

Notice of Annual General Meeting, Explanatory Statement and Proxy Form

Dynasty Resources Limited
ACN 110 385 709

Venue

Nexia Perth
Level 3, 88 William Street, Perth, Western Australia

Time and Date

9:00am (WST)
Friday, 29 November 2019

IMPORTANT NOTE

The Notice of Annual General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

For personal use only

Important Information

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Important Dates

An indicative timetable of key proposed dates is set out below. These dates are indicative only and are subject to change.

Event	Date
Last day for receipt of Proxy Forms – Proxy Forms received after this time will be disregarded	9:00am (WST) on Wednesday, 27 November 2019
Snapshot date for eligibility to vote	5:00am (WST) on Wednesday, 27 November 2019
Annual General Meeting	9:00am (WST) on Friday, 29 November 2019

Defined Terms

Capitalised terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning given to them in the Glossary of Terms set out in the Explanatory Statement.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Dynasty Resources Limited (ACN 110 385 709) (**Company**) will be held at the offices of Nexia Perth, Level 3, 88 William Street, Perth, Western Australia at 9:00am (WST) on Friday, 29 November 2019.

The Explanatory Statement, which accompanies and forms part of this Notice, describes the various matters to be considered.

AGENDA

Financial Statements and Reports

To receive and consider the annual financial report, Directors' report and Auditor's report of the Company for the financial year ended 30 June 2019, as contained in the Company's 2019 Annual Report.

Resolution 1 – Adoption of Remuneration Report

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

“That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the financial year ended 30 June 2019, as contained in the Company's 2019 Annual Report, be adopted by the Company.”

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

Voting Prohibition

Pursuant to sections 250BD and 250R(4) of the Corporations Act, a vote on Resolution 1 must not be cast by or on behalf of any members of Key Management Personnel the details of whose remuneration is included in the Remuneration Report, their Closely Related Parties in any capacity, or their respective Associates (**Excluded Parties**).

This voting prohibition does not prevent Excluded Parties from casting a vote on the Resolution as a proxy where the proxy appointment specifies how the proxy is to vote. The Meeting Chairperson may also vote as proxy on these Resolutions in accordance with an express authorisation on the Proxy Form.

Any votes cast on Resolution 1 in contravention of sections 250BD or 250R(4) of the Corporations Act will not be counted in working out a percentage of votes cast or whether the relevant Resolution is approved.

Resolution 2 – Re-Election of William Hu as a Director

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

“That for the purposes of clause 13.5 of the Company's Existing Constitution, Listing Rule 14.4, and for all other purposes, Mr William Hu, a Director who retires and, being eligible, offers himself for re-election, is re-elected as a Director.”

Resolution 3 – Re-Election of Malcolm Castle as a Director

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

“That for the purposes of clause 13.5 of the Company’s Existing Constitution, Listing Rule 14.4, and for all other purposes, Mr Malcolm Castle, a Director who retires and, being eligible, offers himself for re-election, is re-elected as a Director.”

Resolution 4 – Replacement of Constitution

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

“That for the purposes of sections 136(1) and (2) of the Corporations Act, and for all other purposes, with effect from the date of the Meeting:

- (i) the Company’s Existing Constitution be repealed; and*
- (ii) the Company adopt the Replacement Constitution (including in the form set out in the ‘Corporate Governance’ section of the Company’s website and bearing the amendments set out in Schedule 1.”*

Note: Resolution 4 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

Resolution 5 – Approval of Proportional Takeover Provisions

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

“That, subject to Resolution 4 being approved, for the purposes of section 648G of the Corporations Act and for all other purposes, Schedule 2 of the Replacement Constitution, which sets out proportional takeover provisions, as set out in Section 6.9 of the Explanatory Memorandum, be approved and adopted in the Replacement Constitution with effect from the close of the General Meeting.”

Note: Resolution 5 is a special resolution. To be passed, it must be approved by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

By order of the Board

Henko Vos
Company Secretary
30 October 2019

Proxy Appointment, Voting and Meeting Instructions

Lodgement of Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) must be received at an address given below by **9:00am (WST) on Wednesday, 27 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid. Proxy Forms may be lodged as follows:

by post: C/- Nexia Perth, GPO Box 2570, PERTH WA 6001

by fax: +61 8 9463 2499

by e-mail: abby.siew@nexiaperth.com.au

Appointment of a proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a Shareholder. If you wish to appoint the Meeting Chairperson as your proxy, mark the appropriate box on the Proxy Form. If the person you wish to appoint as your proxy is someone other than the Meeting Chairperson, please write the name of that person in the space provided on the Proxy Form. If you leave this section blank, or your named proxy does not attend the Meeting, the Meeting Chairperson will be your proxy.

