement

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting on Resolution 1, details of which are set out in the Voting Restriction Statement included in Resolution 1 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1 subject to compliance with the Corporations Act.

Directors' Recommendations

The Board unanimously recommends that Shareholders vote in favour of Resolution 1. A vote on this Resolution is advisory only and does not bind the Directors of the Company.

2. Resolution 2 - Re-election of Mr Tom Pickett as a Director

Article 40.1 of the Company's Constitution requires that at each AGM, one-third of the Directors in office for the time being (rounded down) must stand for re-election, with Directors required to retire based upon length of tenure. Where 2 or more Directors have been in office an equal length of time, the Director(s) to retire is determined by agreement between them (or failing that, by lot). Listing Rule 14.4 however prohibits a Director from holding office past the third Annual General Meeting following their appointment. Listing Rule 14.5 requires that where an entity has directors an election of directors must be held each year.

Mr Tom Pickett retires in accordance with the Company's Constitution and Listing Rule 14.5 and being eligible, offers himself for re-election as a Director.

Mr Pickett is a substantial shareholder in the Company holding 7.7% of the Company's shares.

Recommendation

The Directors (with Mr Pickett abstaining) recommend that Shareholders vote in favour of this Ordinary Resolution.

3. Resolution 3 – Re-election of Mr Laurie Johnson as a Director

Article 40.1 of the Company's Constitution requires that at each AGM, one-third of the Directors in office for the time being (rounded down) must stand for re-election, with Directors required to retire based upon length of tenure. Where 2 or more Directors have been in office an equal length of time, the Director(s) to retire is determined by agreement between them (or failing that, by lot). Listing Rule 14.4 however prohibits

a Director from holding office past the third Annual General Meeting following their appointment. Listing Rule 14.5 requires that where an entity has directors an election of directors must be held each year.

Mr Laurie Johnson retires in accordance with the Company's Constitution and Listing Rule 14.5 and being eligible, offers himself for re-election as a Director.

Recommendation

The Directors (with Mr Johnson abstaining) recommend that Shareholders vote in favour of this Ordinary Resolution.

4. Resolution 4 - Election of Mr Geoff Missen as a Director

Mr Geoff Missen was appointed by the Directors in accordance with Article 38.1 of the Company's Constitution on 21 June 2016. Pursuant to Article 38.2 of the Company's Constitution and Listing Rule 14.4, a Director appointed to fill a casual vacancy must not hold office without re-election past the next Annual General Meeting.

Accordingly Mr Missen retires in accordance with Article 38.2 of the Company's Constitution and Listing Rule 14.4 and being eligible, offers himself for re-election as a Director.

Recommendation

The Directors (with Mr Missen abstaining) recommend that Shareholders vote in favour of this Ordinary Resolution.

SPECIAL BUSINESS

5. Resolution 5 – Ratify the Issue of Shares under Previous Placement

Introduction

On 23 March 2016 the Company issued 7,915,070 fully paid ordinary shares (Previous Shares) as part payment of the loan renewal fee pursuant to the \$2 million secured Loan Agreement with Aquis Finance Pty Ltd as disclosed in the Company's ASX announcement of 10 March 2015. The Previous Shares issued ranked equally with the existing shares on issue and represented 8.6% of the number shares in the Company prior to their issue. The deemed issue price of the Previous Shares was 3.065 cents per Previous Share giving a value of the consideration of \$242,560.

Listing Rule 7.1 and 7.4

Under Listing Rule 7.1, a listed company is prohibited from issuing or agreeing to issue Equity Securities without shareholder approval if doing so would result in the number of Equity Securities issued in the preceding 12 month period exceeding 15% of the number of Shares on issue at the beginning of the period:

- plus the Shares issued with Shareholder approval;
- plus the Shares issued under an exception in Listing Rule 7.2;
- plus the partly paid Shares which became fully paid Shares; and
- minus cancelled Shares,

during the 12 month period.

This is referred to as a company's '15% Placement Capacity'.

