

ERINBAR LIMITED
ACN 063 389 079

NOTICE OF ANNUAL GENERAL MEETING

AND

EXPLANATORY MEMORANDUM

Important Information

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisor without delay.

If you wish to discuss any aspect of this document with the Company please contact
Mr Graham Seppelt on telephone 0419 035 297

ERINBAR LIMITED
ACN 063 389 079

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of Erinbar Limited will be held at 52 Ord Street, West Perth at 11am (Perth time) on 21 December 2020 to consider the following business and, to consider and, if thought fit, to pass the following Resolutions:

AGENDA :

ITEMS OF ORDINARY BUSINESS

FINANCIAL & OTHER REPORTS

To receive and consider the financial report for the year ended 30 June 2020 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report.

The financial report which forms part of the Annual Report may be found on the Company's web site at www.erinbar.com.au

ORDINARY RESOLUTIONS

1. Ordinary Resolution – Re-election of Mr Jeremy Shervington as Director

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

“That Mr Jeremy Shervington having retired in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect.”

ITEMS OF EXTRAORDINARY BUSINESS

2. Ordinary Resolution - Approval for the JS Variation, the issue of the JS Loan Shares to the JS Party and for the issue of 5 million New JS Performance Rights to the JS Party

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

“That, for the purposes of Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve :

- the JS Variation;*
- the issue of the JS Loan Shares to the JS Party; and*
- the issue of 5 million New JS Performance Rights to the JS Party,*
- on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion: For the purposes of Section 224 of the Corporations Act the Company will disregard any votes cast on this Resolution by or on behalf of Jeremy Shervington or his Associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with Section 250BD of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel, or a Closely Related Party of such a member.

A vote may be cast by such a person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) The person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) The person is the Chairman and appointment of the Chairman as proxy does not specify the way the proxy is to vote on the Resolution, but expressly authorises the Chairman to exercise the proxy even if the resolution is connected with the remuneration of a member of Key Management Personnel.

3 Ordinary Resolution - Approval for the JJ Variation, the issue of the JJ Loan Shares to the JJ Party and for the issue of 5 million New JJ Performance Rights to the JJ Party

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

“That, for the purposes of Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve:

- *the JJ Variation;*
- *this issue of the JJ Loan Shares to the JJ Party; and*
- *the issue of 5 million New JJ Performance Rights to the JJ Party,*
- *on the terms and conditions set out in the Explanatory Memorandum.”*

Voting Exclusion: For the purposes of Section 224 of the Corporations Act the Company will disregard any votes cast on this Resolution by or on behalf of Johann Jacobs or his Associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with Section 250BD of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel, or a Closely Related Party of such a member.

A vote may be cast by such a person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) The person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) The person is the Chairman and appointment of the Chairman as proxy does not specify the way the proxy is to vote on the Resolution, but expressly authorises the Chairman to exercise the proxy even if the resolution is connected with the remuneration of a member of Key Management Personnel.

4. Ordinary Resolution - Approval for the AC Variation and for the issue of 1 million New AC Performance Rights to the AC Party

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

“That, for the purposes of Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve:
- the AC Variation; and
- the issue of 1 million New AC Performance Rights to the AC Party
- on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: For the purposes of Section 224 of the Corporations Act the Company will disregard any votes cast on this Resolution by or on behalf of Alan Coulthard or his Associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with Section 250BD of the Corporations Act, a vote on this Resolution must not be cast by or on behalf of a member of the Key Management Personnel, or a Closely Related Party of such a member.

A vote may be cast by such a person if the vote is not cast on behalf of a person who is excluded from voting on this Resolution, and:

- (a) The person is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) The person is the Chairman and appointment of the Chairman as proxy does not specify the way the proxy is to vote on the Resolution, but expressly authorises the Chairman to exercise the proxy even if the resolution is connected with the remuneration of a member of Key Management Personnel.

DATED this 26 day of November 2020.

BY ORDER OF THE BOARD



Graham Seppelt
Company Secretary

Notes:

Definitions

Terms which are used in this Notice and which are defined in Section 2 of the Explanatory Memorandum have the meanings ascribed to them therein.

