



**BLACK CAT SYNDICATE LIMITED**  
ABN 63 620 896 282

**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY STATEMENT**

**To be held at**

10.00am (WST)  
Wednesday, 27 November 2019

**at**

Epworth Room  
Trinity on Hampden  
230 Hampden Road, Crawley  
Western Australia 6009

**BCS**

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15 October 2019

Dear Fellow Black Cat Shareholder

Please find enclosed the Notice for the Company's Annual General Meeting to be held at the Epworth Room, Trinity on Hampden, 230 Hampden Road, Crawley, Western Australia at 10.00am (WST) on Wednesday, 27 November 2019.

Trinity on Hampden offers limited complimentary parking for conference attendees. Please ensure you display a valid parking permit (issued by Trinity reception) at all times. Free parking is also available on Hampden Road up to a maximum of three hours.

The purpose of the meeting is to conduct the annual business of the Company, being consideration of the annual financial statements, the Remuneration Report and in addition seek shareholder approval in accordance with the Corporations Act 2001 and the Listing Rules of the ASX to a number of resolutions, which are set out in the attached Notice of Meeting paper.

Your Directors seek your support and look forward to your attendance at the meeting.

Yours sincerely

**Paul Chapman**  
Chairman

**BLACK CAT SYNDICATE LIMITED**  
ABN 63 620 896 282

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of Black Cat Syndicate Limited (“the Company”) will be convened at 10.00am (WST) on Wednesday, 27 November 2019 at the Epworth Room, Trinity on Hampden, 230 Hampden Road, Crawley, Western Australia.

**AGENDA**

**1. Discussion of Financial Statements and Reports**

To discuss the Financial Report, the Directors’ Report and Auditor’s Report for the year ended 30 June 2019.

**2. Adoption of the Remuneration Report**

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

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2019.”*

*Voting Prohibition Statement*

*The Company will disregard any votes cast on Agenda Item 2 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote if:*

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and*
- (b) it is not cast on behalf of a Restricted Voter.*

*Further, a Restricted Voter who is appointed as a proxy will not vote on Agenda Item 2 unless:*

- (a) the appointment specifies the way the proxy is to vote on that Resolution; or*
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Agenda Item 2. Shareholders may also choose to direct the Chair to vote against Agenda Item 2, or to abstain from voting.*

**3. Re-election of Director – Mr Paul Chapman**

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

*“That, Mr Paul Chapman, who retires in accordance with the Company’s Constitution and ASX Listing Rule 14.4, and being eligible, offers himself for re-election, be re-elected as a director of the Company.”*

**4. Approval of Additional 10% Placement Capacity**

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

*“That, for the purpose of ASX Listing Rule 7.1A and all other purposes, the Company approves the allotment and issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

*Voting Exclusion Statement*

*The Company will disregard any votes cast in favour of Agenda Item 4 by, or on behalf of, a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity).*

*However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.*

NOTICE OF ANNUAL GENERAL MEETING

5. **Ratification of the Prior Issue of Consideration Shares – ASX Listing Rule 7.1**

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

*"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the prior issue of 122,820 consideration shares to Pioneer Resources Limited in respect of the farm-in and joint venture of the Balagundi prospects, on the terms and conditions set out in the Explanatory Statement."*

*Voting Exclusion Statement*

*The Company will disregard any votes cast in favour of Agenda Item 5 by, or on behalf of, Pioneer Resources Limited and any of its associates.*

*However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.*

6. **Ratification of the Prior Issue of Placement Shares – ASX Listing Rule 7.1**

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

*"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the prior issue of 4,215,251 placement shares on the terms and conditions set out in the Explanatory Statement."*

*Voting Exclusion Statement*

*The Company will disregard any votes cast in favour of Agenda Item 6 by, or on behalf of, any person who participated in the issue, and any associate of that person (or those persons).*

*However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.*

7. **Ratification of the Prior Issue of Placement Shares – ASX Listing Rule 7.1A**

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

*"That, for the purpose of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the prior issue of 7,242,889 placement shares on the terms and conditions set out in the Explanatory Statement."*

*Voting Exclusion Statement*

*The Company will disregard any votes cast in favour of Agenda Item 7 by, or on behalf of, any person who participated in the issue, and any associate of that person (or those persons).*

*However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.*

NOTICE OF ANNUAL GENERAL MEETING

8. **Participation in Share Placement by Director – Mr Paul Chapman**

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

*"That, for the purpose of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the allotment and issue of up to 119,767 shares to Mr Paul Chapman (or his nominee) pursuant to a share placement on the terms and conditions set out in the Explanatory Statement."*