Under Listing Rule 7.4, an issue of Equity Securities made without specific Shareholder approval under Listing Rule 7.1 (**Previous Issue**) is treated as having been made with approval for the purpose of Listing Rule 7.1 if:

- the Previous Issue did not breach Listing Rule 7.1 when the Equity Securities were issued; and
- the Previous Issue is subsequently approved by Shareholders (**Shareholder Ratification**).

Shareholder Ratification

By issuing the Previous Shares the Company has used a significant portion of its 15% Placement Capacity permitted under Listing Rule 7.1. Accordingly, under Resolution 5, the Company is seeking Shareholder Ratification of the issue of the Previous Shares in accordance with Listing Rule 7.4. The effect of ratifying the issue of the Previous Shares is that it refreshes the Company's ability to issue Equity Securities under its 15% Placement Capacity during the next 12 months without the need to obtain further Shareholder approval.

For the purposes of ASX Listing Rule 7.4 and 7.5, and for all other purposes, the Company advises:

- A total number of 7,915,070 Previous Shares were issued.
- The Previous Shares were issued for no consideration. However the share price at the time of issue was \$0.03065 per share.
- The Previous Shares were issued on the same terms and rank pari passu with all other existing Shares on issue.
- The Previous Shares were issued and allotted to Aquis Finance Pty Ltd.
- No funds were raised from the issue with the issue being made in consideration of the lender continuing with its loan to the Company.

Recommendation

The Board recommends that Shareholders vote in favour of this Ordinary Resolution.

6. Resolution 6: Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A

Introduction

Pursuant to Resolution 6, the Company is seeking shareholder approval to issue an additional 10% of issued capital over a 12 month period pursuant to Listing Rule 7.1A. If passed, this resolution will allow the Company to allot and issue up to the number of new Equity Securities calculated in accordance with Listing Rule 7.1A.2 (**10% Securities**) each at an issue price of at least 75% of the volume weighted average price (**VWAP**) for the Company's Equity Securities in that class (calculated over the last 15 days on which trades in the Equity Securities are recorded immediately before the date on which the price at which the 10% Securities are to be issued is agreed, or if the 10% Securities are not issued within 5 trading days of that date, the date on which the 10% Securities are issued) (**Issue Price**).

This approval is sought pursuant to Listing Rule 7.1A. Under Listing Rule 7.1A small and mid-cap listed entities that meet the eligibility threshold and have obtained the approval of their ordinary shareholders by Special Resolution at the AGM, are permitted to issue an additional 10% of issued capital over a 12 month period from the date of the annual general meeting (**Additional 10% Issue**). The Additional 10% Issue under Listing Rule 7.1A is in addition to the ability of the Company to issue 15% of its issued capital without shareholder approval over a 12 month period pursuant to Listing Rule 7.1.

The Company may issue the 10% Securities to raise funds for the Company and for non-cash consideration (further details of which are set out below). If undertaken, funds raised from the issue of 10% Securities would be applied to progress the objectives of Company including the funding of exploration activities, working capital, acquisitions and the payment of any costs of the issue of the 10% Securities.

Listing Rule 7.1A

a) General

i. Eligibility

An entity is eligible to undertake an Additional 10% Placement if at the time of its AGM it has a market capitalisation of \$300 million or less and it is not included in the S&P/ASX300 Index.

For illustrative purposes only, on 11 October 2016 the Company's market capitalisation was \$1.8 million based on the Closing Trading Price on 11 October 2016. The calculation of market capitalisation will be based on the Closing Price of the Shares, on the last Trading Day on which trades in the Shares were recorded before the date of the AGM, multiplied by the number of Shares on issue (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is not included in the S&P/ASX300 Index as at the time of this AGM, however, it should be noted that the S&P/ASX300 Index is rebalanced twice a year in March and September.

The Company is therefore an Eligible Entity and able to undertake an Additional 10% Issue under Listing Rule 7.1A.