Address

If you have recently changed your address or if there is an error in the name and address used for this Notice please notify the Company Secretary. In the case of a corporation, notification is to be signed by a director or company secretary.

Voting Entitlement

The Board has determined that a Shareholder's entitlement to vote at the Meeting will, in accordance with the Corporations Act, be the entitlement of that Shareholder set out in the register of members as at 6pm Perth time on the 19th day of December 2020 .

This means that any Shareholder registered at 6pm Perth time on the 19th day of December 2020 is entitled to attend and vote at the Meeting.

Proxies

A member entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the member at the Meeting. A proxy need not be a member. If the member is entitled to cast 2 or more votes at the Meeting the member may appoint 2 proxies. If a member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes. A form of proxy is attached with this notice.

A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of this appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A proxy's authority to speak and vote for a Shareholder at the Meeting is suspended if the Shareholder is present at the Meeting.

The proxy form must be signed and dated by the Shareholder or the Shareholder's attorney. Joint Shareholders must each sign.

In accordance with section 250BA of the Corporations Act, the Company specifies the following information for the purposes of receipt of proxy appointments. To vote by proxy, please complete and sign the proxy form enclosed with this Notice as soon as possible and either:

- Return the proxy form by post to Erinbar Limited, PO Box 424, West Perth, WA 6872; or
- Return the proxy form by delivery to Erinbar Limited, 52 Ord Street, West Perth WA 6005 ; or
- Send the proxy form to the Company Secretary by email at: seppelt@bold.net.au

To be effective a completed proxy form must be received by the Company by no later than 11 am (Perth Time) on 19 December 2020

Where the proxy form is executed under power of attorney, the power of attorney must be lodged in like manner as the proxy.

Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one.

Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

ERINBAR LIMITED
ACN 063 389 079

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a Notice convening the 2020 Annual General Meeting of Erinbar Limited to be held at 11am on 21 December 2020 at 52 Ord Street, West Perth, Western Australia, 6005. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Certain terms used in the Notice and this Explanatory Memorandum are defined in Section 2.

1. RESOLUTION 1

Mr Jeremy Shervington, having retired in accordance with the Company's Constitution and, being eligible, offers himself for re-election. Mr Shervington's qualifications and experience are set out in the Company's 2020 Annual Report.

The other Directors unanimously support the re-election of Mr Shervington under Resolution 1.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 1.

2. RESOLUTIONS 2, 3 and 4 VARIATIONS TO EXISTING SECURITIES AND ISSUES OF NEW SECURITIES - RELATED PARTY BENEFITS

Background

As Shareholders are aware, the Board has been seeking to retrieve some value for all Shareholders by having the Company relisted on ASX. As outlined in the Company's 2020 Annual Report, after extensive efforts to effect a relisting by a combination of the Company's rights under the Farmin Agreement for the Ducie gold exploration project in Ghana with a gold/ copper exploration project in Colombia, the Board was informed that under a policy change by ASX none of the Company's existing shareholdings would qualify to be counted towards meeting the Listing Rules shareholder spread requirements under an application by the Company for an ASX listing. As mentioned in the 2020 Annual Report, the agreement with the owner of the Colombian project was subsequently terminated.

The change in ASX policy has seriously eroded any intrinsic value that the Company's structure might have had in relation to being a vehicle via which to seek an ASX listing. As a result the Board has abandoned any current plans to do so.

The Board is instead pursuing an alternative means of funding the expenditure it is required to outlay in order to earn an interest in the Ducie Project. A letter of engagement has been executed with a New York based broking firm pursuant to which it is proposed that a separate entity (Newco) will be assigned all of the Company's rights and obligations under the Farmin Agreement and raise funds for the exploration. If this proposed transaction proceeds, Erinbar will own a

shareholding in Newco along with the other investors in Newco. In the short to medium term, therefore, the Board's role will be to try to successfully conclude the Newco incorporation, the capital raising by Newco and the acquisition by Newco of the rights and obligations under the Farm-in Agreement. Thereafter the Board will oversee the performance of Newco. It is proposed that Messrs Shervington and Jacobs will be directors of Newco. If the transaction described above proceeds, at some stage the Board will consider how best to enhance the value of the Newco shareholding for Erinbar Shareholders.