*Voting Exclusion Statement*

*The Company will disregard any votes cast in favour of Agenda Item 8 by, or on behalf of, Mr Paul Chapman, or any of his associates.*

*However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.*

9. **Participation in Share Placement by Director – Mr Les Davis**

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

*"That, for the purpose of ASX Listing Rule 10.11 and all other purposes, Shareholders approve the allotment and issue of up to 50,000 shares to Mr Les Davis (or his nominee) pursuant to a share placement on the terms and conditions set out in the Explanatory Statement."*

*Voting Exclusion Statement*

*The Company will disregard any votes cast in favour of Agenda Item 9 by, or on behalf of, Mr Les Davis, or any of his associates.*

*However, votes cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or 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) will be taken into account.*

10. **Approval to Replace Company Constitution**

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

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

## NOTICE OF ANNUAL GENERAL MEETING

### OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Statement.

### GENERAL NOTES

1. With respect to Agenda Item 2, the vote on this item is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.
2. **Voting by Proxy:** Sections 250BB and 250BC of the Corporations Act came into effect on 1 July 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:
  - if proxy holders vote, they must cast all directed proxies as directed; and
  - if a poll is demanded for a particular resolution, any directed proxies which are not voted (where the appointed proxy is not the chair of the meeting) will automatically default to the Chair, who must vote the proxies as directed.

#### ***Proxy vote if appointment specifies way to vote***

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

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

#### ***Transfer of non-chair proxy to chair in certain circumstances***

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

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

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

**BLACK CAT SYNDICATE LIMITED**  
ABN 63 620 896 282

**NOTICE OF ANNUAL GENERAL MEETING**

**GENERAL NOTES (CONTINUED)**

3. The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting is hereby incorporated into and forms part of this Notice of Annual General Meeting.
4. The Directors have determined in accordance with Regulation 7.11.37 of the Corporations Regulations that, for the purposes of voting at the meeting, shares will be taken to be held by the registered holders at 10.00am (WST) on 25 November 2019.

To be valid, your proxy form (and any power of attorney under which it is signed) must be received at an address given below by 10:00am (WST) on 25 November 2019. Any proxy form received after that time will not be valid for the scheduled meeting.

<b>Online</b>	At <a href="http://www.investorvote.com.au">www.investorvote.com.au</a>
<b>By Mail</b>	Share Registry – Computershare Investor Services Pty Limited GPO Box 242 Melbourne Victoria 3001 Australia
<b>By Fax</b>	1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)
<b>By Mobile</b>	Scan the QR Code on your proxy form and follow the prompts
<b>Custodian Voting</b>	For Intermediary Online subscribers only (custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions

For all enquiries call: (within Australia) 1300 850 505 / (outside Australia) +61 (03) 9415 4000.

**BY ORDER OF THE BOARD**



**Dan Travers**  
Joint Company Secretary

Dated this 15<sup>th</sup> day of October 2019



## EXPLANATORY STATEMENT

The purpose of the Explanatory Statement is to provide shareholders with information concerning all of the Agenda Items in the Notice of Annual General Meeting.

Certain abbreviations and other defined terms are used throughout this Explanatory Statement. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Statement.

### 1. Discussion of Financial Statements and Reports

The Company's financial reports for the financial period ended 30 June 2019, together with the Directors' Report and the Auditor's Report are placed before the Annual General Meeting thereby giving shareholders the opportunity to discuss those documents and to ask questions. The Auditor will be attending the Annual General Meeting and will be available to answer any questions relevant to:

- the conduct of the audit;
- the preparation and content of the independent audit report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; and
- the independence of the Auditor in relation to the conduct of the audit.

Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

### 2. Adoption of Remuneration Report

Section 250R(2) of the Corporations Act requires the Company to present to its Shareholders the Remuneration Report, as disclosed in the Company's Annual Report.

The Resolution is advisory only and does not bind the Directors or the Company. The Annual Report (together with the Remuneration Report) is available on the Company's website ([www.blackcatsyndicate.com.au](http://www.blackcatsyndicate.com.au)).

Under the Corporations Act, if at least 25% of the votes cast on the resolution to Agenda Item 2 are voted against adoption of the Remuneration Report at the Annual General Meeting and, then again at the Company's next Annual General Meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company ("**Spill Resolution**").

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting ("**Spill Meeting**") within 90 days of the Company's Annual General Meeting. All of the Directors who were in office when the Company's Directors' Report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The proportion of votes cast against the adoption of the 2018 Remuneration Report was less than 25% of the total votes cast. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to the Directors and sets out the Company's remuneration arrangements for each of the Directors and senior management of the Company for the financial period ended 30 June 2019. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial period ending 30 June 2019.

