



DISCOVEX RESOURCES LIMITED

ABN 61 115 768 986

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

Thursday 20 August 2020

Time of Meeting

10am (AWST)

Place of Meeting

The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully. If you are unable to attend the Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

DiscovEx Resources Limited

ABN 61 115 768 986

Notice of General Meeting

Notice is hereby given that a General Meeting of DiscovEx Resources Limited ABN 61 115 768 986 (**Company**) will be held at 10am (AWST) on Thursday 20 August 2020 at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia.

The Company and the Board are acutely aware of the current circumstances resulting from COVID-19 and the impact it is having, and is likely to continue to have, on physical meetings.

The Board has made the decision that it will hold a physical Meeting with the appropriate social gathering and physical distancing measures in place to comply with the State Government and Federal Government's current restrictions for physical gatherings.

However, the Company strongly encourages all Shareholders to participate in the Meeting by:

- (a) reading this Notice carefully; and
- (b) voting by proxy following the instructions set out in this Notice.

Additionally, circumstances relating to COVID-19 are changing rapidly. The Company will update Shareholders if changing circumstances will impact planning or the arrangements for the Meeting by way of announcement on ASX. The details will also be made available on our website at www.discovexresources.com.au

The Company encourages all Shareholders to check ASX and the Company's website regularly prior to the Meeting.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Meeting.

If you are unable to attend the General Meeting please complete and return the Proxy Form in accordance with the specified directions.

Please note terms used in this Notice of Meeting have the same meaning as set out in the Glossary of the Explanatory Memorandum accompanying this Notice of Meeting.

AGENDA

1. Resolution 1 – Ratify issue of Shares to Crest Investment Group Limited

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,352,941 Shares (at a deemed issue price of 0.34 cents each) on 16 April 2020 to Crest Investment Group Limited on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of Crest Investment Group Limited or its Associates. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 1, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 – Ratify issue of Placement Shares under Listing Rule 7.1

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 136,186,748 Shares (at an issue price of 0.65 cents each) on 9 July 2020 to various sophisticated and professional investors on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 2 by or on behalf of any person who participated in the issue the subject of Resolution 2 or any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;
- (b) the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 2, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Resolution 3 – Ratify issue of Placement Shares under Listing Rule 7.1A

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

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 95,693,126 Shares (at an issue price of 0.65 cents each) on 9 July 2020 to various sophisticated and professional investors on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement: The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of any person who participated in the issue the subject of Resolution 3 or any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 3, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;

- (b) *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 3, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
 - (ii) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

4. Resolution 4 – Approval to Issue Options to JP Equity Partners

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

“That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 20,000,000 Options (each with an exercise price of \$0.013 and expiring 2 years from their date of issue) to JP Equity Partners on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement: *The Company will disregard any votes cast in favour of Resolution 4 by or on behalf of JP Equity Partners or their nominee and any other person who will obtain a material benefit as a result of the issue of the Options (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any Associate of those persons.*

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (a) *a person as a proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way;*
- (b) *the Chair of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or*
- (c) *a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:*
 - (i) *the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and*
 - (ii) *the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.*

OTHER BUSINESS

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

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

By Order of the Board

Paul Bridson
Company Secretary
17 July 2020

NOTES

These notes form part of the Notice of Meeting and should be read in conjunction with the accompanying Explanatory Memorandum. Capitalised words and phrases used in this Notice of Meeting are defined in the Glossary contained in the accompanying Explanatory Memorandum.

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, electronically, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. A properly executed original (or certified copy) of the power of attorney under which an attorney has been authorised to attend and vote at the Meeting must be lodged with the Company's share registry before 10am (AWST) on Tuesday 18 August 2020 (48 hours before the commencement of the Meeting). If facsimile transmission is used, the power of attorney must be certified.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed unless previously given to the Company's share registry.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.

- If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chairman of the Meeting will act in the place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the Meeting, the secretary or any Director, that do not contain a direction how to vote will be used where possible to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as proxy under the voting exclusion rules which apply to some of the proposed Resolutions. However, in exceptional circumstances, the Chair of the Meeting may change his or her voting intention, in which case an ASX announcement will be made. These rules are explained in this Notice.
- To be effective, proxies must be received by 10am (AWST) on Tuesday 18 August 2020. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:

Electronically:

Submit proxy voting instructions online at www.investorvote.com.au

Please refer to the Proxy Form for more information about submitting proxy voting instructions online.