It is important to note that as at the date hereof, there is no certainty that Completion will occur, nor as to when it may occur, nor as to the terms on which it may occur.

The Company is currently in a net asset deficiency, to the extent of approximately \$125,046 as at the date hereof, comprising cash of \$4,650 and debts of approximately \$129,914 including Loans and accrued interest totaling \$129,914 owed to the JS Parties and the JJ Parties.

The Directors have received no payment for their services as Directors since 30 June 2017.

Existing Performance Rights that were issued to the Directors following the approvals obtained from Shareholders at the General Meeting in October 2016 were conditional on the ordinary securities of the Company being quoted on ASX within 5 years of the date of that meeting and the relevant Director not ceasing to hold office earlier than 6 months before the date of ASX quotation. The Existing Options were to be exercisable at a price of \$0.20 each because that is the minimum exercise price that would have been permissible under the Listing Rules and the Existing Options were to have been exercisable within 5 years of the Company's re-admission to ASX.

As noted above the Board has ceased pursuing any plans to relist the Company on ASX at this time. As a result, the conditions governing the Existing Performance Rights will not be fulfilled, they will lapse and the Directors will receive no benefit from their issue.

The Directors are prepared to continue in office to attempt to achieve Completion by arranging for the incorporation of Newco and the proposed capital raising and acquisition of the rights under the Farmin Agreement as outlined above, provided the Variations are approved and the various New Performance Rights are issued.

Further, the Directors are prepared to continue in office beyond the time of Completion and to oversee the Company's investment in Newco to attempt to achieve optimal value for that investment for Shareholders by whatever means may be most efficient at the relevant time, including, potentially, a distribution in specie of the Company's assets followed by a voluntary winding up of the Company. However, the Directors will not be likely to receive any Directors' fees or other remuneration for their efforts as Directors in that regard given the financial state of the Company and , therefore, will be prepared to continue in office during the period post Completion if the New Performance Rights

are approved and issued.

The Company has since 2016 been reliant for its ongoing capacity to meet its financial obligations on Loan funds provided by one or more of the JS Parties and one or more of the JJ Parties. Various attempts to obtain funding support from amongst the Company's top 20 Shareholders since 2016 for a number of initiatives that the Board has pursued during that period have not been at all successful.

Messrs Shervington and Jacobs are prepared to continue to provide ongoing financial support to assist the Company to attempt to meet the objectives outlined above. They are also prepared to capitalise the amount of the current Loans and the amount of the future Loans on the terms and conditions described hereunder. By Resolutions 2 and 3, the Company seeks Shareholder approval to enable Shares to be issued in satisfaction of Loans in circumstances where the Company is, in the absence of raising fresh capital or liquidating assets, not going to be in a position to repay such Loans.

As part of the negotiations that have occurred in relation to the Farmin Agreement, the Board has agreed to issue to Mr Mark Addo or his nominee the the same number of Existing Performance Rights as are held by Messrs Shervington and Jacobs , namely 5 million Existing Performance Rights.

Given the Variations that are proposed by this Notice to the terms and conditions of the Existing Performance Rights, the Board proposes, in satisfaction of this obligation, to issue to Mr Addo or his nominee 5 million Performance Rights immediately following the Meeting on the same terms and conditions as the Existing Performance Rights as varied by the Variations.

Mr Addo is a controller of the company that is the vendor under the Farmin Agreement and it is proposed that he becomes an executive director of Newco with responsibility for business development and corporate/ Government affairs - Ghana. Mr Addo, or his nominee will have a 5% free carried interest in the Ducie Project, which will convert to a 5% contributing interest upon a decision to commence commercial mining.

Mr Addo or his nominee will also be issued with such number of shares in Newco as equates to 5% of the number of shares in Newco that are proposed to be issued to the Company in consideration of the assignment of the Company's rights and obligations under the Farmin Agreement.

Resolutions 2, 3 and 4 seek Shareholder approval for the issue of Shares to 2 of the Directors in satisfaction of Loans, the variation of the terms and conditions of the Existing Performance Rights held by the Directors, and the issue of 11 million New Performance Rights to the Directors of the Company.

Shareholder approval is sought under Chapter 2 E of the Corporations Act regulating the provision of financial benefits including the issue of securities to related parties of the Company.

