



# **Rand Mining Limited**

**ACN 004 669 658**

## **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM**

**Friday 25 November 2016**

**9.00 am Perth time (WST)**

**IBIS Styles Kalgoorlie  
45 Egan Street  
Kalgoorlie  
Western Australia**

The Annual Report is available online at [www.randmining.com.au](http://www.randmining.com.au)

This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 (08) 9474 2113.

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# NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Rand Mining Limited will be held at the IBIS Styles Kalgoorlie, 45 Egan Street, Kalgoorlie on Friday 25 November 2016 commencing at 9.00am WST.

The Explanatory Memorandum to this Notice provides additional information on the matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form constitute part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 23 November 2016 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

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## AGENDA

### Annual Report

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To table and consider the Annual Report of the Company for the year ended 30 June 2016, which includes the Financial Report, the Directors' Report and the Auditor's Report.

### Resolution 1 – Adoption of Remuneration Report

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

*“That, the Remuneration Report be adopted by the Shareholders on the terms and conditions in the Explanatory Memorandum.”*

#### Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as a proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote on a resolution connected with the remuneration of a member of the Key Management Personnel.

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### **Resolution 2 – Re-election of Director – Mr Otakar Demis**

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

*“That, for the purpose of clause 17.4(a) of the Constitution and for all other purposes, Mr Otakar Demis, a director who was appointed 28 November 2014, retires by rotation, and being eligible, is elected as a Director.”*

### **Resolution 3 – Approval of 10% Placement Facility**

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

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on terms and conditions in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who may participate in the 10% Placement Facility (and any associates of such a person) and a person who might obtain a benefit (and any associates of such a person), except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

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

### **Resolution 4 – Approval of Proportional Takeover Provisions**

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

*“That, for the purposes of sections 136(2) and 648G of the Corporations Act, the Company renews its proportional takeover approval provisions in the form set out in clauses 7.1 to 7.3 of the Company’s Constitution, a copy of which is tabled at the Annual General Meeting.”*

Dated 18 October 2016

**BY ORDER OF THE BOARD**

**Mr Roland Berzins**

Company Secretary

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## EXPLANATORY MEMORANDUM

### 1. Introduction

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This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at the IBIS Styles Kalgoorlie, 45 Egan Street, Kalgoorlie on Friday, 25 November 2016 commencing at 9.00am (WST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

### 2. Action to be taken by Shareholders

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Shareholders should read the Notice and this Explanatory Memorandum carefully and in its entirety before deciding how to vote on the Resolutions.

#### 2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a **proxy**) to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

#### 2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

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- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.

### **3. Annual Report**

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There is no requirement for Shareholders to approve the Annual Report.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is available online at [www.randmining.com.au](http://www.randmining.com.au);
- (b) ask questions or make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report; and
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 Business Days before the Meeting to the Company Secretary at the Company's registered office.

### **4. Resolution 1 – Remuneration Report**

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Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors or the Company itself, and therefore a failure of Shareholders to pass

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Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act has been amended by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)* which received the Royal Assent on 27 June 2011 and came into effect on 1 July 2011.

The Director and Executive Remuneration Act introduced new sections 250U and 250V, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report will cease to hold office immediately before that further meeting but may stand for re-election.

At the Company's 2015 annual general meeting (held 27 November 2015) the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, a further resolution relating to the Two Strikes Rule is not relevant for this Annual General Meeting.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

### **5. Resolution 2 – Re-election of Director – Mr Otakar Demis**

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Clause 17.4(a) of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded down to the nearest whole number), shall retire from office, provided always that no Director (except a managing director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in the office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 17.4(a) of the Constitution is eligible for re-election.

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The Company currently has 3 Directors and accordingly one must retire.

Mr Otakar Demis will retire in accordance with clause 17.4(a) of the Constitution and being eligible, seeks re-election.

Details of Mr Otakar Demis's background and experience are set out in the Annual Report.

The Board (excluding Mr Otakar Demis) recommends that Shareholders vote in favour of Resolution 2. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 2.

## **6. Resolution 3 – Approval of 10% Placement Facility**

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### **6.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements in the 12-month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalization of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer Section 6.2 below).

The Company may use the 10% Placement Facility to fund ongoing development of the Company's current mining assets, and/or general working capital.

The Directors of the Company believe Resolution 3 is in the best interest of the Company and its Shareholders and unanimously recommend that the Shareholders vote in favour of this Resolution.

### **6.2 Description of Listing Rule 7.1A**

#### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

#### **(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

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The Company, as at the date of the Notice, has on issue only one class of quoted Equity Security.