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

The Board considers that its current practices of setting executive and non-executive remuneration are within normal industry expectations, and provides an effective balance between the need to attract and retain the services of the highly skilled key management personnel that the Company requires. As such, the Directors recommend that shareholders vote in favour of the resolution to Agenda Item 2.

**EXPLANATORY STATEMENT**

**2. Adoption of Remuneration Report (Continued)**

**Voting**

Note that a voting exclusion applies to Agenda Item 2 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

By appointing the Chair as proxy, and not providing voting directions, you are considered to have expressly authorised the Chair to exercise your proxy, even though the resolution may be connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

**3. Re-Election of Director – Mr Paul Chapman *B.Comm, ACA, Grad. Dip. Tax, MAICD, MAusIMM***  
as an Ordinary Resolution

***Experience***

Paul is a chartered accountant with over 30 years' experience in the resources sector gained in Australia and the United States. Paul has experience across a range of commodity businesses including gold, nickel, uranium, manganese, bauxite/alumina and oil/gas and has held managing director and other senior management roles in public companies. Paul was a founding shareholder/director of the following ASX listed companies: Reliance Mining Limited; Encounter Resources Limited; Rex Minerals Limited; Silver Lake Resources Limited and Paringa Resources Limited. Paul is currently a director of Western Australia based explorers, Encounter Resources Limited (ASX:ENR) and Dreadnought Resources Limited (ASX:DRE) and resigned as non-executive director of Brazilian copper/gold producer Avanco Resources Limited (ASX:AVB) on 10 August 2018 following a successful takeover by OZ Minerals Limited.

***Term of Office***

Mr Chapman was appointed as Director of the Company on 4 August 2017.

***Independence***

The Board of Black Cat Syndicate Limited does not consider Mr Chapman to be an Independent Director due to his status as a substantial shareholder.

***Special Responsibilities***

Mr Chapman is the Non-Executive Chairman of the Company.

***Directors' Recommendation***

The Board (excluding Mr Chapman) supports the proposed re-election and recommends that Shareholders vote in favour of the re-election of Mr Chapman as a Director.

***Appointment***

Mr Chapman was a founding director of the Company. In undertaking its background checks prior to the Company's Initial Public Offer on the Australian Securities Exchange, the Board did not become aware of any material adverse information or identify any interest, position or relationship that may be perceived to compromise Mr Chapman's capacity to act in the best interests of the Company and its Shareholders.

## EXPLANATORY STATEMENT

### 4. Approval of Additional 10% Placement Capacity as a Special Resolution

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of ASX Listing Rule 7.1A is passed by special resolution (“**Additional 10% Placement Capacity**”). The Additional 10% Placement Capacity is in addition to the Company’s 15% placement capacity under ASX Listing Rule 7.1.

An entity will be eligible to seek approval under ASX Listing Rule 7.1A if: (a) the entity has a market capitalisation of \$300 million or less; and (b) the entity that is not included in the S&P ASX 300 Index. The Company’s market capitalisation as at 14 October 2019 was \$36.1 million and therefore the Board considers that it is an eligible entity for the purposes of ASX Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in ASX Listing Rule 7.1A.2.

$$(A \times D) - E$$

Where,

A = Has the same meaning as in ASX Listing Rule 7.1

D = 10%

E = The number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A2 in the 12 months before the issue date or date of agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

The Company is putting Agenda Item 4 to Shareholders to seek approval to issue additional Equity Securities under the Additional 10% Placement Capacity.

This Resolution does not mean that the Company will necessarily utilise the 10% Additional Placement Capacity. Rather, capital markets have recently been in a state of fluctuation and the Directors acknowledge that they may need to act quickly to raise funds when favourable markets emerge. The Company’s failure to raise capital, if and when needed, could delay or suspend the Company’s business strategy and could have a material adverse effect on the Company’s activities. Under these circumstances, the Additional 10% Placement Capacity will provide flexibility for the Company to issue additional securities, in the event that the Directors determine that the issue of the additional securities is in the interests of the Shareholders and the Company in achieving its objectives.

### ASX Listing Rule 7.1A

The effect of Agenda Item 4 will be to permit the Company to issue the Equity Securities under ASX Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company’s 15% placement capacity under ASX Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has quoted securities in the form of Shares on issue.