In the event that the Company for any reason ceases to be an Eligible Entity after the Company has already obtained Shareholders' approval pursuant to this Resolution 6, the approval obtained will not lapse and the Company will still be entitled to issue the Placement Securities.

ii. **Special Resolution**

Listing Rule 7.1A requires this Resolution 6 to be passed as a Special Resolution, which means that it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution. Pursuant to Listing Rule 7.1A, no 10% Securities will be issued until and unless this Special Resolution is passed at the Meeting.

iii. **Shareholder approval**

The ability of the Company to issue the Placement Securities is conditional upon the Company obtaining Shareholder approval by way of a Special Resolution at the Meeting.

b) **Issue Period – Listing Rule 7.1A.1**

Assuming Resolution 6 is passed, Shareholder approval of the Additional 10% Issue under Listing Rule 7.1A is valid from the date of the AGM and expires on the earlier to occur of:

- i. the date that is 12 months after the date of the AGM; or
- ii. the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX.

If approval is given for the issue of the Additional 10% Issue then the approval will expire, on 24 November 2017, (unless Shareholder approval is granted pursuant to Listing Rules 11.1.2 or 11.2 prior to that date, in which case the approval will expire at that earlier time).

c) **Calculation for Additional 10% Issue – Listing Rule 7.1A.2**

Listing Rule 7.1A.2 provides that Eligible Entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of ordinary securities on issue 12 months before the date of issue or agreement:

- i. plus the number of fully paid ordinary securities issued in the 12 months under an exception in Listing Rule 7.2;
- ii. plus the number of partly paid ordinary securities that became fully paid in the 12 months;
- iii. plus the number of fully paid ordinary securities issued in the 12 months with approval of holders of ordinary securities under Listing Rules 7.1 or 7.4. (Note: This does not include an issue of fully paid ordinary securities under the entity's 15% placement capacity under Listing Rule 7.1 without Shareholder approval);
- iv. less the number of fully paid ordinary securities cancelled in the 12 months.

D is 10 percent.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

d) **Listing Rule 7.1A.3**

i. **Equity Securities**

Any Equity Securities issued under the Additional 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of this Notice of Meeting, the only class of Equity Securities in the Company quoted on the ASX are 'Ordinary Shares (ORD)'. The Company presently has 100,075,733 Shares on issue as at the date of this Notice of Meeting.

ii. **Minimum Issue Price**

The issue price for the Placement Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- the date on which the price at which the relevant Placement Securities are to be issued is agreed; or
- if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the relevant Placement Securities are issued.

e) **Information to be given to ASX – Listing Rule 7.1A.4**

If Resolution 6 is passed and the Company issues any 10% Securities under Listing Rule 7.1A, the Company will give to ASX:

- i. a list of allottees of the 10% Securities and the number of 10% Securities allotted to each (this list will not be released to the market); and
- ii. the following information required by rule 3.10.5A, which will be released to the market on the date of issue:
 - details of the dilution to the existing holders of Equity Securities caused by the issue;
 - where the Equity Securities are issued for cash consideration, a statement of the reasons why the Company issued the Equity Securities as a placement under rule 7.1A and not as (or in addition to) a pro rata issue or other type of issue in which existing Shareholders would have been eligible to participate;
 - details of any underwriting arrangements, including any fees payable to the underwriter; and
 - any other fees or costs incurred in connection with the issue.

f) **Listing Rule 7.1 and 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 100,075,733 Shares. The Company will have the capacity to issue the following Equity Securities on the date of the Meeting:

- i. Subject to shareholder approval of Resolution 5, 15,011,359 Equity Securities under Listing Rule 7.1; and
- ii. subject to Shareholder approval being obtained under Resolutions 5 and 6, 10,007,573 Shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as described above).

Specific Information required by Listing Rule 7.3A

a) **Minimum Price of securities issued under Listing Rule 7.1A – Listing Rule 7.3A.1**

Pursuant to and in accordance with Listing Rule 7.1A.3, the 10% Securities issued pursuant to approval under Listing Rule 7.1A must have an issue price of not less than 75% of the VWAP for the Equity Securities over the 15 Trading Days immediately before:

- i. the date on which the price at which the Placement Securities are to be issued is agreed; or
- ii. if the 10% Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Placement Securities are issued.

