
HARANGA RESOURCES LIMITED

ABN 83 141 128 841

NOTICE OF ANNUAL GENERAL MEETING

TIME: 3:00 pm (WST)

DATE: 5 March 2020

PLACE: Level 4
The Read Buildings
16 Milligan Street
PERTH WA 6000

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.

If you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 1300 660 448.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 3.00 pm on Thursday, 5 March 2020 at:

Level 4
The Read Buildings
16 Milligan Street
Perth WA 6000

Your vote is important

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

Voting eligibility

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 5:00 pm (WST) on 3 March 2020.

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.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2019 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

“That for the purposes of Section 250R(2) of the Corporations Act, and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial period ended 31 December 2019.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this resolution if:

- (a) the proxy is either: a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or 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.

However, the above prohibition does not apply if:

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

2. RESOLUTION 2 – RE-ELECTION OF A DIRECTOR – MR TEOW KIM CHNG

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

“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Mr Teow Kim Chng, a Director who retires by rotation, and being eligible, is re-elected as a Director.”

3. RESOLUTION 3 – SELECTIVE SHARE BUY-BACK – MR PETER YOUD

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

“That, in accordance with Sections 257D and 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective buy-back of 1,333,334 Shares at \$0.03 per Share from Kingston Vale Pty Ltd ATF Youd Family A/C, an entity controlled by Director, Mr Peter Youd, on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Under the Corporations Act, a company may make a selective buy-back by a special resolution passed at a general meeting. The Company will enter into a conditional agreement with Kingston Vale Pty Ltd ATF Youd Family A/C (**Kingston**) prior to the Annual General Meeting for the buy-back of 1,333,334 Shares at \$0.03 per Share held by Kingston. Following the buy-back the Shares held by

Kingston will be cancelled by the Company. The agreement is conditional on obtaining a special resolution of Shareholders to approve the buy-back. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Kingston and any of its associates, including Director, Peter Youd.

4. RESOLUTION 4 – SELECTIVE SHARE BUY-BACK – MR TEOW KIM CHNG

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

“That, in accordance with Sections 257D and 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective buy-back of 1,333,334 Shares at \$0.03 per Share from Interview Holdings Pty Ltd ATF Kim Chng Family, an entity controlled by Director, Mr Teow Kim Chng, on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Under the Corporations Act, a company may make a selective buy-back by a special resolution passed at a general meeting. The Company will enter into a conditional agreement with Interview Holdings Pty Ltd ATF Kim Chng Family (**Interview Holdings**) prior to the Annual General Meeting for the buy-back of 1,333,334 Shares at \$0.03 per Share held by Interview Holdings. Following the buy-back the Shares held by Interview Holdings will be cancelled by the Company. The agreement is conditional on obtaining a special resolution of Shareholders to approve the buy-back. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Interview Holdings and any of its associates, including Director, Mr Teow Kim Chng.

5. RESOLUTION 5 – SELECTIVE SHARE BUY-BACK – MS NERIDA SCHMIDT

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

“That, in accordance with Sections 257D and 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective buy-back of 1,333,334 Shares at \$0.03 per Share from Ms Nerida Schmidt on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Under the Corporations Act, a company may make a selective buy-back by a special resolution passed at a general meeting. The Company will enter into a conditional agreement with Nerida Schmidt prior to the Annual General Meeting for the buy-back of 1,333,334 Shares at \$0.03 per Share held by Nerida Schmidt. Following the buy-back the Shares held by Nerida Schmidt will be cancelled by the Company. The agreement is conditional on obtaining a special resolution of Shareholders to approve the buy-back. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Director, Nerida Schmidt and any of her associates.

6. RESOLUTION 6 – APPROVAL OF ISSUE OF SECURITIES TO MR PETER YOUD

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

“That, subject to the passing of Resolution 3, for the purposes of ASX Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,333,334 Shares to Mr Peter Youd (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Peter Youd and any of his associates 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 securities in the Company). However, this does not apply to a vote cast in favour of the Resolution by:

- (a) 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
- (b) 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 7 – APPROVAL OF ISSUE OF SECURITIES TO MR TEOW KIM CHNG

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

“That, subject to the passing of Resolution 4, for the purposes of ASX Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,333,334 Shares to Mr Teow Kim Chng (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Teow Kim Chng and any of his associates 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 securities in the Company).