As at the date of this Notice, the Company has 84,009,851 Shares on issue and therefore, subject to Shareholder approval being sought under Agenda Item 4, up to 8,400,985 Equity Securities will be permitted to be issued in accordance with ASX Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based on the formula set out in ASX Listing Rule 7.1A at the time of issue of the Equity Securities. The table on the page below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

The resolution the subject of Agenda Item 4 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

**EXPLANATORY STATEMENT**

**4. Approval of Additional 10% Placement Capacity (Continued)**

**Specific information required by ASX Listing Rule 7.3A**

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of ASX Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If the resolution the subject of Agenda Item 4 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date of the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity using different variables for the number of ordinary securities for variable "A" (as defined in ASX Listing Rule 7.1A) and the market price of Shares. It is noted that variable "A" is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable "A" is at its current level, and where variable "A" has increased by 50% and by 100%;
- (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 14 October 2019 (current market price), where the issue price is halved, and where it is doubled; and
- (iii) the dilution effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.215 Issue Price at half the current market price	\$0.43 Issue Price at current market price	\$0.86 Issue Price at double the current market price
Current Variable A <b>84,009,851</b> Shares	Shares issued	8,400,985	8,400,985	8,400,985
	Funds raised	\$1,806,211	\$3,612,423	\$7,224,847
	Dilution	10%	10%	10%
50% increase in current Variable A <b>126,014,776</b> Shares	Shares issued	12,601,478	12,601,478	12,601,478
	Funds raised	\$2,709,317	\$5,418,635	\$10,837,271
	Dilution	10%	10%	10%
100% increase in current variable A <b>168,019,702</b> Shares	Shares issued	16,801,970	16,801,970	16,801,970
	Funds raised	\$3,612,423	\$7,224,847	\$14,449,694
	Dilution	10%	10%	10%

**EXPLANATORY STATEMENT**

**4. Approval of Additional 10% Placement Capacity (Continued)**

Note: this table assumes:

- (i) no Options are exercised before the date of the issue of the Equity Securities;
  - (ii) the Company issues the maximum number of Equity Securities under the Additional 10% Placement Capacity and the Equity Securities issues consists only of Shares;
  - (iii) the table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholders holding at the date of the Annual General Meeting; and
  - (iv) the table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- (c) Approval of the Additional 10% Placement Capacity will be valid from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
  - (ii) the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking), (Additional Placement Period).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) cash consideration. If Equity Securities are issued for cash consideration, the Company intends to use the funds to advance its exploration programs and general working capital purposes; or
  - (ii) non-cash consideration for working capital purposes, the acquisition of new assets or any other consideration other than cash. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under ASX Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s). Securities allotted pursuant to the allocation policy will be determined following consideration of a number of factors including, but not limited to, the following matters:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities;
  - (ii) the dilutionary effect of the proposed of the issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

At the date of this Notice, the Company has not formed an intention as to whether the securities will be offered to existing security holders, or to any class or group of existing security holders, or whether the securities will be offered exclusively to new investors that have not previously been security holders of the Company. The Company will give consideration before making any placement of securities under ASX Listing Rule 7.1A whether the raising of any funds under such placement could be carried out in whole, or in part, by an entitlement offer to existing security holders.

The allottees under the Additional 10% Placement Capacity have not been determined as at the date of this Notice but will not include related parties (or their associates) of the Company.

**BLACK CAT SYNDICATE LIMITED**  
ABN 63 620 896 282

**EXPLANATORY STATEMENT**

**4. Approval of Additional 10% Placement Capacity (Continued)**

- (f) The Company last obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its 2018 AGM on 27 November 2019.

The Company has issued 12,968,889 securities pursuant to that ASX Listing Rule 7.1A approval.

During the 12 month period preceding 27 November 2019, being the date of the Meeting, the Company has issued a total of 28,899,849 securities (including those stated above issued pursuant to ASX Listing Rule 7.1A).

The net amount of 28,899,849 Equity Securities issued represents approximately 38.5% of the total diluted number of Equity Securities on issue in the Company on 27 November 2018, being 75,120,003.

Information relating to issues of Equity Securities by the Company in the 12 months prior to 27 November 2019 is as follows:

<b>Date of Appendix 3B</b>	<b>Number of Equity Securities</b>	<b>Class of Equity Securities and summary of terms</b>	<b>Names of recipients or basis on which recipients determined</b>	<b>Issue price of Equity Securities and discount to Market Price<sup>1</sup> on the trading day prior to the issue</b>	<b>If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds</b>  <b>If issued for non-cash consideration – a description of the consideration and the current value of the consideration</b>
8 May 2019	11,575,000	Ordinary fully paid shares (Note 2)	Issued to unrelated parties pursuant to a share placement.	Issued for \$0.20 per share.  Market price on day prior to issue was \$0.195 per share.	Total funds from the issue amounted to \$2,315,000.  Funds from the share issue have been used to advance exploration programs across the Bulong Gold Project and provide working capital.
26 June 2019	925,000	Ordinary fully paid shares (Note 2)	Issued to directors of the Company pursuant to shareholder approval on 25 June 2019.	Issued for \$0.20 per share.  Market price on day prior to issue was \$0.27 per share.	Total funds from the issue amounted to \$185,000.  Funds from the share issue have been used to advance exploration programs across the Bulong Gold Project and provide working capital.
26 June 2019	1,450,000	Unlisted options (Note 3)	Issued to employees pursuant to the terms of the Company's Incentive Option Plan and to directors following shareholder approval on 25 June 2019.	Issued for nil consideration.  Exercisable at \$0.40 per option, share price on the day prior to issue was \$0.27.	Nil funds received from the issue.  The fair value of options at the date of this notice is \$0.03 each, based on the current share price of \$0.43.
25 July 2019	122,820	Ordinary fully paid shares (Note 2)	Issued to Pioneer Resources Limited pursuant to a farm-in and joint venture agreement (refer ASX announcement 25 July 2019).	Issued at a deemed price of \$0.32.6 cents per share.  Market price on day prior to issue was \$0.34 per share.	Nil funds received from the issue.  The fair value of shares issued, at the date of this notice, is \$52,812, based on the current share price of \$0.43.
13 August 2019 and 25 September 2019	2,668,889	Ordinary fully paid shares (Note 2)	Issued to directors of the Company on exercise of unlisted options exercisable at \$0.20 on or before 17 January 2023.	Issued for \$0.20 per share on exercise of options.  Market price on the day prior to issue was \$0.42 per share (13 August 19) and \$0.47 per share (25 September 19).	Total funds from the issue amounted to \$533,778.  Funds from the share issue will be used to advance exploration programs across the Bulong Gold Project and provide working capital.

Date of Appendix 3B	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price <sup>1</sup> on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds  If issued for non-cash consideration – a description of the consideration and the current value of the consideration
23 August 2019	700,000	Unlisted options (Note 4)	Issued to employees pursuant to the terms of the Company's Incentive Option Plan.	Issued for nil consideration.  Exercisable at \$0.60 per option, share price on the day prior to issue was \$0.49.	Nil funds received from the issue.  The fair value of options at the date of this notice is \$nil, based on the current share price of \$0.43.
10 October 2019	11,458,140	Ordinary fully paid shares (Note 2)	Issued to unrelated parties pursuant to a share placement.	Issued for \$0.43 per share.  Market price on day prior to issue was \$0.45 per share.	Total funds from the issue amounted to \$4,927,000.  Funds from the share issue will be used to advance exploration programs across the Bulong Gold Project, provide working capital and fund the costs of the share issue of approximately \$300,000.

**Notes:**

1. *Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises).*
2. *Fully paid ordinary shares in the capital of the Company, ASX Code: BC8 (terms are set out in the Constitution).*
3. *Unlisted options exercisable at \$0.40 per share and expiring 25 June 2023.*
4. *Unlisted options exercisable at \$0.60 per share and expiring 2 August 2023.*

(g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Agenda Item 4.

**Directors' Recommendation**

The Board recommends Shareholders vote in favour of Agenda Item 4.

**5. Ratification of the Prior Issue of Consideration Shares – ASX Listing Rule 7.1**

Agenda Item 5 seeks ratification of the issue of 122,860 shares issued to Pioneer Resources Limited pursuant to a farm-in and joint venture agreement (refer ASX announcement 25 July 2019). The issue was made under the Company's 15% placement capacity (ASX Listing Rule 7.1) to non-related parties of the Company pursuant to ASX Listing Rule 7.4.

**ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## EXPLANATORY STATEMENT

### 5. Ratification of the Prior Issue of Consideration Shares – ASX Listing Rule 7.1 (Continued)

#### Technical Information Required by ASX Listing Rule 7.4

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of equity securities issued was 122,820 ordinary fully paid shares (“**Shares**”) issued pursuant to ASX Listing Rule 7.1;
- (b) the 122,820 Shares were issued at a deemed price of \$40,000 in total (approximately 32.6 cents per share);
- (c) the Shares issued ranked equally with existing ordinary fully paid shares on issue;
- (d) the Shares were issued to Pioneer Resources Limited, which is not a related party of the Company; and
- (e) no funds were raised from the issue.

#### Information Relating to Agenda Items 6 and 7

On 3 October 2019, the Company announced to the Australian Securities Exchange a share placement (“**Placement**”) to professional and sophisticated investors to raise \$5 million, before costs, by the issue of approximately 11.6 million ordinary fully paid shares (“**Placement Shares**”) at an issue price of \$0.43 per share.

The Company issued a total of 4,215,251 Placement Shares without prior Shareholder approval out of its 15% annual placement capacity under ASX Listing Rule 7.1, and 7,242,889 Placement Shares out of its additional 10% placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders on 27 November 2018.