The Company will disclose to the ASX the issue price on the date of issue of the 10% Securities.

b) Risk of economic and voting dilution – Listing Rule 7.3A.2

As provided by Listing Rule 7.3A.2, if Resolution 6 is passed and the Company issues the 10% Securities, there is a risk of economic and voting dilution to the existing Shareholders. The Company currently has on issue 100,075,733 Shares. The Company could issue 10,007,573 Shares on the date of the Meeting (however, it is important to note that the exact number of Equity Securities which may be issued will be calculated in accordance with the formula contained in Listing Rule 7.1A.2 details of which are set out above). Any issue of 10% Securities will have a dilutive effect on existing Shareholders.

There is a specific risk that:

- i. the Market Price for the Company's Equity Securities may be significantly lower on the date of the issue of any 10% Securities than it is on the date of the Meeting; and
- ii. the 10% Securities may be issued at a price that is at a discount to the Market Price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue or the value of the Placement Securities.

As required by Listing Rule 7.3A.2, Table 1 below shows the potential economic and voting dilution effect, in circumstances where the issued capital has doubled and the Market Price of the Shares has halved. Table 1 also shows additional scenarios in which the number of issued Shares has increased and the Market Price of the Shares has decreased.

Table 1

| Issued Share Capital | 50% decrease in Market Price \$0.008 | | Current Market Price \$0.016 | | 100% increase in Market Price \$0.032 | |
|--|---|----------------|---------------------------------|----------------|--|----------------|
| | 10 % Voting Dilution (Shares) | Capital Raised | 10 % Voting Dilution (Shares) | Capital Raised | 10 % Voting Dilution (Shares) | Capital Raised |
| Present Issued Share Capital = 92,160,663 Shares | 10,007,573 | \$90,068 | 10,007,573 | \$180,136 | 10,007,573 | \$360,273 |
| 50% Increase in Share Capital = 138,240,994 Shares | 15,011,360 | \$135,102 | 15,011,360 | \$270,204 | 15,011,360 | \$540,409 |
| 100% Increase in Share Capital = 184,321,326 Shares | 20,015,147 | \$180,136 | 20,015,147 | \$360,273 | 20,015,147 | \$720,545 |

Assumptions and explanations

- The Market Price is \$0.018 based on the closing price of the Shares on ASX on 11 October 2016.

- *The above table only shows the dilutionary effect based on the issue of the 10% Securities (assuming only shares are issued) and not any Shares issued under the 15% under Listing Rule 7.1.*
- *The 10% voting dilution reflects the aggregate dilution against the issued share capital at the time of issue.*
- *The Company issues the maximum number of the 10% Securities.*
- *The Issued Share Capital has been calculated in accordance with the formula in Listing Rule 7.1A(2) as at 11 October 2016 and assuming all resolutions affecting share capital presented to the Annual General Meeting are passed.*
- *The issue price of the 10% Securities used in the table is the same as the Market Price and does not take into account the discount to the Market Price (if any).*

c) Final date for issue – Listing Rule 7.3A.3

As required by Listing Rule 7.3A.3, the Company will only issue and allot the 10% Securities during the 12 months after the date of this Meeting which will end on 24 November 2017. The approval under Resolution 6 for the issue of the 10% Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities of the Company) or Listing Rule 11.2 (the disposal of the main undertaking of the Company) before the anniversary of the AGM.

d) Purpose – Listing Rule 7.3A.4

As noted above, the purpose for which the 10% Securities may be issued include to raise funds for the Company and for non-cash consideration (further details of which are set out below). Any funds raised from the issue of 10% Securities, if undertaken, would be applied to progress the objectives of Company including the funding of exploration activities, working capital, acquisitions and the payment of any costs of the issue of the 10% Securities.