If you appoint the Meeting Chairperson as your proxy, he or she can only cast your votes on Resolution 1 if you expressly authorise him or her to do so by marking the box on the Proxy Form.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, you may photocopy the Proxy Form or an additional Proxy Form may be obtained by telephoning the Company on +61 8 9463 2463.

To appoint a second proxy, you must state on each Proxy Form (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary – that director.

Corporate representatives

A body corporate may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company and/or the Company's share registry before the Meeting or at the registration desk on the day of the Meeting.

Votes on Resolutions

You may direct your proxy how to vote by placing a mark in the 'FOR', 'AGAINST' or 'ABSTAIN' box opposite the Resolution. All your votes will be cast in accordance with such a direction unless you

indicate only a portion of voting rights are to be voted on the Resolutions 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 Resolutions, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

Voting restrictions that may affect your proxy appointment

Members of the Key Management Personnel (except for the Meeting Chairperson) and their Closely Related Parties are not able to vote your proxy on Resolution 1 unless you have directed them how to vote. This exclusion does not apply to the Meeting Chairperson if his or her appointment as proxy expressly authorises him to vote on matters of Key Management Personnel remuneration.

If you intend to appoint the Meeting Chairperson, a Director or any other member of Key Management Personnel or any of their Closely Related Parties as your proxy, you are encouraged to direct them how to vote on all the Resolutions.

Meeting Chairperson voting of undirected proxies

At the date of this Notice, the Meeting Chairperson intends to vote all undirected proxies FOR each of the Resolutions. In exceptional cases, the Meeting Chairperson's intentions may subsequently change, and in this event, the Company will make an announcement to the market. The Proxy Form expressly authorises the Meeting Chairperson to exercise undirected proxies on all Resolutions including Resolution 1 even though that Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Voting eligibility (snapshot date)

For the purposes of determining voting and attendance entitlements at the Meeting, Shares will be taken to be held by the persons who are registered as holding the Shares at **5:00pm (WST) on Wednesday, 27 November 2019**. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Questions from Shareholders

The Meeting Chairperson will allow a reasonable opportunity at the Meeting for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report.

A representative of BDO East Coast Partnership, as the Auditor responsible for preparing the Auditor's report for the year ended 30 June 2019 (contained in the 2019 Annual Report), will attend the Meeting. The Meeting Chairperson will also allow a reasonable opportunity for Shareholders to ask the Auditor questions about:

- the conduct of the audit;
- the preparation and content of the Auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

To assist the Board and the Auditor in responding to any questions that you may have, please submit any questions to the Company by **5:00pm (WST) on Friday, 22 November 2019** in the same manner as outlined above for lodgement of Proxy Forms.

As required under section 250PA of the Corporations Act, the Company will make available at the Meeting those questions directed to the Auditor received in writing at least 5 business days prior to the Meeting, being questions which the Auditor considers relevant to the content of the Auditor's report or the conduct of the audit of the 2019 Annual Report. The Meeting Chairperson will allow a reasonable opportunity for the Auditor to respond to the questions set out on this list.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary or otherwise in the Explanatory Statement.

1. Annual Financial Report

The Corporations Act requires that the annual financial statements, Directors' report and Auditor's report of the Company for the year ended 30 June 2019 be tabled at the Meeting. These reports are contained in the 2019 Annual Report.

Neither the Corporations Act nor the Existing Constitution requires a vote of Shareholders on these reports. However, Shareholders will be given reasonable opportunity to raise questions on these reports and ask questions of the Auditor.

The Company's 2019 Annual Report is available on its website – <https://www.dmaltd.com.au/>.

2. Resolution 1 – Adoption of Remuneration Report

2.1 Background

Resolution 1 is an advisory only resolution to approve the Remuneration Report.

The Remuneration Report is set out in the Directors' report which forms part of the 2019 Annual Report.

The Corporations Act requires the Company to put a resolution to Shareholders that the Remuneration Report be adopted. Section 250R(3) of the Corporations Act specifies that the vote on Resolution 1 is **advisory only** and does not bind the Directors or the Company.