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

- (a) 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
- (b) 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) 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
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 8 – APPROVAL OF ISSUE OF SECURITIES TO MS NERIDA SCHMIDT

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

“That, subject to the passing of Resolution 5, for the purposes of ASX Listing Rule 10.11, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 1,333,334 Shares to Ms Nerida Schmidt (or her nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Nerida Schmidt and any of her associates 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 securities in the Company).

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

- (a) 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
- (b) 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
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) 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
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 31 January 2020

By order of the Board

**Ms Nerida Schmidt
Company Secretary**

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. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial period ended 31 December 2019 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.haranga.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 31 December 2019.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of Directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the Directors who were in office when the Directors' report (as included in the Company's annual financial report for the financial year ended immediate before the second annual general meeting) was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

2.3 Previous voting results

At the Company's previous two annual general meetings the votes cast against the Remuneration Report considered at those annual general meetings were more than 25%. A Spill Resolution was put to the last annual general meeting and was not passed. Under section 250U of the Corporations Act a Spill Resolution cannot be included in a notice of meeting if one was put to the vote at the previous annual general meeting under an earlier application of section 250V. Accordingly, the Spill Resolution is not relevant to this Annual General Meeting.

2.4 Proxy Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

1. Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.
2. Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).
3. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.
4. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR TEOW KIM CHNG

3.1 General

Clause 13.2 of the Constitution of the Company requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Mr Teow Kim Chng, who has served as a Director since 12 September 2018, retires in accordance with clause 13.2 of the Constitution and, being eligible, seeks re-election at the Annual General Meeting.

3.2 Qualifications and other material directorships

Mr Chng is a qualified accountant with many years' experience in the corporate finance, marketing and resources industry.

Currently, Mr Chng is the Executive Chairman of Candlestick Ltd, a public unlisted company in Australia, and the Executive Director of Acutus Corporate Services Pte Ltd in Singapore, Chairman of Acutus (Australia) Pty Ltd and has held several directorships in mining resources and resort development companies in both Australia, and several Asian countries. He was also partner in a management educational and training venture that delivers high level western products and services through leading international academics and thinkers to China-based senior managers and executives. Mr Chng has experience in establishing businesses and taking these businesses to IPO in the Australian Securities Exchange and has raised capital to finance these businesses.

Mr Chng has not held any other listed directorships over the past three years.

3.3 Independence

If re-elected the Board considers Mr Chng will be an independent Director.

3.4 Board recommendation

The Board supports the election of Mr Chng and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTIONS 3 - 5 – SELECTIVE SHARE BUY-BACK

4.1 Background

On 17 September 2019, the Company announced that it had closed its 2:3 non-renounceable rights issue (**Rights Issue**) which was fully underwritten by CPS Capital Group Pty Ltd (**Underwriter**). Following the issue of Shares to those eligible Shareholders that successfully applied under the entitlement offer and the shortfall offer, on 12 December 2019 the Company announced that the remaining shortfall balance of 11,575,566 Shares had been placed by the Underwriter with professional and sophisticated investors at the discretion of and in conjunction with the Directors.

As disclosed in the Rights Issue prospectus dated 23 August 2019 (**Prospectus**), each of the directors, Mr Peter Youd, Mr Teow Kim Chng and Ms Nerida Schmidt entered into agreements with the Underwriter to sub-underwrite the Rights Issue up to \$40,000 each (1,333,334 Shares). Any allocation of shortfall to the Directors was intended to be issued in reliance on Exception 2 of ASX Listing Rule 10.12 so that Shareholder approval would not be required under ASX Listing Rule 10.11.

In the course of allocating the shortfall, 1,333,334 Shares were issued to each of Mr Peter Youd (through an entity he controls, Kingston Vale Pty Ltd ATF Youd Family A/C (**Kingston**), Mr Teow Kim Chng (through an entity he controls Interview Holdings Pty Ltd ATF Kim Chng Family (**Interview Holding**), Mr Teow Kim Chng and Ms Nerida Schmidt (together the **Director Shortfall Shares**). Due to an administrative oversight the shortfall allocations (including the Director Shortfall Shares) were not finalised or issued until 12 December 2019. As the Director Shortfall Shares were issued more than 15 business days after the close of the Rights Issue, the relevant ASX Listing Rule exception to 10.11 was unable to be relied upon resulting in an unintentional and inadvertent breach of ASX Listing Rule 10.11.