e) Shares Issued for Non-cash consideration – Listing Rule 7.3A.4

The Company may issue 10% Securities for non-cash consideration, such as the acquisition of new assets or investments or the payment of expenses of the Company. If the Company issues 10% Securities for non-cash consideration, the Company will release to the market a valuation of the non-cash consideration that demonstrates that the issue price of the 10% Securities complies with Listing Rule 7.1A.3.

f) Company's Allocation Policy – Listing Rule 7.3A.5

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of the 10% Securities. The identity of the allottees of 10% Securities will be determined on a case-by-case basis having regard to a number of factors including but not limited to the following:

- i. the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- ii. the effect of the issue of the 10% Securities on the control of the Company;
- iii. the financial situation and solvency of the Company; and
- iv. advice from corporate, financial and broking advisers (if applicable).

The allottees of the 10% Securities have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments for which 10% Securities are issued as consideration, it is likely that the allottees of some of the 10% Securities will be the vendors of the new assets or investments.

g) Details of all equity securities issued where previously obtained shareholder approval under listing rule 7.1A – Listing Rule 7.3A.

The Company previously obtained Shareholder approval under Listing Rule 7.1A at the previous Annual General Meeting held on 24 November 2015. No shares were issued pursuant to the approval during the year.

As the Company previously obtained Shareholder approval under Listing Rule 7.1A, the following information is provided to Shareholders, in accordance with Listing Rule 7.3A.6 regarding the total number of equity securities (quoted and unquoted) issued in the past 12 months preceding the date of the Meeting (that is, since 24 November 2015):

| | |
|---|------------|
| Number of equity securities on issue at commencement of 12 month period | 92,160,663 |
| Equity securities issued in prior 12 month period | 7,915,070 |
| Percentage previous issues represent of total number of equity securities on issue at commencement of 12 month period | 8.6% |

Specific details that are required to be provided for each issue of equity securities in the prior 12 month period are as follows:

| Type of Equity Securities | Terms | Details of Issue | Issue Date | Number Issued | Name of recipient or basis on which recipient determined | Issue price of Equity Securities and Discount to market price on the trading day prior to issue | If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds. If issued for non-cash consideration – a description of the consideration and the current value of the consideration |
|---------------------------|----------------------------|--|---------------|---------------|--|---|---|
| Shares | Fully paid ordinary shares | Issued as consideration for loan renewal fee | 23 March 2016 | 7,915,070 | Aquis Finance Pty Ltd | Issued at prevailing market price of \$0.03065 but for no cash consideration | Issued for non-cash consideration - Issued as consideration for loan renewal fee. Value at time of issue - \$242,560. Value at 11 October 2016: \$142,471 (based on last sale price). |

Voting Exclusion Statement

A voting exclusion statement is included in the Notice of Meeting. At the date of the Notice of Meeting, the proposed allottees of any 10% Securities are not as yet known or identified. In these circumstances (and in accordance with the note set out in Listing Rule 14.11.1 relating to Listing Rules 7.1 and 7.1A), for a person's vote to be excluded, it must be known that that person will participate in the proposed issue. Where it is not known who will participate in the proposed issue (as is the case in respect of the 10% Securities), Shareholders must consider the proposal on the basis that they may or may not get a benefit and that it is possible that their holding will be diluted and there is no reason to exclude their votes.

Recommendation

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

7. Information for Shareholders

Voting Intention of the Chair for all Resolutions

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 1, subject to compliance with the Corporations Act.

Shareholders who are entitled to vote

The Company has determined that for the purpose of voting at the meeting, shares will be taken to be held by those members recorded in the Company's Register of Members as at 7.00 pm (Sydney time) on Tuesday 22 November 2016.

Proxy Votes

A member entitled to attend and vote at the meeting may appoint a proxy. The person appointed as a proxy may be an individual or a body corporate. If entitled to cast two or more votes, the member may appoint one or two proxies.