The remainder of the Placement, being 169,767 Placement Shares, is to be issued to Directors of the Company, subject to shareholder approval being sought under the resolutions attaching to Agenda Items 8 and 9.

Investors in Placement Shares may be eligible to receive exploration credits pursuant to the Junior Mineral Exploration Incentive (“**JMEI**”) Scheme for the 2019-20 financial year.

#### **ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

#### **ASX Listing Rule 7.1A**

ASX Listing Rule 7.1A provides that a company may seek Shareholder approval at its annual general meeting to allow it to issue Securities up to 10% of its issued capital, provided that it is an eligible entity (“**Eligible Entity**”).

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- is not included in the S&P/ASX 300 Index; and
- has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

At the time approval was obtained, the Company was an Eligible Entity as it was not included in the S&P/ASX 300 Index and had a market capitalisation of less than \$300 million.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 or 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 and 7.1A.



**EXPLANATORY STATEMENT**

**Information Relating to Agenda Items 6 and 7 (Continued)**

By ratifying these issues, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and up to the 10% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

**6. Ratification of Prior Issue of Equity Securities – Share Placement – ASX Listing Rule 7.1**

Agenda Item 6 seeks ratification of the issue of Placement shares made under the Company's 15% placement capacity (ASX Listing Rule 7.1) to non-related parties of the Company pursuant to ASX Listing Rule 7.4.

**Technical Information Required by ASX Listing Rule 7.4**

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of equity securities issued was 4,215,251 ordinary fully paid shares ("**Shares**") issued pursuant to ASX Listing Rule 7.1;
- (b) the Shares were issued at a placement price of \$0.43 each;
- (c) the Shares issued ranked equally with existing ordinary fully paid shares on issue;
- (d) the Shares were issued to professional and sophisticated investors, none of whom are related parties of the Company; and
- (e) the funds raised from the Placement are to be used to advance exploration programs across the Bulong Gold Project and provide working capital.

**7. Ratification of Prior Issue of Equity Securities – Share Placement – ASX Listing Rule 7.1A**

Agenda Item 7 seeks ratification of the issue of Placement shares made under the Company's additional 10% placement capacity (ASX Listing Rule 7.1A) to non-related parties of the Company pursuant to ASX Listing Rule 7.4.

**Technical Information Required by ASX Listing Rule 7.4**

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of equity securities issued was 7,242,889 ordinary fully paid shares ("**Shares**") issued pursuant to ASX Listing Rule 7.1A;
- (b) the Shares were issued at a placement price of \$0.43 each;
- (c) the Shares issued ranked equally with existing ordinary fully paid shares on issue;
- (d) the Shares were issued to professional and sophisticated investors, none of whom are related parties of the Company; and
- (e) the funds raised from the Placement are to be used to advance exploration programs across the Bulong Gold Project and provide working capital.

**8. Participation in Placement by Directors – Agenda Items 8 and 9**

**Information Relating to Agenda Items 8 and 9**

Agenda Items 8 and 9 seek shareholder approval for the proposed participation by Directors of the Company (or their nominees) in the Placement on exactly the same terms and conditions to the Placement made to the unrelated parties the subject of Agenda Items 6 and 7.

**Chapter 2E of the Corporations Act**

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to Section 208 apply or Shareholders have in general meeting approved the giving of that financial benefit to the related party. A "financial benefit" is defined in the Corporations Act in broad terms and includes a public company issuing securities. For the purposes of this meeting, a "related

**EXPLANATORY STATEMENT**

**8. Participation in Placement by Directors – Agenda Items 8 and 9 (Continued)**

party” includes a director of the Company. Accordingly, the proposed issue of shares to a Director involves the provision of a financial benefit to a related party of the Company.

Section 210 of the Corporations Act provides that an entity 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 related party and the entity are dealing at arm’s length (or terms less favourable than arm’s length).

Given that the Related Parties will be subscribing for shares under the Placement on the same terms as all other placement investors, the Board is of the view that the proposed issue is determined to be at arm’s length and therefore that the exception in Section 210 of the Corporations Act is relevant to the Resolutions attaching to Agenda Items 8 and 9, and as such is not seeking Shareholder approval pursuant to Chapter 2E of the Corporations Act.

Whilst Shareholder approval is not being sought pursuant to Chapter 2E of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed issue of shares to the Related Parties:

- (a) the related parties to whom the financial benefit will be given are Mr Paul Chapman and Mr Les Davis (or their respective nominees); and
- (b) the number of shares proposed to be issued is 169,767 ordinary fully paid shares at \$0.43 per share, which would represent 0.2% of the expanded issued capital on an undiluted basis after the Placement.