Accordingly, failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report. However, the Board will take the outcome of the vote into consideration when considering the remuneration policy.

The Company encourages all Shareholders to cast their votes on Resolution 1.

2.2 Spill meeting

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Company's remuneration report at two consecutive annual general meetings of the Company, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a **Spill Resolution**) that a further meeting be held within 90 days at which all of the offices of Director are vacated (other than the office of Managing Director) and each such office will be put to a vote.

At the Company's 2018 annual general meeting, the votes cast against the 2018 remuneration report represented less than 25% of the total votes cast. Accordingly, a Spill Resolution will not under any circumstances be required for this Meeting.

A voting exclusion applies to Resolution 1 on the terms set out in the Notice. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast

a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Meeting Chairperson and expressly authorises the Meeting Chairperson to exercise the proxy. The Meeting Chairperson will use any such proxies to vote in favour of Resolution 1.

2.3 **Directors' recommendation**

The Directors decline to make a recommendation as to how Shareholders should vote in respect of Resolution 1 as they each hold a material personal interest in the outcome of the Resolution.

3. **Resolution 2 – Re-Election of Mr William Hu as a Director**

3.1 **Background**

Resolution 2 is an ordinary resolution seeking Shareholder approval for the re-election of Mr William Hu.

In accordance with clause 13.5 of the Existing Constitution, the Directors of the Company may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Existing Constitution. Any Director so appointed holds office only until the next following annual general meeting and then is eligible for re-election.

Mr Hu is the non-executive Chairman of the Company, who was appointed as a Director on 29 July 2019, and appointed as Chairman on 30 August 2019.

Mr Hu retires by rotation for the purposes of clause 13.5 of the Existing Constitution and, being eligible, submits himself for re-election.

3.2 **Biography**

Mr Hu was appointed as a non-executive Director on 29 July 2019.

Mr Hu is a CPA and managing partner of accounting firm H & G Wilkinson. He brings in a wealth of experience in corporate accounting and finance as well in mergers and acquisitions in Australia.

Mr Hu is also the chairman of Victor Group Holdings Limited (ASX: VIG).

Mr Hu is a Fellow of the Governance Institute of Australia, with years of experience in the areas of corporate governance and risk management. He is also a Fellow Member of CPA Australia.

3.3 **Directors' recommendations**

The Directors (other than Mr Hu who has a material personal interest in the outcome of the Resolution and declines to make a recommendation) support the re-election of Mr Hu and recommend that Shareholders vote in favour of Resolution 2.

4. **Resolution 3 – Re-Election of Mr Malcolm Castle as a Director**

4.1 **Background**

Resolution 3 is an ordinary resolution seeking Shareholder approval for the re-election of Mr Malcolm Castle.

In accordance with clause 13.5 of the Existing Constitution, the Directors of the Company may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Existing Constitution. Any Director so appointed holds office only until the next following annual general meeting and then is eligible for re-election.

Mr Castle is a non-executive Director of the Company, who was appointed as a Director on 8 March 2019.

Mr Castle retires by rotation for the purposes of clause 13.5 of the Existing Constitution and, being eligible, submits himself for re-election.

4.2 **Biography**

Mr Castle was appointed as a non-executive Director on 7 March 2019.

Mr Castle has over 50 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist and over 30 years as a consultant. He has experience in a number of commodities including iron ore, gold, base metals, and uranium.

Mr Castle has been responsible for project discovery through to feasibility study and development in Indonesia and the Pilbara in Western Australia and technical audits in various countries. Mr Castle was a founding member and permanent employee of Fortescue Metals Group until 2010 as Technical Services Manager for expansion projects and was an integral member of the team developing the definitive feasibility study for start-up projects at Cloudbreak and Christmas Creek.

Mr Castle was appointed Chief Geologist for the Transcontinental Resources Group and a non-executive director of BMG Limited in 2010 with exploration project for lithium brines in Chile. He is currently the principal of Agricola Mining Consultants Pty Ltd.

Mr Castle holds a Bachelor of Science (Honours) and a Graduate Certificate in Applied Finance. He is also a member of AusIMM.

4.3 **Directors' recommendations**

The Directors (other than Mr Castle who has a material personal interest in the outcome of the Resolution and declines to make a recommendation) support the re-election of Mr Castle and recommend that Shareholders vote in favour of Resolution 3.

