
TORRENS MINING LIMITED
ACN 168 295 092
NOTICE OF GENERAL MEETING

Pursuant to section 249H(2) of the Corporations Act, the Company has received consent from members with at least 95% of the votes that may be cast to hold the Meeting on short notice. Notice is given that the Meeting will be held at:

TIME: 10:00 am (WST)

DATE: Monday, 12 October 2020

PLACE: The offices of Mining Corporate
Level 11
216 St Georges Terrace
PERTH WA 6000

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

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm on Saturday, 10 October 2020.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ISSUE OF OPTIONS TO RELATED PARTY – BILL BLOKING

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,225,000 Options to Bill Bloking (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 1 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 1 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 1 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – ISSUE OF OPTIONS TO RELATED PARTY – STEVE SHEDDEN

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 2,100,000 Options to Steve Shedden (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 2 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 2 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 2 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

3. RESOLUTION 3 – ISSUE OF OPTIONS TO RELATED PARTY – MIKE COLLINGS

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,575,000 Options to Mike Collings (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 3 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 3 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 3 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – ISSUE OF OPTIONS TO RELATED PARTY – RICHARD GRAUAUG

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

“That, for the purposes of section 195(4) and section 208 of the Corporations Act and for all other purposes, approval is given for the Company to issue 1,225,000 Options to Richard Graaug (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Prohibition Statement:

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Resolution 4 Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of a Resolution 4 Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – REPLACEMENT OF CONSTITUTION

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

“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”

6. RESOLUTION 6 – INCREASE TO NON-EXECUTIVE REMUNERATION FEE POOL

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

“That, subject to Resolution 5 being passed, for the purposes of article 7.8 of the Constitution, the maximum total aggregate fixed sum per annum to be paid to non-executive Directors be increased by \$100,000, from \$250,000 per annum to \$350,000 per annum, on the terms and conditions set out in the Explanatory Statement”.

Voting prohibition statement

The Company will disregard any votes cast on Resolution 6 in any capacity by or on behalf of either:

- (a) a member of KMP of the Company, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member,

unless it is cast by:

- (c) a person as a proxy for a person entitled to vote on Resolution 6 appointed by writing that specifies the way the proxy is to vote on Resolution 6; or
- (d) the Chairman as proxy for a person entitled to vote of Resolution 6 and the proxy appointment:
 - (i) does not specify the way the proxy is to vote on Resolution 6; and
 - (ii) expressly authorises the Chairman to exercise the proxy even though Resolution 6 is connected directly or indirectly with the remuneration of a member of the KMP.

Dated: 1 October 2020

By order of the Board

**David Palumbo
Company Secretary**

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

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

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9481 0389.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTIONS 1 TO 4 – ISSUE OF OPTIONS TO RELATED PARTIES

1.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue an aggregate of 6,150,000 Options (**Related Party Options**) to Bill Bloking, Steve Shedden, Mike Collings and Richard Grauaug (or their nominees) (**Related Parties**) on the terms and conditions set out below.

Resolutions 1 to 4 seek Shareholder approval for the issue of the Related Party Options to the Related Parties.

1.2 Section 195(4) of the Corporations Act

Section 195 of the Corporations Act provides that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a “material personal interest” are being considered, except in certain limited circumstances. Section 195(4) relevantly provides that if there are not enough Directors to form a quorum for a Directors meeting because of this restriction, one or more of the Directors may call a general meeting and the general meeting may pass a resolution to deal with the matter.

It might be argued (but it is neither conceded nor, indeed, is thought by the Board to be the case) that each of the Directors comprising the Board has a material personal interest in the outcome of Resolutions 1 to 4, as an issue of Related Party Options is proposed for each Director. If each Director does have such an interest, then in accordance with Section 195(4) a quorum could not be formed to consider the matters contemplated by Resolutions 1 to 4 at a Board level.

Accordingly, for the avoidance of any doubt, and for the purpose of transparency and best practice corporate governance, the Company also seeks Shareholder approval for the purposes of section 195(4) of the Corporations Act for the issue of Related Party Options to each Director pursuant to Resolutions 1 to 4.

1.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company’s members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Related Party Options to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director.