As noted above, the 11million Existing Performance Rights held by Directors were approved of by Shareholders at the General Meeting held in October 2016 and were issued on the following performance conditions:

Each Existing Performance Right will only vest and may only be applied for if:

- The ordinary securities of the Company have been reinstated to quotation on ASX by no later than 5 years from the date of the General Meeting which was held on 13 October 2016; and
- The holder of the relevant Existing Performance Right (or in the case of the holder being a nominee, the Director on whose behalf the nominee holds the relevant Existing Performance Right) must not have ceased to be a Director of the Company earlier than 6 months prior to the date on which the ordinary securities of the Company are reinstated to quotation on ASX.

Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a related party unless one of the exceptions to Section 208 applies or shareholders have approved the giving of that benefit to the related party.

A “financial benefit” is defined in the Corporations Act in broad terms and includes a public company issuing securities, and buying an asset from a related party.

Each of the Directors are “related parties” for the purposes of the Corporations Act. The proposed issue of Shares in satisfaction of Loans, the proposed Variations to the terms and conditions of the Existing Performance Rights and the proposed issue of New Performance Rights pursuant to Resolutions 2, 3 and 4, involve the provision of a financial benefit to related parties of the Company.

Section 210 of the Corporations Act provides that a company does not need to obtain shareholder approval to give a financial benefit to a related party if the giving of the financial benefit would be reasonable in the circumstances if the party and the entity were dealing at arm’s length (or on terms less favourable than arm’s length).

Notwithstanding the above, the Board is of the view that it is prudent to seek Shareholder approval under Section 208 of the Corporations Act for the issue of Shares, the Variations and the issue of New Performance Rights as contemplated by Resolutions 2, 3 and 4.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in Section 217 and 227; and
- (b) give the benefit within 15 months after the approval.

In accordance with Chapter 2E, and in particular Section 219 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issues of Shares, the Variations and issues of New Performance Rights as contemplated by Resolutions 2,3 and 4:

The related parties to whom the resolutions would permit the financial benefit to be given

The related parties are Messrs J Shervington, J Jacobs and A Coulthard, each a Director of the Company and any nominee entity that any of them may choose to hold any of the financial benefits on his behalf.

The nature of the financial benefit

The financial benefits proposed to be given are:

(A) the issue of Shares to the JS Party in satisfaction of the JS Loan at an issue price per Share which is the lower of \$0.12 and, if the issue occurs after Completion, the NAB calculated immediately prior to the time of issue. The price of \$0.12 per Share is the most recent price at which the Company issued Shares to arms-length parties prior to the date of this Notice. As at the date hereof the amount of the JS Loan is \$64,530. On that amount, therefore, there would be 537,750 Shares issued at \$0.12 if the issue occurred pre Completion. On that same amount, if the issue was made after Completion, and if, for example, the NAB at the time immediately prior to issue was \$0.08 per Share, there would be 806,625 Shares issued to satisfy the JS Loan. This proposed issue of JS Loan Shares is the subject of Resolution 2.

(B) the issue of Shares to the JJ Party in satisfaction of the JJ Loan at the same issue price and on the same terms as apply to the issue of Shares in satisfaction of the JS Loan as described immediately above. As at the date hereof, the amount of the JJ Loan is \$65,384. This proposed issue of JJ Loan Shares is the subject of Resolution 3.

(C) the variation of the JS Existing Performance Rights by:

- (i) deleting the condition that requires that the ordinary securities of the Company be reinstated to quotation on ASX by 13 October 2021 and replacing it with a condition that each JS Existing Performance Right can only be exercised if Completion occurs before 13 October 2021;
- (ii) deleting the requirement that Mr J Shervington does not cease to be a Director earlier than 6 months before the ordinary securities of the Company are reinstated to quotation on ASX, and replacing it with a condition that each JS Existing Performance Right can only be exercised if Mr J Shervington remains a Director until Completion occurs;
- (iii) varying the exercise price of the Options that are issued upon the exercise of the JS Existing Performance Rights from \$0.20 per Option

to the lesser of \$0.20 and 90% of the NAB at the time immediately prior to the time of exercise;

(iv) varying the expiry date of the Options that are issued upon the exercise of the JS Existing Performance Rights from 5 years from the date the Company is re-admitted to the Official List to 5 years from the Completion Date .