5. Resolution 4 – Replacement of Constitution

5.1 **Background**

Resolution 4 seeks Shareholder approval to repeal the Company's Existing Constitution and to adopt the Replacement Constitution.

The Company's Existing Constitution was adopted prior to its admission to the Official List of ASX in 2005. Since that time, there have been various changes to the Corporations Act and the Listing Rules.

The Replacement Constitution contains updated provisions which the Directors consider better reflect the current requirements of the Corporations Act and the Listing Rules. The Directors consider it more appropriate to replace the Existing Constitution with the Replacement Constitution rather than to make numerous amendments to specific provisions of the Existing Constitution.

The full Replacement Constitution has not been provided with this Notice of Meeting so as to save paper and printing costs. A copy of the Replacement Constitution is available at <https://www.dmaltd.com.au/>, and can be obtained from the Company at no cost by telephoning the Company on +61 8 9463 2463.

Resolution 4 is a special resolution. It must be passed by at least 75% of the votes cast by Shareholders entitled to vote on the Resolution.

5.2 Summary of Material Changes

The Replacement Constitution is broadly consistent with the provisions of the Existing Constitution. Many of the changes are relatively minor in nature.

It is not practical to list all differences between the Existing Constitution and the Replacement Constitution. However, a summary of the material differences is set out below.

(a) Restricted securities

As announced on 30 October 2019, the Company is due to be de-listed from ASX on 8 December 2019 in accordance with ASX's policy regarding long-term suspended entities. However, the Board is currently assessing potential new project opportunities for the Company to support a recapitalisation and re-listing on ASX in the future.

The Company will need to re-comply with ASX's admission requirements in order for it to be re-admitted to the Official List of ASX. Therefore, the Board considers it prudent to ensure that the Company's has a constitution which is consistent with ASX requirements.

As part of a larger suite of amendments to the Listing Rules, ASX has announced that it intends to streamline the rules governing "restricted securities" with effect from 1 December 2019.

Restricted securities are securities which are subject to ASX imposed escrow restrictions which prohibit (among other things) transferring the relevant securities for a specified escrow period.

Under the Listing Rule changes, ASX is introducing a two-tiered escrow regime whereby ASX will:

- still require formal restriction agreements to be executed by certain more significant holders and their controllers, such as related parties, promoters, substantial holders, service providers and their Associates;
- permit entities to rely on provisions in their constitutions to impose escrow restrictions on less significant holders of restricted securities and to give a pro forma notice to those holders advising them of those restrictions.

The changes also require that a listed entity's constitution must contain specified provisions regarding restricted securities as set out in Listing Rule 15.12 (as amended) for so long as it has restricted securities on issue.

One of the circumstances in which securities may be classified by ASX as restricted securities is the admission of an entity to the Official List of ASX. Therefore, in the event that the Company proceeds with an application to re-list on ASX, it is highly likely that some of its securities will be classified as restricted securities under the Listing Rules. Therefore, in order to be eligible for admission to ASX, the Company's constitution will need to provide for the provisions set out in the amended Listing Rule 15.12.

The Replacement Constitution contains the provisions required by the updated Listing Rule 15.12.

(b) Dividends

Prior to 28 June 2010, section 254T of the Corporations Act provide that a company could only pay dividends out of profits.

This provision was amended to provide that a company must not a pay a dividend unless:

- the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The Existing Constitution requires that dividends be paid only out of the profits of the Company. The Replacement Constitution contains provisions (in article 16) to reflect the new requirements of section 254T of the Corporations Act regarding the payment of dividends.

The Directors consider it appropriate to update the Constitution to reflect the amended dividends provisions of the Corporations Act.

(c) **Fees for registration of off-market transfers**

With effect from 24 January 2011, ASX amended Listing Rule 8.14.1 such that an ASX-listed entity may charge a "reasonable fee" for registering paper-based, or "off-market" transfers of securities.

ASX Guidance Note 28 - *Reasonable Fees For Activities Covered by Listing Rule 8.14.1* provides that ASX will generally accept a flat fee of \$50 (plus applicable GST), or any lesser fee, for an activity referred to in Listing Rule 8.14.1 as being reasonable.

The Replacement Constitution would enable the Company, for such time as it is listed on ASX, to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in carrying out fraud detection in relation to off-market transfers.

5.3 **Applicable Corporations Act provisions**

Section 136(1) and (2) of the Corporations Act provide that a company may repeal its constitution and adopt a new constitution by a special resolution of its shareholders.