For intermediary online subscribers only (custodians) at www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
 GPO Box 242,
 Melbourne, Victoria 3001,
 Australia

By Fax:

(within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 850 505
 (outside Australia) +61 3 9415 4000

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received at the above address, or by facsimile, and by 10am (AWST) on Tuesday 18 August 2020. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the Company's register of Shareholders as at 10am (AWST) Tuesday 18 August 2020.

DISCOVEX RESOURCES LIMITED

ABN 61 115 768 986

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of the Shareholders of DiscovEx Resources Limited (**Company**), in connection with the business to be conducted at the General Meeting of the Company to be held on Thursday 20 August 2020 at 10am (AWST) at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Shareholders are specifically referred to the Glossary in this Explanatory Memorandum which contains definitions of capitalised terms used in the Notice of Meeting and this Explanatory Memorandum.

1. RESOLUTION 1 – RATIFY ISSUE OF SHARES TO CREST INVESTMENT GROUP LIMITED

On 13 March 2020 the Company announced that it had entered into a joint venture agreement (**JVA**) with Crest Investment Group Limited (**Crest**), a public unlisted company, to earn up to an 80% interest in eight tenements along strike and to the south of the Company's existing 80% owned Edjudina Gold Project in the southern Laverton District of Western Australia. On 15 April 2020 the Company announced that it had paid the initial consideration necessary to commence the earn-in phase of the transaction.

The key terms of the acquisition included:

- the payment to Crest of \$50,000 in consideration with \$25,000 paid in cash and \$25,000 paid in Shares. A total of 7,352,941 Shares were issued to Crest on 16 April 2020 at a deemed issue price of 0.34 cents per Share, being the 5-day VWAP up to the date of agreement to issue the Shares;
- DiscovEx has the right to earn up to 80% of the Project Tenements by completing the minimum expenditure for each Project Tenement as required by the Department of Mines and maintaining the Project Tenements in good standing for a period of 2 years from execution; and
- DiscovEx is to free carry Crest to a decision to mine whereby the parties are obliged to contribute pro-rata or dilute as per standard formulae to 5% thence automatically to a 1% gross revenue royalty on any mineral product produced with the royalty to begin only after the equivalent of 200,000oz Au has been produced. DiscovEx may buy out the Crest interest after a decision to mine has been made for 80% of the net present value of that interest with Crest to retain the 1% royalty.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of Shares to Crest does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing

the Company's capacity to issue further Equity Securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date the Company issued Shares to Crest.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further Equity Securities up to 15% of the issued capital of the Company without requiring Shareholder approval under Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and therefore seeks ratification under Listing Rule 7.4 of the issue of 7,352,941 Shares that were issued to Crest on 16 April 2020.

If this Resolution is passed, the 7,352,941 Shares issued to Crest will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date the Company issued the Shares to Crest. In addition, the Shares issued to Crest will not be included in calculating the Company's 10% capacity in Listing Rule 7.1A, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval under that rule.

If this Resolution is not passed, the Shares issued to Crest will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval over the 12 month period following the date the Company issued the Shares to Crest. In addition, the Shares issued to Crest will be included in calculating the Company's additional 10% capacity in Listing Rule 7.1A, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval under that rule.

The following information in relation to the Shares issued to Crest is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 7,352,941 Shares were issued on 16 April 2020;
- (b) the Shares were issued at a deemed issue price of 0.34 cents each;
- (c) the Shares issued were fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (d) the Shares were issued to Crest Investment Group Limited, who is not a related party of the Company;
- (e) no funds were raised from the issue of the Shares. The issue of the Shares was part consideration for the grant by Crest to the Company of the right to earn up to 80% of the Project Tenements the subject of the JVA;
- (f) the material terms of the JVA under which the Shares were issued are summarised above; and
- (g) a voting exclusion statement has been included in the Notice of Meeting for the purposes of Resolution 1.