As the Related Party Options are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Related Party

Options. Accordingly, Shareholder approval for the issue of Related Party Options to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

1.4 Technical Information required section 219 of the Corporations Act

Pursuant to and in accordance with section 219 of the Corporations Act, the following information is provided in relation to Resolutions 1 to 4:

- (a) The maximum number of Related Party Options to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is 6,125,000 comprising:
 - (i) 1,225,000 Related Party Options to Bill Bloking (or his nominee) pursuant to Resolution 1;
 - (ii) 2,100,000 Related Party Options to Steve Shedden (or his nominee) pursuant to Resolution 2;
 - (iii) 1,575,000 Related Party Options to Mike Collings (or his nominee) pursuant to Resolution 3; and
 - (iv) 1,225,000 Related Party Options to Richard Graaug (or his nominee) pursuant to Resolution 4.
- (b) The terms and conditions of the Related Party Options are set out in Schedule 1.
- (c) The issue price of the Related Party Options will be nil. The Company will not receive any other consideration in respect of the issue of the Related Party Options (other than in respect of funds received on exercise of the Related Party Options).
- (d) The purpose of the issue of the Related Party Options is to provide a performance linked incentive component in the remuneration package for the Related Parties to align the interests of the Related Parties with those of Shareholders, to motivate and reward the performance of the Related Parties in their roles as Directors and to provide a cost effective way for the Company to remunerate the Related Parties, which will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties.
- (e) The Related Party Options are unquoted Options. The Company has agreed to issue the Related Party Options to the Related Parties subject to Shareholder approval for the following reasons:
 - (i) the Related Party Options are unquoted; therefore, the issue of the Related Party Options has no immediate dilutionary impact on Shareholders;
 - (ii) the taxation benefit which is available to the Related Parties in respect of an issue of Options is also beneficial to the Company as it means the Related Parties are not required to immediately sell the Related Party Options to fund a tax liability (as would be the case in an issue of Shares where the tax liability arises upon issue of the Shares) and will instead, continue to hold an interest in the Company; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options on the terms proposed.

- (f) The number of Related Party Options to be issued to each of the Related Parties has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
 - (ii) the remuneration of the Related Parties; and
 - (iii) incentives to attract and ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Related Party Options upon the terms proposed.

- (g) The total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Bill Bloking	137,079 ¹	Nil
Steve Shedden	251,982 ²	Nil
Mike Collings	168,124 ³	Nil
Richard Graaug	122,496 ⁴	Nil

Notes:

1. Comprising pre-ASX admission director fees of \$32,800 exclusive of superannuation and effective from ASX listing (estimated to commence on 1 December 2020) annual Director's fees of \$85,000 exclusive of superannuation, and an increase of \$54,696, being the value of the Related Party Options. Mr Bloking was appointed director of the Company on 25 January 2016.
2. Comprising pre-ASX admission director fees of \$32,800 exclusive of superannuation and effective from ASX listing (estimated to commence on 1 December 2020) annual salary of \$215,000 exclusive of superannuation, and an increase of \$93,765 being the value of the Related Party Options. Mr Shedden was appointed director of the Company on 27 February 2014.
3. Comprising pre-ASX admission director fees of \$32,800 exclusive of superannuation and effective from ASX listing (estimated to commence on 1 December 2020) annual Director's fees of \$60,000 exclusive of superannuation, a 3 month technical consulting fee of \$10,000 per month, and an increase of \$70,324, being the value of the Related Party Options. Mr Collings was appointed director of the Company on 27 February 2014.
4. Comprising pre-ASX admission director fees of \$32,800 exclusive of superannuation and effective from ASX listing (estimated to commence on 1 December 2020) annual Director's fees of \$60,000 exclusive of superannuation, and an increase of \$54,696, being the value of the Related Party Options. Mr Graaug was appointed director of the Company on 27 February 2014.

- (h) The value of the Related Party Options and the pricing methodology is set out in Schedule 2.
- (i) The relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Related Party	Shares ¹	Options
Bill Bloking	11,500,000	Nil
Steve Shedden	7,400,000	Nil
Mike Collings	7,600,000	Nil
Richard Graaug	4,120,000	Nil

Notes:

1. Fully paid ordinary shares in the capital of the Company.

- (j) If the Related Party Options issued to the Related Parties are exercised, a total of 6,125,000 Shares would be issued. This will increase the number of Shares on issue from 63,451,662 (being the total number of Shares on issue as at the date of this Notice) to 69,576,662 (assuming that no further Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 8.8%, comprising 1.8% by Bill Bloking, 3.0% by Steve Shedden, 2.3% by Mike Collings and 1.8% by Richard Graaug.

The market price for Shares during the term of the Related Party Options would normally determine whether the Related Party Options are exercised. If, at any time, any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company.

- (k) Each Director has a material personal interest in the outcome of Resolutions 1 to 4 on the basis that all of the Directors (or their nominees) are to be issued Related Party Options should Resolutions 1 to 4 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 1 to 4 of this Notice.
- (l) The Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 1 to 4.

2. RESOLUTION 5 – REPLACEMENT OF CONSTITUTION

2.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of shareholders.