The number of shares to be issued to, and the total subscription funds payable by the Directors, if the resolutions the subject of Agenda Item 8 and 9 are approved by Shareholders, is as follows:

Director	Number of Shares	Subscription Funds \$
(a) Paul Chapman (or nominee)	119,767	\$51,500
(b) Les Davis (or nominee)	50,000	\$21,500

- (c) it may be perceived that a financial benefit is being given to the Directors referred to above due to the fact that the issue price of the shares are less than the prevailing market price (based on the price of shares at the date of this Notice), although the proposed issue to Directors is on identical terms to those made to other independent third parties.

The issue price per Share to be issued under Agenda Items 8 and 9 is \$0.43 per Share. The value of the Shares, based on the market price of Shares prior to the date of the placement announcement to the ASX, calculated according to the five day volume weighted average price of shares on days on which trades actually last occurred is equal to \$0.461 per Share.

In the last 12 months, the highest price for ordinary fully paid shares in the company trading on ASX was \$0.595 which occurred on 22 August 2019. The lowest price was \$0.12 which occurred on 13 December 2018. On 2 October 2019, being the day prior to the announcement of the Placement the closing price was \$0.455.

- (d) Mr Chapman does not wish to make a recommendation to Shareholders in respect of Agenda Item 8 because he has a material interest in the outcome of the resolution. However, he recommends that Shareholders vote in favour of resolution 9 as he believes the increased shareholding of the Director will provide further incentive to enhance the future value of the Company for all Shareholders.

Mr Davis does not wish to make a recommendation to Shareholders in respect of Agenda Item 9 because he has a material interest in the outcome of the resolution. However, he recommends that Shareholders vote in favour of resolution 8 as he believes the increased shareholding of the Director will provide further incentive to enhance the future value of the Company for all Shareholders.

Mr Hewlett and Mr Solly both recommend that Shareholders vote in favour of resolutions 8 and 9 as they believe the increased shareholding of the Directors will provide further incentive to enhance the future value of the Company for all Shareholders.

**BLACK CAT SYNDICATE LIMITED**  
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**EXPLANATORY STATEMENT**

**8. Participation in Placement by Directors – Agenda Items 8 and 9 (Continued)**

***Remuneration of the Directors***

The total remuneration paid to the Directors for the financial year to 30 June 2019 is as follows:

Director	Salaries and Fees \$	Superannuation \$	Value of Share Based Remuneration	Total \$
Paul Chapman <sup>1, 3</sup>	54,795	5,205	-	60,000
Les Davis <sup>2</sup>	36,529	3,471	35,542	75,542

**Notes:**

<sup>1</sup> Non-Executive Chairman fees are \$60,000 per annum inclusive of superannuation.

<sup>2</sup> Non-Executive Director fees are \$40,000 per annum inclusive of superannuation.

<sup>3</sup> In addition to director remuneration payable, during the year to date the Company has incurred amounts of \$26,253 for office rent and \$71,138 for administration services from related parties of Mr Chapman.

***Securities Held by the Directors***

As at the date of this Notice, the Directors have interests in the securities of the Company as set out below:

Director	Shares	Options Exercisable at \$0.20 Expiring 17 January 2023	Options Exercisable at \$0.40 Expiring 25 June 2023
Paul Chapman	6,385,391	711,112	100,000
Les Davis	3,500,000	1,900,000	250,000

**ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company (which includes a Director).

If the resolutions that are the subject of Agenda Item 8 and 9 are passed, the Related Parties may be issued shares under the Placement. Accordingly, approval for the issue of securities to the Related Parties of the Company is required pursuant to ASX Listing Rule 10.11.

Separate approval pursuant to ASX Listing Rule 7.1 is not required in order to issue shares to the Directors as approval is being obtained under ASX Listing Rule 10.11.

**Technical Information Required by ASX Listing Rule 10.11**

ASX Listing Rule 10.13 sets out a number of matters which must be included in a Notice of General Meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Agenda Items 8 and 9:

- (a) the number of shares to be issued to Related Parties (or their nominees) is as follows:
  - Paul Chapman                      119,767 ordinary fully paid shares; and
  - Les Davis                              50,000 ordinary fully paid shares;
- (b) the shares will be issued no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on the same date;
- (c) ordinary shares will be issued at a price of \$0.43 per share and will rank equally with existing issued ordinary shares from the date of issue; and
- (d) the funds raised from the Placement are to be used to advance exploration programs across the Bulong Gold Project and provide working capital.

## **EXPLANATORY STATEMENT**

### **8. Participation in Placement by Directors – Agenda Items 8 and 9 (Continued)**

There is no other information known to the Directors that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interest to pass the resolutions the subject of Agenda Items 8 and 9.