This proposed JS Variation is the subject of Resolution 2.

(D) the variation of the JJ Existing Performance Rights in the same way as the JS Existing Performance Rights are proposed to be varied as described in paragraph (C) immediately above with the reference to Mr J Shervington in subparagraph (C)(ii) being replaced with Mr J Jacobs.

This proposed JJ Variation is the subject of Resolution 3.

(E) the variation of the AC Existing Performance Rights in the same way as the JS Existing Performance Rights are proposed to be varied as described in paragraph (C) above with the reference to Mr J Shervington in subparagraph (C) (ii) being replaced with Mr A Coulthard.

This proposed AC Variation is the subject of Resolution 4.

(F) the grant and issue of the New JS Performance Rights to the JS Party. Subject to Shareholder approval being obtained, New JS Performance Rights will be subject to the conditions that:

(i) Completion occurs by 13 October 2021; and

(ii) Mr J Shervington remains a Director for at least 6 months post Completion, provided, however, that if due to death, ill health or some other event beyond his control, Mr J Shervington is prevented from remaining a Director for at least 6 months post Completion, the remaining Directors can, at their discretion, elect to waive this requirement.

This proposed grant and issue of 5 million New JS Performance Rights is the subject of Resolution 2.

(G) the grant and issue of the New JJ Performance Rights to the JJ Party.

The New JJ Performance Rights will be issued on the same terms and conditions as the New JS Performance Rights with the requirement that Mr J Jacobs remains a Director substituted for Mr J Shervington.

This proposed grant and issue of 5 million New JJ Performance Rights is the subject of Resolution 3.

(H) the grant and issue of the New AC Performance Rights to the AC Party.

The New AC Performance Rights will be issued on the same terms and conditions as the New JS Performance Rights with the requirement that Mr A Coulthard remains a Director substituted for Mr J Shervington.

This proposed grant and issue of 1 million New AC Performance Rights is the subject of Resolution 4.

Directors' Recommendation and basis of Recommendation

The Board wishes to retain the services of the Directors while the Company attempts to progress through to Completion and thereafter the next stage of attempting to optimise some value for all Shareholders from a shareholding in Newco. The Company has zero cash resources.

The Company, therefore, has no present capacity to repay the Loans or to remunerate the Directors.

Directors' recommendation and basis of recommendation

The Directors have considered the above proposals only for the purpose of resolving to put the matter to Shareholders for the purposes of Section 195 of the Corporations Act. Section 195(4) of the Corporations Act provides that if a quorum of directors cannot be formed because of directors having a material personal interest in the subject matter a director can call a general meeting to deal with the matter. All Directors consider they are precluded from making a recommendation because they all have a material personal interest in the outcome of the Resolutions proposed.

Messrs Shervington and Jacobs are intending to incur the costs of incorporating Newco and the other costs that Newco will incur in the process of raising capital and proceeding to Completion. It is intended that the moneys incurred by them together with interest accrued at a rate of 8% per annum will be repaid by way of an issue of securities in Newco at the same price and terms as the securities are issued to arms' length, independent investors, as part of the capital raising that Newco will carry out to achieve Completion. Again, it is noted that there is currently no certainty that Completion will occur nor as to the terms on which it may occur.

The Directors are not aware of any information other than as is contained in this Notice that might be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 2, 3 and 4.

Directors' and Proposed Directors' interest in the outcome

Mr Shervington's interest in the outcome of Resolution 2 is that a JS Party will be issued Shares in satisfaction of the JS Loan on the terms described above, a JS Party will have the terms and conditions of the JS Existing Performance Rights (which conditions are not considered achievable) amended by the JS Variations, and that a JS Party will be issued with 5 million New JS Performance Rights.

Mr Jacobs' interest in the outcome of Resolution 3 is the same as Mr Shervington's interest in Resolution 2 except that the Loan for which Shares will be issued is the JJ Loan, the JJ Variations will apply to the JJ Existing Performance Rights and the recipient of the 5 million New JJ Performance Rights will be the JJ Party.