2. BACKGROUND TO RESOLUTIONS 2 TO 4 (INCLUSIVE)

2.1 - Placement

On 3 July 2020, the Company announced that it had raised a total of \$1,507,219 pursuant to a Share placement to fund ongoing exploration programs across its key WA gold projects including drilling campaigns at its Edjudina Gold Project in the Laverton region and the Newington Gold Project in the Southern Cross region of Western Australia.

The Share placement comprised the issue of 231,879,874 Shares at an issue price of 0.65 cents per Share to sophisticated and professional investors, being clients of JP Equity Partners and some long-standing Shareholders of the Company (**Placement**).

In conjunction with the Placement, a total of 20,000,000 Options with an exercise price of 1.3 cents each and an expiry date 2 years from the date of issue are proposed to be issued to JP Equity Partners, the lead manager to the Placement, subject to Shareholder approval being obtained, as part of their fee for acting as lead manager to the Placement.

The Placement raised \$1,507,219 (before costs) and involved the issue of 231,879,874 Shares on 9 July 2020 under the Company's available placement capacity under Listing Rules 7.1 and 7.1A as follows:

- 136,186,748 Shares were issued under the Company's Listing Rule 7.1 capacity (which are the subject of Resolution 2); and
- 95,693,126 Shares were issued under the Company's Listing Rule 7.1A capacity (which are the subject of Resolution 3).

The Options proposed to be issued to JP Equity Partners are the subject of Resolution 4.

2.2 - Use of Funds

It is currently intended that the funds raised via the Placement will be used to fund the following activities:

- to complete RC drill testing of high priority targets (including Hornet West) defined by the current and previous AC and surface sampling programs at both the Edjudina and Newington Gold Projects;
- diamond drilling at the Hornet West Prospect (Edjudina Project) to be co-funded by EIS WA Government drilling grant;
- to complete a regional surface sampling programme designed to add additional targets within the broader Edjudina Project;
- to assist with the evaluation and potential acquisition of new project areas;
- general working capital requirements; and
- the expenses of the Placement.

3. RESOLUTIONS 2 AND 3 – RATIFY PLACEMENT CONDUCTED USING LISTING RULES 7.1 AND 7.1A CAPACITY

As noted in Section 2.1, on 3 July 2020, the Company issued:

- (a) 136,186,748 Shares under its Listing Rule 7.1 capacity; and
- (b) 95,693,126 Shares under its Listing Rule 7.1A capacity,

under the Placement.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period. Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25% (**Listing Rule 7.1A Mandate**). Shareholders approved this additional capacity at the Company's last annual general meeting on 14 November 2019.

The Placement does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it has effectively used up all of the 15% limit in Listing Rule 7.1 and the 10% limit in Listing Rule 7.1A, reducing the Company's capacity to issue further Equity Securities without Shareholder approval under:

- (a) Listing Rule 7.1 for the 12 month period following the date the Company issued Shares pursuant to the Placement; and
- (b) Listing Rule 7.1A for the period ending on the earliest of:
 - (i) the date that is 12 months after the last annual general meeting at which the Listing Rule 7.1A Mandate was approved;
 - (ii) the time and date of the next annual general meeting; and
 - (iii) the time and date on which Shareholders approve a transaction under Listing Rule 11.1.2 (for a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking),

(Listing Rule 7.1A Mandate Expiry Date).

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1 or the 10% threshold set by Listing Rule 7.1A. The effect of the ratification is to restore the Company's maximum discretionary power to issue further Equity Securities up to 15% of the issued capital of the Company under Listing Rule 7.1 and up to 10% of the issued capital of the Company under Listing Rule 7.1A, without requiring Shareholder approval.

The Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1 and therefore seeks ratification under Listing Rule 7.4 of the issue of 231,879,874 Shares that were issued on 9 July 2020 pursuant to the Placement.

If Resolutions 2 and 3 are passed, the Shares issued pursuant to the Placement will be excluded in calculating the Company's 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of Equity Securities the Company can issue without Shareholder approval:

- (a) under Listing Rule 7.1 for the 12 month period following the date the Company issued Shares pursuant to the Placement; and
- (b) under Listing Rule 7.1A for the period ending on the Listing Rule 7.1A Mandate Expiry Date.