In compliance with the corrective action required by ASX, the Company is seeking to buy-back all of the Shares issued to each of Mr Peter Youd, Mr Teow Kim Chng and Ms Nerida Schmidt as set out above in accordance with the Corporations Act (**Buy-Back**).

4.2 Share Buy-Back

The Company is seeking Shareholder approval to buy-back 1,333,334 Shares from each of the Directors or their related entities as applicable (4,000,002 Shares in total) under buy-back agreements as summarised in Section 4.7 below.

The total consideration payable by the Company under the Buy-Back is \$120,000 (**Buy-Back Consideration**). This represents a purchase price of \$0.03 per Share, being the issue price of Shares under the Rights Issue. Further information in relation to the Buy-Back is set out in Section 4.6 below.

4.3 Section 257D of the Corporations Act

The Corporations Act provides that the rules relating to share buy-backs are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's solvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

In particular, section 257A of the Corporations Act provides that a company may buy back its own shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay its creditors; and
- (b) the company follows the procedures laid down in Division 2 of Part 2J.1 of the Corporations Act.

Given the Buy-Back only applies selectively to Shares held by the Directors, the Buy-Back is a selective buy-back.

Pursuant to section 257D(1) of the Corporations Act, a selective share buy-back must be approved by either:

- (a) a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting by all ordinary shareholders.

The phrase "no votes being cast" is intended to operate in a similar way to the way in which voting exclusion statements operate in the context of the ASX Listing Rules.

Pursuant to section 257D(2) of the Corporations Act, the Company must include with the Notice a statement setting out all information known to the Company that is material to the decision on how to vote on the Resolution. However, the Company does not have to disclose information if it would be unreasonable to require the Company to do so because the Company had previously disclosed the information to Shareholders.

Section 257H(3) of the Corporations Act provides that immediately after the registration of the transfer to a company of shares bought back, the Shares are cancelled.

4.4 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 payment in consideration for the Buy-Back (at \$0.03 per Share) constitutes giving a financial benefit and the Directors are related parties of the Company.

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Buy-Back Consideration because the agreements in relation to the Buy-Back are on an arm's length basis following the Company's notification of breaches of the ASX Listing Rules. The Buy-Back is priced at the Rights Issue price of \$0.03 per Share and confers upon the Directors no benefit that discriminates unfairly against the other members of the Company.

4.5 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 it thought by the Board to be the case) that each of the Directors comprising the Board have a material personal interest in the outcome of Resolutions 3 – 5 as a Buy-Back is proposed for each Director. If each 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 3 – 5 at 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 that the 'arm's length terms' exception in section 210 of the Corporations Act applies to Resolutions 3 – 5.

4.6 Details of the Buy-Back

In accordance with the requirements of section 257D(2) of the Corporations Act and ASIC Regulatory Guide 110, the following information is provided to Shareholders to assist them to make a decision on how to vote on Resolutions 3 - 5:

- (a) **(Current Shares on issue):** The Company has 35,600,036¹ Shares on issue as at the date of this Notice.

¹ 4,000,002 Shares, being the Director Shortfall Shares are currently subject to a holding lock and restricted from trading as required by ASX.