Resolution 5 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares, updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and Listing Rules since the current Constitution was adopted in 2014.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature, including but not limited to:

- (a) including provisions in respect of ASX imposed escrow that will be required as the Company seeks to undertake a listing on ASX; and

- (b) providing the Company with the ability to permit Shareholders to provide direct votes rather than Shareholders appointing a proxy.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9481 0389). Shareholders are invited to contact the Company if they have any queries or concerns.

2.2 Summary of material proposed changes

Restricted Securities (clause 2.7)

The Proposed Constitution complies with the recent changes to Listing Rule 15.12, which took effect from 1 December 2019. As a result of these changes, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will permit the Company to issue restriction notices to holders of restricted securities in the form of the new Appendix 9C, advising them of the restriction rather than requiring signed restriction agreements.

Minimum Shareholdings (article 2.6 and schedule 4)

Articles 2.6 and schedule 4 of the Proposed Constitution outline how the Company can manage shareholdings which represent "less than a marketable parcel" of Shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time (**Minimum Shareholding**).

The Proposed Constitution is in line with the requirements for dealing with Minimum Shareholdings outlined in the Corporations Act and Listing Rules such that where the Company elects to undertake a sale of Minimum Shareholdings, the Company is only required to give one notice to holders of Minimum Shareholdings to elect to retain their shareholding before the Minimum Shareholdings can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Schedule 4 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with Minimum Shareholdings.

Deemed notice to uncontactable Shareholders (article 14.5)

Article 14.5 provides that a document will be deemed to have been served to a Shareholder if the document is exhibited in the registered office of the Company for 48 hours in the event that:

- (i) a Shareholder does not have an address in the register of Shareholders, and has not nominated an alternative address; or
- (ii) the Company reasonable believes that a Shareholder is not known at the Shareholder's address in the register of Shareholders or any alternative address provided.

Partial (proportional) takeover provisions (article 4.9 and schedule 5)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of the last renewal of the clause.

These provisions were included in the Company's existing Constitution. However, by adopting this Constitution, the three year period during which the provisions will apply will re-commence upon adoption of the Proposed Constitution.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

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

Reasons for proportional takeover provisions

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

Knowledge of any acquisition proposals

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

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

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

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and

- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders, which may assist in deciding whether to accept or reject an offer under the takeover bid.

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

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

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 5.

3. RESOLUTION 6 – INCREASE TO NON-EXECUTIVE DIRECTOR'S REMUNERATION

Article 7.8 of the Proposed Constitution requires that the maximum total aggregate amount of directors' fees per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the total determined by the Shareholders in general meeting and the total aggregate amount of directors' fees will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.

The maximum total aggregate amount of directors' fees per annum to be paid to the non-executive Directors was initially set by the Board at \$250,000. Resolution 6 seeks Shareholder approval to increase this figure by \$100,000 to \$350,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out-of-pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or, should the Company successfully list, securities issued to a Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The maximum total aggregate amount of director's fees per annum to be paid to the non-executive Directors has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year, rather the proposed limit is requested to ensure that the Company:

- (a) maintains its capacity to remunerate both existing and any new non-executive Directors joining the Board;
- (b) remunerates its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and

- (c) has the ability to attract and retain non-executive Directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this ordinary Resolution. The Chairman intends to vote any undirected proxies in favour of the Resolution.

SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.30 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the date that is 42 months following the date of the Meeting (**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) **Cashless Exercise of Options**

The Option holder may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or issue to the Option holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the date of the Notice of Exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share).

Where **Market Value** means the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding the date of the Notice of Exercise.

(h) **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 (h)(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.

(i) **Shares issued on exercise**

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

(j) **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, if applicable, the ASX Listing Rules at the time of the reconstruction.

(k) **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.

(l) **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.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Related Party Options to be issued to the Related Parties pursuant to Resolutions 1 to 4 have been valued using Black-Scholes pricing analysis. Based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:	
Valuation date	17 September 2020
Market price of Shares	10.0 cents
Exercise price	30.0 cents
Expiry date (assumed length of time from issue)	42 months
Risk free interest rate	0.33%
Volatility (discount)	100%
Dividend yield	-
Exercise multiple	1x
Indicative value per Related Party Option	4.465 cents
Total Value of Related Party Options	\$273,481
- Bill Bloking (Resolution 1)	\$54,696
- Steve Shedden (Resolution 2)	\$93,765
- Mike Collings (Resolution 3)	\$70,324
- Richard Grauaug (Resolution 4)	\$54,696

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

GLOSSARY

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (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 dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Torrens Mining Limited (ACN 168 295 092).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Key Management Personnel or **KMP** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.