If Resolutions 2 and 3 are not passed, the Shares pursuant to the Placement will be included in calculating the Company's 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of Equity Securities the Company can issue without Shareholder approval under Listing Rules 7.1 and 7.1A for the periods noted immediately above.

The following information in relation to the Shares issued under the Placement is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 231,879,874 Shares were issued on 9 July 2020, with 136,186,748 of those Shares issued under the Company's Listing Rule 7.1 capacity and 95,693,126 of those Shares issued under its Listing Rule 7.1A capacity;
- (b) the Shares were issued at an issue price of 0.65 cents each;
- (c) the Shares issued were fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (d) the Shares were issued to sophisticated and professional investors, being clients of JP Equity Partners and some long-standing Shareholders of the Company, none of which are a related party of the Company. The participants in the Placement were identified through a book build process, which involved JP Equity Partners, as lead manager, seeking expressions of interest to participate in the Placement from non-related parties of the Company;
- (e) funds raised from the issue are intended to be used for the purposes outlined in Section 2.2 above; and
- (f) a voting exclusion statement has been included in the Notice of Meeting for the purposes of Resolutions 2 and 3.

4. RESOLUTION 4 – APPROVAL TO ISSUE OPTIONS TO JP EQUITY PARTNERS

The Company has undertaken the Placement as described in Section 2.1 above. Resolution 4 seeks Shareholder approval for the purpose of Listing Rule 7.1 to allow the Company to issue 20,000,000 Options to JP Equity Partners as part of their fee for acting as lead manager to the Placement. JP Equity Partners also received a cash fee of \$90,433 for acting as lead manager to the Placement.

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that the Company can issue without the approval of its Shareholders over any 12-month period to 15% of the Shares it had on issue at the start of that period.

The proposed issue of Options to JP Equity Partners does not fall within any of the exceptions set out in Listing Rule 7.2. Assuming Resolutions 1, 2 and 3 are passed, while the proposed issue of Options will not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional Equity Securities into the future without having to obtain Shareholder approval under Listing Rule 7.1. To do this, the Company is asking Shareholders to approve the proposed issue of Options to JP Equity Partners under Listing Rule 7.1 so that it does not use up any of the 15% limit on issuing Equity Securities without Shareholder approval as set out in Listing Rule 7.1.

To this end, Resolution 4 seeks Shareholder approval to the proposed issue of securities under and for the purposes of Listing Rule 7.1.

If this Resolution is passed:

- (a) the proposed issue of Options to JP Equity Partners can proceed without using up any of the Company's 15% limit on issuing Equity Securities without Shareholder approval under Listing Rule 7.1;
- (b) the Company will issue 20,000,000 Options to JP Equity Partners;
- (c) the total number of Options on issue will increase from 139,228,213 to 159,228,213; and
- (d) if all 20,000,000 Options were exercised, 20,000,000 Shares would be issued to JP Equity Partners and the existing Shareholders' holdings will be diluted by 1.67% on an undiluted basis and 1.49% on a fully diluted basis.

If Resolution 4 is not passed and assuming Resolutions 1, 2 and 3 are passed, the proposed issue of Options to JP Equity Partners can still proceed but it will reduce, to that extent, the Company's capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

If Resolution 4 is not passed and Resolutions 1, 2 and 3 are also not passed, the Company will not issue the Options to JP Equity Partners.

The following information in relation to the Options the subject of Resolution 4 is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Options that the Company can issue is 20,000,000;
- (b) the proposed issue date of the Options is 20 August 2020, however the Company will issue the Options within three months of the date of the Meeting (or such later date as approved by ASX). The Company intends to issue the Options on one date;
- (c) the issue price of the Options is nil;
- (d) the Options will be issued to JP Equity Partners;
- (e) the Options will be a new class of unquoted options;
- (f) each Option will give JP Equity Partners the right to acquire one Share upon exercise, at an exercise price of 1.3 cents and will expire two years from the date of issue. The full terms and conditions of the Options are set out in Schedule A;

- (g) the Options are being issued as part payment for JP Equity Partners' services as lead manager to the Placement. As such, no funds will be raised from the issue of the Options. Any funds raised upon the exercise of the Options will be used for the purposes outlined in Section 2.2 above; and
- (h) a voting exclusion statement has been included in the Notice of Meeting for the purposes of Resolution 4.