- (b) **(Number of Buy-Back Shares)**: The number and percentage of Shares to be bought back are 4,000,002 Shares representing 11.2% of the Shares on issue immediately prior to the Buy-Back (assuming there is no change in the number of Shares between the date of this Notice and completion of the Buy-Back).
- (c) **(Terms of the Buy-Back)**: The Buy-Back will be undertaken as an off-market buy-back of Shares pursuant to agreements as summarised in Section 4.7 below.
- (d) **(Reason for the Buy-Back)**: The Buy-Back is being undertaken as a corrective measure due to a breach of the ASX Listing Rules as set out in Section 4.1 of this Explanatory Statement.
- (e) **(Effect of Buy-Back)**: The overall effect of the Buy-Back (Resolutions 3 -5) would be to reduce the number of Shares currently on issue from 35,600,036 to 31,600,034. However, the Company is seeking Shareholder approval for the issue of 1,333,334 Shares under each of Resolutions 5 - 8. If Resolutions 3 – 8 are passed the number of Shares on issue will be 35,600,036 (assuming no further Shares are issued).
- (f) **(Interests of any director who may participate in the Buy-Back)**: Peter Youd (through the entity he controls, Kingston), Teow Kim Chng (through the entity he controls, Interview Holding), and Nerida Schmidt (in her individual capacity) will participate in the Buy-Back and. These are the only Buy-Back participants.
- (g) **(Advantages and disadvantages of Buy-Back)**: The advantages and disadvantages of the Share Buy-Back are described in Section 4.7 below.
- (h) **(Control effect of the Buy-Back)**: The Buy-back is not expected to have any effect on the control of the Company.
- (i) **(Financial effect and source of funding)**: The Company will incur no liabilities or costs in respect of the proposed Buy-Back other than the Buy-Back Consideration and costs in connection with preparation of this Notice and the Meeting. Costs in connection with the Notice and the Meeting are expected to be incurred whether or not the Buy-Back is approved. If Resolutions 3 - 5 are passed and Resolutions 6 - 8 are not passed, the Company's working capital will be reduced by the amount of the Buy-Back Consideration. However, if Resolutions 6 – 8 are also passed, the Company will receive funds of \$120,000 (equal to the amount of the outgoing Buy-Back Consideration) through the subscription of the replacement Shares. The Buy-Back is not expected to have any other financial effect on the Company. The Company's most recent auditor reviewed financial statements for the half year ended 30 June 2019 and the Company's most recent audited full year financial statements for the full financial year ending 31 December 2019 will be available on the Company's website.
- (j) **(Trading prices)**. The Company entered voluntary suspension on 22 January 2018.

4.7 Share Buy-Back Agreements

The Company and each of Peter Youd (through the entity he controls, Kingston), Teow Kim Chng (through the entity he controls, Interview Holding), and Nerida Schmidt (in her individual capacity) have entered into, or will shortly and before despatch of this Notice, enter into share buy-back agreements under which, subject to Resolutions 3 -

5 respectively being approved the Company will buy back 1,333,334 Shares held by each of the Directors.

Completion under the Buy-Back agreements is expected to occur two business days following the passing of Resolutions 3 - 5 and is expected to occur at the same time as the issue of Shares under Resolutions 6 - 8 (assuming Resolutions 6 - 8 are also approved).

The Buy-Back agreements also include various mechanical provisions to give effect to the Buy-Back, and customary warranties as to incorporation, title, authority and solvency.

4.8 Advantages and disadvantages of the Buy-Back

The Buy-Back is being proposed to satisfy ASX's required corrective action in respect of the breaches of the ASX Listing Rules.

The Directors consider that the Buy-Back is in the best interests of Shareholders for the following reasons:

- (a) the Buy-Back will only result in the cancellation of the Shares issued to the Directors or their nominee entities (as applicable);
- (b) the Buy-Back will not materially prejudice the Company's ability to pay its creditors;
- (c) the financial effect of the Buy-Back on the Company (assuming approval for the issue of Shares the subject of Resolutions 6 – 8) will be limited to the costs in connection with preparation of this Notice and the Meeting. If Resolutions 3 – 5 are passed but Resolution 6 - 8 are not passed, the Company's working capital will be reduced by the amount of the Buy-Back Consideration. No franking credits will be used pursuant to the Buy-Back;
- (d) the Buy-Back (and the proposed issue of Shares under Resolutions 6 – 8) are being undertaken as a corrective action to put the Company back in substantially the same position had the technical breaches of ASX Listing Rule 10.11 not occurred;
- (e) if Shareholder approval for the Buy-Back is not obtained, the Shares in respect of the Buy-Back would not be cancelled but would instead be sold and any profit from such sale donated to a registered charity;
- (f) the Company is also seeking Shareholder approval for the issue of the Shares to the Directors under Resolutions 6 – 8 which represents 100% (in number) of the Shares the subject of the Buy-Back;
- (g) the Shares are illiquid and were the Buy-Back not to proceed a mandatory sale of the Buy-Back could have a material adverse effect on the Share price, which is not in Shareholders' interests; and
- (h) Shareholders will, in any event, have an opportunity to approve the issue of new securities (being the Shares proposed to be issued to the Directors (or their nominees) the subject of Resolutions 6 - 8) based on all relevant information, consistent with the purpose of Listing Rule 10.11.