Mr Coulthard's interest in the outcome of Resolution 4 is that the terms and conditions of the AC Existing Performance Rights (which conditions are not considered achievable) will be amended by the AC Variations and that the AC Party will be issued 1 million New AC Performance Rights.

Directors' remuneration packages

In the period since the financial year ended 30 June 2017 the Directors have received no remuneration from the Company for their services as Directors.

In the current financial year it is expected that the Directors will receive nil remuneration from the Company. If Completion occurs, it is possible that a legal practice controlled by Mr Shervington could receive arms length fees for future legal services provided in connection with future corporate activities of the Company, none of which are currently under consideration or contemplation.

Related parties existing interests

The Directors currently have interests in the following securities of the Company:

Mr Shervington has a relevant interest in 2,696,141 Shares and controls 5 million JS Existing Performance Rights;

Mr Jacobs has a relevant interest in 2,541,035 Shares and controls 5 million JJ Existing Performance Rights;

Mr Coulthard owns 1 million AC Existing Performance Rights.

Dilution

The effects of the Variations to the Existing Performance Rights, plus the issue of the Shares in satisfaction of the Loans, plus the issue of the 11 million Options if the vesting conditions of the Existing Performance Rights are fulfilled, plus the issue of 11 million Options if the New Performance Rights are issued and vest will, assuming:

- (i) the Loans amount is \$150,000 in total at the relevant time and the issue price is \$0.12 so that 1,250,000 Shares are issued in satisfaction of the Loans;
- (ii) all of the above mentioned 22 million Options are exercised;
- (iii) all of the 5 million New Performance Rights to be issued to Mr Addo or his nominee vest, and the resulting 5 million Options are exercised;
- (iv) no other Shares are issued in the interim;

include that the issued capital of the Company will increase from 10,033,620 Shares to 38,283,620 Shares. Existing Shareholders' Shares, excluding Shares that Directors hold relevant interests in, will dilute from constituting approx-

imately 47.8% of the Shares on issue, to constituting approximately 12.53% of the expanded number of Shares on issue.

It is important to note that this will only occur if the various Options are exercised which will involve an injection of cash into the Company. For example if the average exercise price was \$0.20, the Directors would, for this level of dilution to occur, have to invest, collectively \$4,400,000 and convert \$150,000 of Loans to Shares .

It is possible that, depending upon the timing of exercise of Options and issues of Shares that may occur pursuant to the approvals sought under Resolutions 2, 3 and 4, any disposals of Shares by the JS Parties or the JJ Parties, and the circumstances of the Company and the number of its issued Shares at the relevant time or times, further Shareholder approvals may be required under sections 606 and 611 of the Corporations Act to issue Shares to the JS Parties and/or the JJ Parties.

Trading history

The last trading price of Shares on ASX was \$0.027 prior to trading in the Company’s Shares being suspended from quotation on 20 August 2009. The Company is now de-listed from ASX.

As at the date of this Notice, the asset backing per Share is negative \$0.013

Valuation of financial benefit

The financial benefits which are being provided by the Company to the Directors under Resolutions 2, 3 and 4 are the potential issue of up to 22 million Options plus the conversion of Loans to Shares. The Board has had a valuation of the Options carried out using a Black & Scholes pricing model which has concluded as follows:

Valuation Assumptions	Options
Underlying Share Spot Price	\$0.20
Exercise Price	\$0.20
Issue Date	TBD
Expiration Date	5 years after Issue Date
Volatility	100%
Risk Free Rate	1.6%
Valuation Per Option	\$0.1494

To ascribe any value to an Option involves assuming that the vesting conditions for the underlying Performance Rights are fulfilled. There is no certainty that this will occur and it is virtually impossible to ascribe with any degree of certainty a percentage chance of it occurring. The current NAB is negative \$0.125. If the underlying Share spot price in the above calculation is \$0.10 and the Option exercise price is \$0.09, the resulting valuation per Option is \$0.076.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolutions 2, 3 and 4.