A special resolution is defined in section 9 of the Corporations Act as a resolution passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

5.4 **Directors' recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 4 to ensure that the Company has a constitution which reflect the current requirements of the Corporations Act and the Listing Rules, and is suitable for an ASX listed company.

6. Approval of Proportional Takeover Provisions

6.1 **Background**

Resolution 5 is a special resolution to approve the proportional takeover provisions contained in Schedule 2 of the Replacement Constitution. These provisions are set out in Section 6.9 below (**Proportional Takeover Provisions**).

As outlined above, it is proposed that the Company adopt the Replacement Constitution under Resolution 4. Although the Proportional Takeover Provisions are set out in the Replacement Constitution, pursuant to the Corporations Act, their operation and effectiveness is separate to the rest of the document.

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The Company's Existing Constitution contains "proportional takeover provisions" as envisaged by section 648G of the Corporations Act. The Replacement Constitution contains proportional takeover provisions in substantively the same terms.

If Resolution 5 is not approved, the Proportional Takeover Provisions will not have any effect. Further, Resolution 5 is conditional upon Resolution 4 being approved by Shareholders.

6.2 Proportional takeover bids

Australian companies which have more than 50 shareholders or are publicly listed are subject to certain takeover requirements set out in Chapter 6 of the Corporations Act.

A proportional takeover bid (**Bid**) is a takeover offer sent to all security holders (**Bid Holders**) of a company in a particular class (**Bid Class**), but only in respect of a proportion of each Bid Holder's securities rather than their entire holding. If the Bid Holder accepts a Bid, the Bid Holder will sell the specified proportion of the Bid Class and retains the balance.

6.3 Legal requirements

Sections 648D to 648H of the Corporations Act regulate the incorporation of provisions in a company's constitution related to proportional takeovers.

Specifically, section 648G of the Corporations Act requires that, if a company is to include such provisions in its constitution, the provisions must be approved by shareholders at a general meeting. The approval is effective for up to 3 years.

The Company provides the information set out in this Section 6 for the purposes section 648G(5) of the Corporations Act.

6.4 Effect of approval

Under the Proportional Takeover Provisions, the Directors must refuse to register any transfer of securities in a Bid Class made in acceptance of a Bid, until approval has been obtained at a meeting of the Bid Holders held in accordance with the Replacement Constitution (**Bid Resolution**).

The meeting of Bid Holders must be held at least 14 days before the day the offer under the Bid closes. A Bid Resolution will be taken to have been passed if a majority of votes by the Bid Holders at the meeting, excluding any votes by the person making the Bid (**Bidder**) and the Bidder's Associates, are in favour of the resolution.

Failure to put the Bid Resolution to Bid Holders will constitute a contravention of the Corporations Act by the Directors. However, if a Bid Resolution is not voted on before the end of the 14th day before the close of the Bid, the resolution will be deemed to have been passed by the Bid Holders.

Where the Bid Resolution is passed, transfers of securities resulting from acceptance of the Bid will be registered, subject to them otherwise complying with the Corporations Act and other provisions of the Replacement Constitution.

If the Bid Resolution is not passed, then under the Corporations Act, the Bid will be deemed to be withdrawn and transfers that would have resulted from acceptance of the Bid will not be registered.

The Proportional Takeover Provisions do not apply to takeover bids which seek to acquire 100% of the securities in a Bid Class.

Further, the Proportional Takeover Provisions will cease to have effect at the date specified in section 648G of the Corporations Act, being either:

- the 3rd anniversary of the date of the approval of Resolution 5 (following which they can be renewed by special resolution at a general meeting of the Company);
- if the Proportional Takeover Provisions are “renewed” by a resolution of Shareholders at a general meeting, the date specified in that resolution, being not more than 3 years from the date of the resolution; or
- if the proportional takeover provisions are repealed or omitted from the constitution of the Company, at the date of the repeal or omission.

6.5 Reasons to approve

If the Proportional Takeover Provisions are not approved, a Bid in respect of Shares may enable a Bidder to obtain effective control of the Company without offering to acquire 100% of the Shares on issue, and therefore without paying an appropriate ‘control premium’. Further, Shareholders could be at risk of leaving themselves as part of a minority interest in the Company.

The Proportional Takeover Provisions protect Shareholders by providing that, if a Bid is made in respect of Shares, Shareholders must vote on whether it should proceed. Therefore, the benefit of the Proportional Takeover Provisions is that they enable Shareholders to decide whether the Bid is acceptable in principle and appropriately priced.