However, the Buy-Back will have the consequence that the Company will be required to fund the purchase price for the Buy-Back. The purchase price is expected to be

funded from the proceeds of the issue of Shares under Resolutions 6 - 8. If Resolutions 6 - 8 are not approved, the Buy-Back will be funded entirely from working capital.

The Company does not consider that there are any other material disadvantages to the Company undertaking the Buy-Back.

4.9 ASX Listing Rule 10.1 – Waiver

ASX Listing Rule 10.1 provides that an entity must not acquire a substantial asset from or dispose a substantial asset to a related party or a substantial holder of the entity, or an associate of a related party or a substantial holder, without shareholder approval. An asset is a "substantial asset" if its value, or the value of the consideration paid for it, is 5% or more of the equity interests of the entity as shown in the latest audited accounts given to the ASX. A notice of meeting seeking shareholder approval under ASX Listing Rule 10.1 must include a report on the transaction from an independent expert.

Given the amount and corresponding value of the Shares the subject of the Buy-Back, Listing Rule 10.1 would apply unless ASX granted a waiver.

The Company has obtained a waiver from ASX in relation to the application of ASX Listing Rule 10.1 to the Buy-Back. ASX has granted a waiver to facilitate the remediation of the breaches of ASX Listing Rule 10.11 as detailed in Section 4.1 above. An outline of the facts and reasons for the decision by ASX to grant the waiver are set out in the Register of ASX Listing Rule Waivers published by ASX which will be publicly available.

4.10 Interests of Directors

Peter Youd has a material personal interest in the outcome of Resolution 3 by virtue of controlling Kingston which is the holder of the Shares proposed to be bought back the subject of Resolution 3. Accordingly, Peter Youd does not wish to make any recommendation on Resolution 3 however in regard to Resolutions 4 and 5 Peter Youd recommends that Shareholders vote in favour having regard to the advantages and disadvantages of the Buy-Back referred to in Section 4.8 above.

Teow Kim Chng has a material personal interest in the outcome of Resolution 4 by virtue of controlling Interview Holdings which is the holder of the Shares proposed to be bought back the subject of Resolution 4. Accordingly, Teow Kim Chng does not wish to make any recommendation on Resolution 4 however in regard to Resolutions 3 and 5 Teow Kim Chng recommends that Shareholders vote in favour having regard to the advantages and disadvantages of the Buy-Back referred to in Section 4.8 above.

Nerida Schmidt has a material personal interest in the outcome of Resolution 5 as the holder of the Shares proposed to be bought back the subject of Resolution 5. Accordingly, Nerida Schmidt does not wish to make any recommendation on Resolution 5 however in regard to Resolutions 3 and 4 Nerida Schmidt recommends that Shareholders vote in favour having regard to the advantages and disadvantages of the Buy-Back referred to in Section 4.8 above.

4.11 Other material information

There is no other information material to the proposed decision by Shareholders whether or not to vote in favour of Resolutions 3 - 5, being information that is known to the Directors which has not previously been disclosed to Shareholders, other than as set out in this Explanatory Statement (including for Resolutions 6 – 8 as set out below).

5. RESOLUTIONS 6 - 8 – APPROVAL OF ISSUE OF SHARES TO DIRECTORS

5.1 General

Resolutions 6 - 8 seeks Shareholder approval for the purposes of ASX Listing Rule 10.11 to allow the Company to re-issue 1,333,334 Shares to each of the Directors being 4,000,002 Shares in total (**Director Shares**) (**Issue**). Resolutions 6 - 8 are conditional on the Buy-Back being approved under Resolutions 3 - 5.