2. DEFINITIONS

In the Notice and in this Explanatory Memorandum:

“AC Existing Performance Rights “ means the 1 million rights held by Mr Coulthard that entitle him to apply to have 1 million Options exercisable at \$0.20 granted to him on the terms and conditions set out in the notice convening the General Meeting. The conditions required to be fulfilled in order for these rights to vest and for the Options to be applied for thereunder will not be fulfilled;

“AC Party” means Mr A Coulthard, a Director, or any of his nominee(s);

“AC Variation” means the Variations as they will apply to the AC Existing Performance Rights;

“Associates” has the meaning given in Sections 10 to 17 of the Corporations Act;

“ASX” means ASX Limited ACN 008 624 691;

“Board” means the Board of Directors as constituted from time to time;

“Business Day” means any day on which trading banks are open to the public in Western Australia;

“Closely Related Parties” has the meaning ascribed to it in Section 9 of the Corporations Act;

“Company” and **“Erinbar”** means Erinbar Limited ACN 063 389 079;

“Completion“ means the completion of the proposed capital raising by Newco to the level whereby Newco has access to and the legal right to expend share capital funds of at least \$US 1 million;

“Completion Date” means the date on which Completion occurs;

“Constitution” means the constitution of the Company

“Corporations Act” means the Corporations Act 2001 (Cth);

“Director” means a director of the Company currently comprising Messrs J Shervington, J Jacobs and A Coulthard;

“Ducie Project” means the gold exploration project comprising approximately 1,200m² of licences in Ghana that have been described in previous announcements on the Company's website;

“Existing Options” means the 11 million Options that were potentially able to be applied for pursuant to the Existing Performance Rights, but which will not be issued because the relevant performance conditions will not be met;

“Explanatory Memorandum” means this explanatory memorandum;

“Existing Performance Rights” means the 11 million performance rights issue pursuant to the approvals obtained at the General Meeting;

“Farmin Agreement” means the agreement between the Company and Maintenance Culture Resources Limited entered into in July 2019 and referred to in previous announcements on the Company's website whereby the Company has a right to earn a 65% interest in the Ducie Project by expenditure of \$US 5million over 5 years from Completion;

“General Meeting” means the meeting of Shareholders held on 13 October 2016;

“Incentive Plan” has the meaning ascribed to it in the notice convening the General Meeting;

“Incentives” has the meaning ascribed to it in the notice convening the General Meeting;

“JJ Existing Performance Rights” means the 5 million Existing Performance Rights held by the JJ Party;

“JJ Loans” means money lent to the Company from time to time by a JJ Party together with accrued interest at the rate of 8 % per annum which at the date of this Notice amount to \$65,384 inclusive of interest accrued up to the date hereof;

“JJ Loan Shares” means Shares that are issued to the JJ Party in satisfaction of the JJ Loans;

“JJ Party” means the Director, Mr J Jacobs or any nominee or nominees of his;

“JJ Variation“ means a proposed variation to the **JJ Existing Performance Rights** as described in the definition of Variations hereunder;

“JS Existing Performance Rights“ means the 5 million Existing Performance Rights held by the JS Party;

“JS Loans” means money lent to the Company from time to time by a JS Party together with accrued interest at the rate of 8% per annum which as at the date of this Notice amount to \$64,530 inclusive of accrued interest up to the date hereof;

“JS Loan Shares” means Shares that are issued to the JS Party in satisfaction of the JS Loans;

“JS Party” means the Director, Mr J Shervington or any nominee or nominees of his;

“JS Variation” means a proposed variation to the JS Existing Performance Rights as described in the definition of Variations hereunder;

“Key Management Personnel” has the meaning ascribed to it in Section 9 of the Corporations Act;

“Listing Rules” means the official listing rules of ASX;

“Loans” means loans made by the JS Party and the JJ Party to the Company from time to time and includes interest at the rate of 8% per annum accrued thereon;

“Meeting” means the meeting of Shareholders convened by this Notice;

“Newco“ means a corporation which the Directors intend to incorporate , at their cost, in one of the United States of America, to which, it is proposed, the rights and obligations under the Farmin Agreement will be assigned in exchange for an issue of securities in Newco to the Company;

“NAB” means the net asset backing per Share as calculated by the company secretary of the Company in accordance with Australian accounting standards;

“New Options” means the 11 million Options that could have been applied for and issued if the Existing Performance Rights vested;

“New Performance Rights” means the New AC Performance Rights, the New JJ Performance Rights and the New JS Performance Rights;