### (c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

- A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:
- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
  - (B) plus the number of partly paid shares that became fully paid in the 12 months;
  - (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
  - (D) less the number of fully paid shares cancelled in the 12 months.
- Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*
- D** is 10%
- E** is the number of Equity Securities issued or agreed to be issued under listing rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

### (d) **Listing Rule 7.1 and Listing Rule 7.4**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 60,148,475 Shares and therefore has a capacity to issue:

- (i) 9,022,271 Equity Securities under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained, a maximum of 6,014,847 Equity Securities may be issued under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

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### **(e) Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class, calculated over the 15 Trading Days (on which trades in that class of Equity Securities were recorded) immediately before:

- (i) the date on which the price of the Equity Securities is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

### **(f) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

## **6.3 Listing Rule 7.1A**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires 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).

## **6.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days (on which trades in that class of Equity Securities were recorded) immediately before:
  - (i) the date on which the price of the Equity Securities is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

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- (b) If Resolution 3 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is 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 or the Equity Securities are issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

### Dilution example

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$1.20 50% decrease in Issue Price	\$2.40 Issue Price	\$4.80 100% increase in Issue Price
Current Variable "A" 60,148,475 Shares	10% Voting Dilution	6,014,847 Shares	6,014,847 Shares	6,014,847 Shares
	Funds raised	\$7,217,816	\$14,435,633	\$28,871,266
50% increase in current Variable "A" 90,222,713 Shares	10% Voting Dilution	9,022,271 Shares	9,022,271 Shares	9,022,271 Shares
	Funds raised	\$10,826,725	\$21,653,450	\$43,306,901
100% increase in current Variable "A" 120,296,950 Shares	10% Voting Dilution	12,029,695 Shares	12,029,695 Shares	12,029,695 Shares
	Funds raised	\$14,435,634	\$28,871,268	\$57,742,536

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### The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No Options are issued and subsequently exercised into Shares before the date of the issue of the Equity Securities;
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example at 10%.
  - (iv) 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 the Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of issue of Equity Securities under the 10% Placement Facility in Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
  - (vii) The issue price is \$2.40, being the closing price of the Shares on ASX on 18 October 2016.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration on the Company's current assets such as the East Kundana Joint Venture and/or general working capital.

The Company will comply with the disclosure obligations under the Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities under the 10% Placement Facility.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

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- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. The Company notes that issues under listing rule 7.1A to related parties (whether existing or new Shareholders) are only permitted if the issue falls within Listing Rule 7.2 exception 14, or an exception in Listing Rule 10.12.

Further, if the Company is successful in acquiring new resource assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

- (e) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting on 27 November 2015. In the 12 months preceding the date of the 2016 Annual General Meeting, the Company did not issue any Equity Securities.

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

## 7. Resolution 4 – Approval of Proportional Takeover Provisions

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### 7.1 General

Resolution 4 seeks Shareholder approval for the renewal of the proportional takeover provisions in the form set out in clauses 7.1 to 7.3 of the Company's constitution (**Proportional Takeover Provisions**).

A proportional takeover bid is a takeover bid where the offer made to each Shareholder is only for a proportion of that Shareholders' Shares. Clause 7.2(a)(i) of the Company's existing constitution prohibits the registration of a transfer of Shares under a proportional takeover bid, unless and until a resolution to approve the bid is passed by the relevant Shareholders.

As at the date of this Notice, clauses 7.1 and 7.2 of the Company's constitution have no effect (by virtue of clause 7.3) and Shareholders do not have the opportunity to vote on a proportional takeover bid for the Company. In order for the prohibitions in clause 7.2 to take effect, the Proportional Takeover Provisions need to be renewed in accordance with the Corporations Act.

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### **7.2 Section 136(2) of the Corporations Act**

Section 136(2) of the Corporations Act provides that a company may modify a provision in its constitution by special resolution. Accordingly, Resolution 4 requires 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 corporate Shareholder, by a corporate representative).

### **7.3 Information Required by Section 648G of the Corporations Act**

#### **(a) Effect of Proposed Proportional Takeover Provisions**

If the Proportional Takeover Provisions are renewed and a proportional takeover bid is made, the Directors are required to seek approval of Shareholders for such a takeover bid, either through a meeting of the persons entitled to vote on the resolution or by means of a postal ballot. The resolution shall be passed by a simple majority (50 per cent).

The bidder, and any Associate of the bidder, will be excluded from voting.

The Directors must ensure that a resolution to approve the bid is voted on more than 14 days before the last day of the bid period.

If the resolution to approve the bid has not been voted on, the bid is taken to have been approved.

If a resolution to approve the bid is voted on and is rejected, all offers under the bid are taken to be withdrawn and each binding takeover contract for the bid is rescinded.

The Proportional Takeover Provisions do not apply to full takeover bids and will only apply until 29 November 2019, unless again renewed.

#### **(b) 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, the 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. The Proportional Takeover 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.