The issue price for the Director Shares is the same as the price for the Buy-Back being \$0.03 which is also equal to the issue price for the Shares under the Rights Issue.

5.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 4.4 above.

The issue of the Director Shares constitutes giving a financial benefit and Peter Youd, Teow Kim Chng and Nerida Schmidt are each a related party of the Company by virtue of being Directors.

The Directors (other than Mr Youd in relation to Resolution 6, Mr Kim Chng in relation to Resolution 7 and Ms Schmidt in relation to Resolution 8, given their material personal interests in these respective Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Director Shares pursuant to Resolutions 6 - 8 because the Director Shares will be issued on the same terms and for the same issue price (being \$0.03 per Share) as those Shares issued by the Company under the recent Rights Issue and therefore that the 'arm's length terms' exception in section 210 of the Corporations Act applies to the Issue under Resolution 6 – 8.

5.3 Section 195(4) of the Corporations Act

A summary of section 195(4) of the Corporations Act is set out in Section 4.5 above.

It might be argued (but it is neither conceded nor, indeed, is it thought by the Board to be the case) that each of the Directors comprising the Board have a material personal interest in the outcome of Resolutions 6 – 8 as an issue to each Director is being contemplated. If each does have such an interest, then a quorum could not be formed to consider the matters contemplated by Resolutions 6 - 8 at 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 that the 'arm's length terms' exception in section 210 of the Corporations Act applies to the Issues under Resolution 6 – 8.

5.4 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Director Shares involves the issue of securities to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Pursuant to ASX Listing Rule 7.2 (Exception 14), Listing Rule 7.1 does not apply to an issue of securities approved for the purpose of ASX Listing Rule 10.11. Accordingly, if Shareholders approve the issue of securities pursuant to Resolutions 6 - 8, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and the additional 10% annual capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

5.5 Technical Information required by ASX Listing Rule 14.1A

If Resolutions 6 - 8 are not passed (and Resolutions 3 - 5 are passed), the Company's working capital will be reduced by the amount of the Buy-Back Consideration. If Shareholder approval for the Buy-Back is not obtained, the Shares in respect of the Buy-Back would not be cancelled but would instead be sold and any profit from such sale donated to a registered charity. Refer to Section 4.6 (Details of the Buy-Back and Section 4.8 (Advantages and Disadvantages of the Buy-Back).

5.6 Technical Information required by ASX Listing Rule 10.13

A summary of ASX Listing Rule 10.11 is set out in Section 5.4 above.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 5:

- (a) the Director Shares will be issued to:
 - (i) pursuant to Resolution 6, Peter Youd (or his nominee);
 - (ii) pursuant to Resolution 7, Teow Kim Chng (or his nominee); and
 - (iii) pursuant to Resolution 8, Nerida Schmidt (or her nominee);
- (a) Peter Youd, Teow Kim Chng and Nerida Schmidt are each a related party of the Company under Listing Rule 10.11.1 by virtue of being Directors.
- (b) the maximum number of Director Shares to be issued is:
 - (iv) pursuant to Resolution 6, 1,333,334 fully paid ordinary shares;
 - (v) pursuant to Resolution 7, 1,333,334 fully paid ordinary shares; and
 - (i) pursuant to Resolution 8, 1,333,334 fully paid ordinary shares,the Director Shares to be issued will be fully paid ordinary shares, on the same terms and conditions as the Company's existing Shares;
- (c) the Director Shares will be issued following the Buy-Back and no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Director Shares will occur on the same date;
- (d) the Director Shares will be issued for \$0.03 per Share (being the price per Share under the recent Rights Issue); and
- (e) the funds raised under the Issue will in effect be set off against the Buy-Back Consideration and will enable the Company to continue with its use of funds as stated in the Prospectus).

- (f) the Issues of Director Shares are not subject to any formal agreement however the terms of the Issues are set out in this Notice.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the New Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Director Shares will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means Haranga Resources Limited (ACN 141 128 841).

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.

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.

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.

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Vote by Proxy: HAR

Your proxy voting instruction must be received by **3.00pm (WST) on Tuesday, 3 March 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

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

Joint holding: Where the holding is in more than one name, all of the Shareholders 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 Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