“New AC Performance Rights“ means 1 million performance rights proposed to be issued to the AC Party which, subject to the New Performance Hurdles being fulfilled , will entitle the AC Party to apply and to be issued 1 million Options each exercisable within 5 years of the Completion Date at a

price which is the lower of \$0.20 and 90% of the NAB calculated at the time immediately prior to the time of exercise ;

“New JJ Performance Rights” means 5 million performance rights proposed to be issued to the JJ Party which, subject to the New Performance Hurdles being fulfilled, will entitle the JJ Party to apply and be issued 5 million Options each exercisable within 5 years of the Completion Date at a price which is the lower of \$0.20 and 90% of the NAB, calculated at the time immediately prior to the time of exercise;

“New JS Performance Rights“ means 5 million performance rights proposed to be issued to the JS Party which, subject to the New Performance Hurdles being fulfilled, will entitle the JS Party to apply and be issued 5 million Options each exercisable within 5 years of the Completion Date at a price which is the lower of \$0.20 and 90% of the NAB, calculated at the time immediately prior to the time of exercise;

“New Performance Hurdles” means the proposed conditions that need to be satisfied in order for the New AC Performance Rights, the New JJ Performance Rights and the New JS Performance Rights to vest in the respective grantees, namely:

- (a) that Completion occurs prior to 13 October 2021; and
- (b) that in relation to the New AC Performance Rights- Mr A Coulthard, that in relation to the New JJ Performance Rights- Mr J Jacobs, and that in relation to the New JS Performance Rights- Mr J Shervington, remains a Director for at least 6 months after the Completion Date, provided, however, that due to death, ill health, or some other event beyond his control, a Director does not remain a Director for at least 6 months after Completion, the remaining Directors of the Company at the time may, at their discretion, waive this requirement for the relevant Director;

“Notice” and **“Notice of Meeting”** means the notice of meeting to which this Explanatory Memorandum is attached;

“Official List” means the Official List of ASX;

“Option” means a transferable option to subscribe for and be issued a Share upon payment of the exercise price set out in and otherwise in accordance with the terms of issue as contained in this Notice;

“Performance Right” means a right to apply for and be granted an Option that is issued with a nil exercise price;

“Plan” and **“Incentive Plan”** means the plan that the Company has adopted governing the terms of issue of Incentives, Performance Rights and related matters;

“Related Party” has the meaning ascribed to it in Section 228 of the Corporations Act;

“Resolution” means a resolution set out in this Notice and **“Resolutions”** has a corresponding meaning;

“Section” means a section of this Explanatory Memorandum;

“Securities” has the meaning ascribed to it in the Listing Rules and includes the Incentives, Options, the New Performance Rights and Performance Rights;

“Share” means an ordinary fully paid share in the capital of the Company and **“Shareholder”** has a corresponding meaning;

“Variations” means the following variations to the terms of issue of the Existing Performance Rights:

- (a) the deletion of references to the Existing Performance Rights being conditional on the Company being admitted to the Official List and its ordinary securities being reinstated to quotation on ASX within 5 years of the date of the General Meeting;
- (b) the deletion of references to the Existing Performance Rights being conditional on Messrs J Shervington, J Jacobs, or A Coulthard not ceasing to be a Director earlier than 6 months prior to date the condition in paragraph (a) above is met;
- (c) the deletion of references to the Options that are issued pursuant to the vesting of the Existing Performance Rights being exercisable at a price of \$0.20 within 5 years of the date the condition in paragraph (a) above is met;
- (d) the insertion of a condition that in order for the Existing Performance Rights to vest, Completion must have occurred by 13 October 2021;
- (e) the insertion of a condition that in order for respectively the AC Existing Performance Rights, the JJ Existing Performance Rights and the JS Existing Performance Rights to vest, then Mr A Coulthard, Mr J Jacobs and Mr J Shervington, respectively, must remain Directors until at least the Completion Date;
- (f) the insertion of terms that the Options that issue pursuant to the vesting of the Existing Performance Rights will each be exercisable within 5 years of the Completion Date at a price which is the lower of \$0.20 and 90% of the NAB calculated at the time immediately prior to the time of exercise of the relevant Option;

In the Notice and in this Explanatory Memorandum, references to currency are to the currency of Australia unless stated otherwise.