GLOSSARY

\$ means Australian dollars.

Associate has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

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

AWST means western standard time as recognised in Perth, Western Australia.

Board means the board of Directors of the Company.

Business Day has the same meaning given to it in the Listing Rules.

Chair or **Chairman** means the individual elected to chair meetings of the Company from time to time.

Child Entity has the same meaning given to it in the Listing Rules.

Company or **DiscovEx** means DiscovEx Resources Limited ABN 61 115 768 986.

Constitution means the constitution of the Company, as amended from time to time.

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

Crest means Crest Investment Group Limited (ACN 621 752 172).

Director means a director of the Company.

Edjudina Gold Project means the gold project in the Laverton district of WA.

Equity Securities has the meaning given to it in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum.

General Meeting or **Meeting** means the general meeting set out in the Notice.

Glossary means this Glossary set out in the Explanatory Memorandum.

JP Equity Partners means JP Equity Holdings Pty (ABN 98 626 933 364) (CAR 1265594 of Australian Financial Services Licence No 512 529).

JVA has the meaning set out on page 8.

Listing Rules means the listing rules of the ASX.

Listing Rule 7.1A Mandate has the meaning set out on page 11.

Listing Rule 7.1A Mandate Expiry Date has the meaning set out on page 11.

Notice or **Notice of Meeting** means the notice of general meeting which accompanies this Explanatory Memorandum.

Option means an option to acquire a Share, having the terms and conditions set out in Schedule A.

Placement has the meaning given in Section 2.1.

Project Tenements means exploration licences E28/2884 and E31/1187, applications for exploration licences E31/1198, E31/1227, E39/2102 and E39/2126 and applications for prospecting licences P31/2126 and P31/2125.

Proxy Form means the proxy form accompanying the Notice.

Resolution means a resolution proposed pursuant to the Notice.

Section means a section of the Explanatory Memorandum.

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

Shareholder means the holder of Shares.

VWAP means in relation to a particular period, the volume weighted average price of trading in Shares on ASX over that period.

WA means Western Australia.

Schedule A – Terms and Conditions of Options to be Issued to JP Equity Partners

- (a) Each Option entitles the holder to acquire one Share upon the payment of an exercise price of \$0.013 (**Exercise Price**).
- (b) Each Option will lapse at 5.00pm, Australian Western Standard Time on the date that is 2 years from the issue date (**Expiry Date**).
- (c) The Options will not be listed for quotation on the ASX.
- (d) Options may be exercised at any time prior to the Expiry Date (**Exercise Period**) by the delivery to the registered office of the Company of a notice in writing (**Exercise Notice**) stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by a certificate for the relevant Options and payment to the Company of an amount in cleared funds for the aggregate Exercise Price in respect of the relevant Options. The Exercise Notice and funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by the Option holder.
- (e) The Company shall as soon as practicable, and no later than within 15 Business Days of the exercise of the Options:
 - a. allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number; and
 - b. if required, take steps so that any offer of those Shares for sale within 12 months of their issue will not require disclosure under section 707(3) of the Corporations Act.
- (f) All Shares issued upon exercise of the Options will, from the date they are issued, rank *pari passu* in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options.
- (g) The Option holder will only be entitled to participate in any new issue of securities to existing holders of Shares in the Company provided the Option holder has exercised their Options prior to the record date for determining entitlements.
- (h) The Options do not confer on the holder any right to participate in dividends until Shares are allotted pursuant to the exercise of the Options.
- (i) Subject to paragraph (j), if the Company makes a bonus share issue, a rights issue or any other similar issue of rights or entitlements, there will be no adjustment to the exercise price, the number of Shares per Option or any other terms of those Options.
- (j) On a reorganisation of the Company's capital, the rights of Option holders (including the number of Options and the exercise price) will be changed to the extent necessary to comply with the Listing Rules.