6.6 Potential advantages

Some of the potential advantages associated with approving the Proportional Takeover Provisions include (without limitation) the following:

- the provisions give all Bid Holders with the opportunity to consider, discuss and vote on whether a Bid should be approved and proceed;
- the provisions should encourage Bids to be structured in a way that they are more attractive to at least the majority of Bid Holders, and should discourage more ‘opportunistic’ Bids; and
- the provisions potentially:
 - assist in preventing Shareholders being locked in as a minority;
 - enhance the bargaining power of Directors in relation to negotiating a potential sale of the Company, as the Directors must make a recommendation to Bid Holders whether or not to approve a Bid;
 - enhance the bargaining power of Shareholders in relation to a Bid as it allows them to collectively vote and determine whether a Bid proceeds;
 - assist in ensuring that any Bid is appropriately priced as the provisions would likely encourage a potential Bidder to make the offer price more attractive to Bid Holders;
 - increase the likelihood of a full takeover bid rather than a proportional takeover bid;
 - allow the Bid Holders themselves to express a view on a Bid as opposed to only the Directors doing so on behalf of the Company;
 - make it easier for Directors to discharge their fiduciary and statutory duties to the Company and its Shareholders to advise and guide in the event of a Bid occurring as the Directors will understand the majority view of the Bid Holders; and

- assist Bid Holders in deciding whether or not to accept the Bid by providing an indication of how the other Bid Holders view the Bid and its likely outcome.

6.7 Potential disadvantages

Some of the potential disadvantages associated with approving the Proportional Takeover Provisions include (without limitation) the following:

- a Bidder may be discouraged from making a Bid due to the additional requirements of satisfying the Proportional Takeover Provisions;
- potentially reduce the likelihood of success of a Bid;
- the provisions restrict the ability of Bid Holders to freely sell their securities in the Bid Class (potentially at an attractive price) without the consent of other Bid Holders; and
- a Bid Holder may not have sufficient financial interest in the Company to have an incentive to determine whether a Bid is appropriate.

6.8 Proposed acquisitions

As at the date of this Notice, none of the Directors is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

6.9 Proposed wording

Set out below is the proposed Proportional Takeover Provisions which are contained in Schedule 2 of the Replacement Constitution.

“Schedule 2 – Proportional Takeovers

1. Operation

This Schedule 2 is only effective, and only forms part of the Constitution, for the period specified in section 648G(1) of the Corporations Act, commencing on the period specified in section 648G(2) of the Corporations Act.

2. Defined Terms

In this Schedule 2:

Approving Resolution means a resolution to approve a proportional takeover bid in accordance with this Schedule 2.

Eligible Voter means a person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid.

End Date means the 14th day before the last day of the bid period for a proportional takeover bid.

3. Refusal of Transfers

3.1 Requirement for an Approving Resolution

- (a) *The Company must refuse to register a transfer of securities giving effect to a takeover contract for a proportional takeover bid unless and until an Approving Resolution is passed in accordance with this Schedule 2.*
- (b) *Any purported registration of a transfer in contravention of item 3.1(a) is void.*

3.2 Voting on an Approving Resolution

- (a) *Where offers are made under a proportional takeover bid, the Directors must, call and arrange to hold a meeting of Eligible Voters for the purpose of voting on an Approving Resolution before the End Date.*
- (b) *The provisions of this Constitution concerning meetings of Members (with the necessary changes) apply to a meeting held under item 3.2(a).*
- (c) *Subject to this Constitution, every Eligible Voter present at the meeting held under item 3.2(a) is entitled to one vote for each security in the bid class that the Eligible Voter holds.*
- (d) *An Approving Resolution that has been voted on before the End Date is taken to have been:*
 - (i) *passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%; or*
 - (ii) *rejected if item 3.2(d)(i) has not been satisfied.*
- (e) *Subject to item 3.2(f), an Approving Resolution must be passed before the End Date in order for that resolution to be effective.*
- (f) *If an Approving Resolution has not been voted on as at the end of the day immediately prior to the End Date, an Approving Resolution is taken, to have been passed for the purposes of, and in accordance with, this Schedule 2.”*