#### **(c) 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.

#### **(d) 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.

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The potential advantages of the Proportional Takeover Provisions for Shareholders include:

- (i) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (ii) assisting in preventing Shareholders from being locked in as a minority and avoid the bidder acquiring control of the Company without paying an adequate control premium;
- (iii) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (iv) 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:

- (i) proportional takeover bids may be discouraged;
  - (ii) lost opportunity to sell a portion of their Shares at a premium; and
  - (iii) the likelihood of a proportional takeover bid succeeding may be reduced.
- (e) **Review of Advantages and Disadvantages of the Proportional Takeover Provisions**

There have been no takeover bids for the Company, either proportional or full, while the Proportional Takeover Provisions have been in operation. Accordingly, there is no example against which the advantages or disadvantages of the Proportional Takeover Provisions may be assessed, however, the Directors consider that there have been no disadvantages to the Company arising from the inclusion and operation of the Proportional Takeover Provisions. The Directors do not believe that the possible disadvantages outweigh the advantages of the Proportional Takeover Provisions operating for the next three years.

### 7.4 Recommendation of the Board

The Directors consider that the Shareholders should have the opportunity to vote on a proportional takeover bid for the Company. As discussed, a proportional takeover bid may enable control of the Company to pass without holders having an opportunity to sell all of their securities to the bidder. Shareholders, therefore, may be exposed to the risk of being left as a minority in the Company and of the bidder being able to acquire control of the Company without payment of an adequate premium for all of their securities.

The Directors consider that it is in the interests of Shareholders to have the right to vote on a proportional takeover bid and therefore unanimously recommend that Shareholders vote in favour of including the Proportional Takeover Provisions pursuant to Resolution 4.

Note: a copy of the Company's constitution is available for review on the Company's website at [www.randmining.com.au](http://www.randmining.com.au) under the heading Corporate Governance.

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## Schedule 1 – Definitions

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In this Notice and the Explanatory Memorandum:

**\$** means Australian Dollars.

**10% Placement Facility** has the meaning given in Section 6.1.

**10% Placement Period** has the meaning given in Section 6.2(f).

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ending 30 June 2016.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report on the Financial Report.

**Board** means the board of Directors.

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

**Chair** or **Chairman** means the person appointed to chair the Meeting conveyed by this Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means Rand Mining Limited ACN 004 669 658

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

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

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

**Directors' Report** means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

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

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

## **Rand Mining Limited**

**ACN 004 669 658**

**Key Management Personnel** means 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 ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of annual general meeting.

**Proportional Takeover Provisions** means the proportional takeover provisions in the form set out in clauses 7.1 to 7.3 of the constitution.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in the Notice.

**Schedule** means the schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

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

**Shareholder** means a shareholder of the Company.

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

**VWAP** means volume weight average price.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

**PROXY FORM**

The Secretary  
Rand Mining Limited

By Post:  
PO Box 307, West Perth, 6872

By facsimile:  
+61 8 93679386

<b>Name of Shareholder:</b>	
<b>Address of Shareholder:</b>	
<b>Number of Shares entitled to vote:</b>	

Please mark  to indicate your directions. Further instructions are provided overleaf.

Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting.

**Step 1 – Appoint a Proxy to Vote on Your Behalf**

<b>The Chairman of the Meeting (mark box)</b>	<input type="checkbox"/>	OR if you are <b>NOT</b> appointing the Chairman of the meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy	
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or failing the person/body corporate named, or if no person/body is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf, including to vote in accordance with the following directions (or, if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Meeting of the Company to be held at the IBIS Styles Kalgoorlie, 45 Egan Street, Kalgoorlie on Friday 25 November 2016 commencing at 9.00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), by signing and returning this form I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on a Resolution by marking the appropriate box below.

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

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

<b>Step 2 – Instruction as to Voting on Resolutions</b>	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr Otakar Demis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Approval of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll. If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_%.

**Signature of Member(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:**

**Contact Ph (daytime):**

**Date:**

\_\_\_\_\_

**Proxy Notes:**

1. **Voting Restrictions applying to Key Management Personnel:** If you appoint a member of the Key Management Personnel of the Company or one of their closely related parties as your proxy, that person will not be able to cast your votes on Resolution 1 unless you direct them how to vote, or the Chairman of the Meeting is your proxy. "Key Management Personnel" is defined in the Explanatory Memorandum and includes each of the Directors of the Company, all those executives named in the Company's 2016 Remuneration Report, and any other persons who are the Company's Key Management Personnel at the date of the Meeting.
2. A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is entitled to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.
3. If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate or Appointment of Representative prior admission. A form of the certificate may be obtained from the Company's share registry.
4. You must sign this form as follows in the spaces provided:
  - Joint Holding:                        where the holding is in more than one name all of the holders must sign.
  - Power of Attorney:                if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy, of the Power of Attorney to this Proxy Form when you return it.
  - Companies:                         a Director can sign jointly with another Director or Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicated the office held by signing in the appropriate space.
5. If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.
6. Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received at the Perth office of the Company at Suite G1/49 Melville Parade, South Perth WA 6151 or by facsimile +61 8 9367 9386 by Wednesday 23 November 2016 at 9am (WST).