### **9. Approval to Replace Company Constitution**

#### **9.1 Background**

On 28 November 2018, ASX released a consultation paper, Simplifying, clarifying and enhancing the integrity and efficiency of the ASX Listing Rules, outlining various changes to the ASX Listing Rules proposed to take effect as of 1 December 2019.

ASX requires that listed entities, ie the Company, with restricted securities currently on issue or who may issue restricted securities in at some future time, amend their constitutions to align with the proposed modified ASX escrow regime set out in Section 9.3 below.

Agenda Item 10 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution ("**Proposed Constitution**") which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2001.

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

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

- updating the name of the Constitution to that adopted in 2017;
- updating references to bodies or legislation which have been renamed (eg references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

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

A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 9316 9100). Shareholders are invited to contact the Company if they have any queries or concerns.

#### **9.2 Summary of Material Proposed Changes**

##### **Restricted Securities (Clause 2.12)**

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

##### **Minimum Shareholding (Clause 3)**

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

**EXPLANATORY STATEMENT**

**9. Approval to Replace Company Constitution (Continued)**

**9.2 Summary of Material Proposed Changes (Continued)**

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

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

**Fee for Registration of Off-Market Transfers (Clause 8.4(c))**

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a “reasonable fee” for registering paper-based transfers, sometimes referred to “off-market transfers”.

Clause 8.4 of the Proposed Constitution is being made to enable the Company 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 upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

**Direct Voting (Clause 13, Specifically Clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

**Rotation of Directors (Clause 14.2)**

The Proposed Constitution amends the provision relating to the rotation of Directors at the Company's Annual General Meeting each year to align with the Company's obligations under the Listing Rules and to prevent certain Directors needing to be re-elected within the three year period permitted by the Listing Rules just to comply with the Company's Constitution.

**Remuneration of Non-Executive Directors (Clause 14.7)**

The Proposed Constitution amends the provision relating to the amounts that may be paid to Non-Executive Directors to clarify what may be paid to Non-Executive Directors and what may be included in those amounts.

The amendment also sets a new initial limit in the Constitution of \$350,000 as a total amount payable to Non-Executive Directors. While the Board has no present intention to pay its Non-Executive Directors this amount, the Board believes it provides the Company with adequate coverage under the Constitution if the circumstances of the Company change and more Non-Executive Directors are appointed or their roles change such that additional fees are deemed appropriate.

**Partial (Proportional) Takeover Provisions (New Clause 36)**

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

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

**EXPLANATORY STATEMENT**

**9. Approval to Replace Company Constitution (Continued)**

**9.2 Summary of Material Proposed Changes (Continued)**

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

Information required by Section 648G of the Corporations Act

*Effect of Proposed Proportional Takeover Provisions*

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

*Reasons for Proportional Takeover Provisions*

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

*Knowledge of Any Acquisition Proposals*

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

*Potential advantages and disadvantages of proportional takeover provisions*

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

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

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

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

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

**Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Agenda Item 10.

**BLACK CAT SYNDICATE LIMITED**  
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**EXPLANATORY STATEMENT**

**Glossary**

**Annual General Meeting** means the annual general meeting of the Company.

**Accounting Standards** has the meaning given to that term in the Corporations Act.

**Additional 10% Placement Capacity** has the meaning set out in Section 4 of the Explanatory Statement.

**Additional Placement Period** has the meaning set out in Section 4(c) of the Explanatory Statement.

**Annual General Meeting** or **Meeting** means the annual general meeting the subject of the Notice.

**Annual Report** means the annual report of the Company for the period ended 30 June 2019.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Board** means the board of Directors.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Black Cat Syndicate Limited ABN 63 620 896 282.

**Constitution** means the constitution of the Company.

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

**Director** means a director of the Company.

**Equity Securities** has the meaning as in the Listing Rules.

**Explanatory Statement** means this Explanatory Statement accompanying the Notice.

**Key Management Personnel** has the meaning given to that term in the Accounting Standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of the ASX.

**Market Value** means the value of Shares as determined by the volume weighted average trading price of Shares sold on the ASX over the last five Trading Days immediately before the relevant date.

**Notice** or **Notice of Meeting** means the notice of Annual General Meeting accompanying this Explanatory Statement.

**Option** means an option to acquire a Share.

**Plan** means the Black Cat Syndicate Limited Incentive Option Plan.

**Remuneration Report** means the Remuneration Report set out in the Directors' Report section of the Company's annual financial report for the period ended 30 June 2019.

**Restricted Voter** means Key Management Personnel and their Closely Related Parties.

**Resolution** means a resolution the subject of this Notice.

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

**Shareholder** means a holder of a Share.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**WST** means Australian Western Standard Time.