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

2019 Annual Report	The annual report of the Company for the financial year ended 30 June 2019, including the annual financial report, the Directors' report and the Auditor's report.
Annual General Meeting or Meeting	The annual general meeting of Shareholders or any adjournment thereof, convened by this Notice.
Associate	Has the meaning given to that term in the Listing Rules.
ASX	ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, as the context requires.
Auditor	The auditor of the Company, being BDO East Coast Partnership.
Board	The Company's Board of Directors.
Closely Related Parties	Has same meaning given to it in section 9 of the Corporations Act, being, in relation to a member of Key Management Personnel: <ul style="list-style-type: none">(a) a spouse or child of the member;(b) a child of the member's spouse;(c) a dependent of the member or the member's spouse;(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;(e) a company the member controls; or(f) a person prescribed by the <i>Corporations Regulations 2001</i> (Cth) (currently none are prescribed).
Company	Dynasty Resources Limited (ACN 110 385 709).
Company Secretary	The Company Secretary of the Company at the time of the Meeting.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Equity Security	Has the meaning given to that term in Listing Rule 19.12, being: <ul style="list-style-type: none">(a) a share;(b) a unit;(c) a right to a share or unit or option;(d) an option over an issued or unissued security;(e) a convertible security;(f) any security that ASX decides to classify as an equity security;(g) but not a security that ASX decides to classify as a debt security.
Existing Constitution	The Constitution of the Company adopted and in effect at the date of this Notice.

Explanatory Statement	This explanatory statement which accompanies and forms part of the Notice of Meeting.
Glossary	This glossary of terms.
Key Management Personnel	Has the same meaning as the definition of that term in section 9 of the Corporations Act, being those persons details of whose remuneration are included in the Remuneration Report having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
Listing Rules	The listing rules of ASX, as amended from time to time.
Meeting Chairperson	The chairperson of the Meeting.
Notice or Notice of Annual General Meeting	The notice of Annual General Meeting which accompanies this Explanatory Statement.
Proxy Form	The proxy form accompanying the Notice.
Related Party	Has the same meaning as given to that term in the Corporations Act.
Remuneration Report	The remuneration report of the Company for the period ended 30 June 2019, appearing in the Director's report as set out in the 2019 Annual Report.
Replacement Constitution	The proposed replacement Constitution of the Company available on the Company's website (https://www.dmaltd.com.au/) or on request to the Company.
Resolution	A resolution set out in the Notice.
Section	A section of this Notice.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A registered holder of a Share.
WST	Australian Western Standard Time, being the time in Perth, Western Australia.

DYNASTY RESOURCES LIMITED

ACN: 110 385 709

REGISTERED OFFICE:

LEVEL 3
88 WILLIAM STREET
PERTH WA 6000

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52
Collins Street West VIC 8007
Suite 913, Exchange Tower
530 Little Collins Street
Melbourne VIC 3000
T: 1300 992 916
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«Company_code» «Sequence_number»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

Code:

DMA

Holder Number:

«HOLDER_NUM

PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The Chairman of the meeting OR

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Dynasty Resources Limited to be held at Level 3, 88 William Street, Perth, Western Australia on 29 November 2019 at 9:00 am WST and at any adjournment of that meeting.

Chairman authorised to exercise proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes my/our proxy by default) and am/are entitled to vote on the relevant Resolution, I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in relation to Resolution 1 (and any motion for amendment of, or any procedural motion relating to that resolution) even though that resolution (and any such motion) may be connected directly or indirectly with the remuneration of a member of the key management personnel for the Company, and even though the Chairman is a member of the key management personnel.

If the Chairman of the Meeting is (or becomes) your proxy, you can direct the Chairman how to exercise your proxy on Resolution 1 by marking the appropriate box below.

Chairman to vote undirected proxies in favour: I/we acknowledge that the Chairman of the Meeting intends to vote undirected proxies in favour of each of the proposed Resolutions (to the extent permitted by law).

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy.

RESOLUTION

- Adoption of Remuneration Report
- Re-election of William Hu as a Director
- Re-election of Malcolm Castle as a Director
- Replacement Constitution
- Approval of Proportional Takeover Provisions

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Dynasty Resources Limited no later than 9:00am WST on Wednesday 27 November 2019.

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My/Our contact details in case of enquiries are:

Name:

Number:

()

1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

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 must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Dynasty Resources Limited no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

Dynasty Resources Limited

Postal Address C/- Nexia Perth
GPO Box 2570
Perth WA 6001

Facsimile +61 8 9463 2499

Email abby.siew@nexiaperth.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.



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