Where two proxies are appointed, each proxy may be appointed to represent a specific proportion of the member's voting rights. If the proportion is not specified, each proxy may exercise half of the member's voting rights. Fractional votes will be disregarded. Please read carefully the instructions on the Proxy Form and consider how you wish to direct the proxy to vote on your behalf. You may direct the proxy to vote "for", "against" or "abstain" from voting on each resolution or you may leave the decision to the appointed proxy after discussion at the meeting.

A proxy need not be a member of the Company.

The Proxy Form must be signed by the member or the member's attorney. Proxies given by corporations must be signed in accordance with the corporation's constituent documents, or as authorised by the Corporations Act.

To be valid, the Proxy Form must be lodged at least 48 hours before the time for holding the meeting by one of the following methods:

- (a) in person or by mail to the share registry:

Share Registry:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Level 12, 225 George St Sydney NSW 2000

- (b) by facsimile +61 2 9290 9655
(c) by online www.votingonline.com.au/cannindahagm2016

If the Proxy Form is executed under a power of attorney that has not been noted by the Company, the power of attorney must accompany the Proxy Form

In the case of joint shareholders, the names of all joint shareholders should be shown and all joint shareholders should sign the Proxy Form.

8. Interpretation

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

AGM means annual general meeting;

ASIC means the Australian Securities & Investments Commission;

ASX means the ASX Limited;

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

Chair means the person chairing the Meeting.

Closely Related Party (as defined in the Corporations Act) of a member of the Key Management

Personnel for an entity means:

- a) a spouse or child of the member; or
- b) a child of the member's spouse; or
- c) a dependant of the member or the member's spouse; or
- d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- e) a company the member controls; or
- f) a person prescribed by the regulations for the purposes of the definition of closely related party;

Company means Cannindah Resources Limited ACN 108 146 694 (ASX:PMQ);

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

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

Directors mean the board of Directors of the Company as at the date of the Notice of Meeting and from time to time;

Eligible Entity has the meaning given to that term in the Listing Rules;

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

Explanatory Memorandum means the explanatory statement accompanying this Notice;

Issue Date means the date of the Meeting or within one (1) month thereafter;

Key Management Personnel or **KMP** has the definition given in the Accounting Standard AASB 124 *Related Party Disclosure* as 'those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity';

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

Market Price has the meaning given to that term in the Listing Rules; and

Meeting means the Annual General Meeting to be held on 24 November 2016 as convened by the accompanying Notice of Meeting;

Notice of Meeting or **Notice** means the notice of meeting giving notice to shareholders of the Meeting, accompanying this Explanatory Memorandum;

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

Remuneration Report means the section of the Directors' Report in the 2016 Financial Report dealing with the remuneration of the Company's Directors, Company Secretary and senior executives described as 'Remuneration Report'.

Resolutions means the resolutions set out in the Notice of Meeting;

Securities has the meaning given to that term in the Listing Rules;

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

Shareholder means a shareholder of the Company;

Special Resolution means a resolution:

- a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution.

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



All Correspondence to:

- ✉ **By Mail:** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am AEST on Tuesday 22 November 2016.**

🖥 TO VOTE ONLINE

- STEP 1: VISIT** www.votingonline.com.au/cannindahagm2016
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am AEST on Tuesday 22 November 2016.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** www.votingonline.com.au/cannindahagm2016
- 📠 **By Fax** +61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Cannindah Resources Limited

ACN 108 146 694

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Cannindah Resources Limited** and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of **Cannindah Resources Limited** to be held at **Crowne Plaza Hotel, 2807 Gold Coast Hwy, Surfers Paradise QLD 4217 on Thursday 24 November 2016 at 11:00am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of this Resolution even though Resolution 1 is connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS
 * If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

| | | For | Against | Abstain* |
|---------------------|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 | To adopt the Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-Election of Mr Tom Pickett | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Re-election of Mr Laurie Johnson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Election of Mr Geoff Missen | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Ratify the Issue of Shares under Previous Placement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 | Approval to issue an additional 10% of the issued capital of the Company over a 12 month period pursuant to Listing Rule 7.1A | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

STEP 3 SIGNATURE OF SECURITYHOLDERS
 This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2016