



TAO COMMODITIES LIMITED
ACN 618 935 372

**NOTICE OF ANNUAL GENERAL MEETING
AND
EXPLANATORY STATEMENT**

For the Annual General Meeting to be held
on 28th November 2018 at 3.00pm (WST) at

22 Townshend Road
Subiaco WA 6008

This is an important document. Please read it carefully. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

If you are unable to attend the Meeting, please complete the form of proxy enclosed and return it in accordance with the instructions set out on that form.

TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the Company will be held at:

22 Townshend Road
Subiaco, Western Australia

Commencing 3.00 pm (WST)
28th November 2018

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6380 2470.

TAO COMMODITIES LIMITED
ACN 618 935 372
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of TAO Commodities Limited will be held at 22 Townshend Road Subiaco WA 6008, at 3.00pm (WST) on 28th November 2018 (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the Annual Report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as a **non-binding 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 that forms part of the Directors' Report as contained in the Company's Annual Report for the financial year ended 30 June 2018."

Please note that a vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting prohibition statement

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.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK CONNELLY

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

"That Mr Connelly, being a Director of the Company appointed by the Directors during the year as an additional Director and holding office until this Meeting in accordance with clause

11.12 of the Constitution and, being eligible, offers himself for re-election, is hereby re-elected as a Director."

RESOLUTION 3 – RE-ELECTION OF DIRECTOR – PATRIC GLOVAC

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

"That Mr Glovac, being a Director of the Company appointed by the Directors during the year as an additional Director and holding office until this Meeting in accordance with clause 11.12 of the Constitution and, being eligible, offers himself for re-election, is hereby re-elected as a Director."

RESOLUTION 4 – RE-ELECTION OF DIRECTOR – JASON BREWER

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

"That Mr Brewer, being a Director of the Company appointed by the Directors during the year as an additional Director and holding office until this Meeting in accordance with clause 11.12 of the Constitution and, being eligible, offers himself for re-election, is hereby re-elected as a Director."

RESOLUTION 5: APPOINTMENT OF BDO AUDIT (WA) PTY LTD AS AUDITOR

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

"That, for the purposes of section 327B of the Corporations Act, and for all other purposes, BDO Audit (WA) Pty Ltd, having been nominated by a Shareholder and having consented in writing to act in the capacity of auditor, be appointed as auditor of the Company with effect from the close of the Meeting."

RESOLUTION 6 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

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

"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue 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, to be issued on the terms set out in the Explanatory Statement."

Voting exclusion:

The Company will disregard any votes cast in favour of this Resolution by or on behalf of:

- (a) a person (or persons) who is expected to participate in, or who will obtain a material benefit as a result of, the 10% Placement Facility (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person (or those persons) who are expected to participate in, or who will obtain a material benefit as a result of, the 10% Placement Facility (except a benefit solely by reason of being a holder of ordinary securities in the Company).

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 the direction of the Proxy Form to vote as the proxy decides.

RESOLUTION 7 – MODIFICATION OF CONSTITUTION

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

“That, for the purpose of Section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its constitution by amending the definition of Exchange in Part 1.1 to mean “ASX Limited” and inserting a definition of “ASX” to mean “ASX Limited””

By order of the Board

Mrs Anna MacKintosh
Company Secretary

Dated: 26 October 2018

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. INTERPRETATION

Capitalised terms which are not otherwise defined in this Notice and Explanatory Statement have the meanings given to those terms under the Definitions section.

References to "\$" and "A\$" in this Notice and Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Notice and Explanatory Statement relate to the time in Perth, Western Australia.

2. VOTING EXCLUSION STATEMENTS

Certain voting restrictions apply to the Resolutions as detailed beneath the applicable Resolutions in the Notice.

3. PROXIES

Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders 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. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

Members of the Key Management Personnel will not be able to vote as proxy on Resolution 1 unless the Shareholder directs them how to vote or, in the case of the Chair, unless the Shareholder expressly authorises him or her to do so. If a Shareholder intends to appoint a member of the Key Management Personnel (other than the Chair) as their proxy, the

Shareholder should ensure that they direct the member of Key Management Personnel how to vote on Resolution 1.

If a Shareholder intends to appoint the Chair as their proxy for Resolution 1, Shareholders can direct the Chair how to vote by marking one of the boxes for Resolution 1 (for example, if the Shareholder wishes to vote 'for', 'against' or to 'abstain' from voting). If the Shareholder does not direct the Chair how to vote, then by submitting the Proxy Form, the Shareholder will be expressly authorising the Chair to exercise the proxy in respect of Resolution 1 even though it is connected to the remuneration of members of the Key Management Personnel.

To vote by proxy, please complete and sign the enclosed proxy form and return to the Company's share registry in accordance with the instructions on the proxy form so that it is received no later than 3.00pm (WST) on the 26th November 2018.

4. VOTING ENTITLEMENTS

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 Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 10:00am (WST) on 26th November 2018. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Annual General Meeting.

5. FINANCIAL STATEMENTS AND REPORTS

The business of the Annual General Meeting will include receipt and consideration of the Annual Report for the financial year ended 30 June 2018 together with the declaration of the directors, the Directors' Report, the Remuneration Report and the Auditor's Report.

The Company is not required to provide a hard copy of the Company's Annual Report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's Annual Report unless specifically requested to do so, Shareholders may view the Company Annual Report on its website;

http://taocommodities.com.au/wpcontent/uploads/austocks/tao/2018_09_27_TAO_1538075580.pdf

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report for the financial period ended 30 June 2018;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

6. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

6.1 General

The Corporations Act requires that at a listed company's annual general meeting, a Resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Report for the financial year ending 30 June 2018.

A reasonable opportunity will be provided for questions about or comments on the Remuneration Report at the Annual General Meeting.

6.2 Voting Consequences

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a Resolution (a "**Spill Resolution**") that another general meeting be held within 90 days at which all of the Directors (other than the Managing Director) must go up for re-election.

6.3 Previous voting results

As this is the Company's first annual general meeting, the Spill Resolution is not relevant for this Meeting.

6.4 Proxy restrictions

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Adoption of Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1.

If you appoint a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report (who is not the Chair) or a Closely Related Party of that member as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

The Chair intends to vote all undirected proxies in favour of Resolution 1. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the proxy form you are giving express authorisation for the Chair to vote the proxy in accordance with the Chair's intention even if Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2018. Their closely related parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

7. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK CONNELLY

Clause 11.12 of the Constitution provides that any Director appointed by the Board as an additional Director holds office until the next following annual general meeting and is eligible for re-election at that meeting.

Mark Connelly was appointed by the Board as a Director on 5 May 2017. Mr Connelly is the non-executive Chair.

Pursuant to clause 11.12 of the Constitution, Mr Connelly, holds office until this Meeting and, being eligible, offers himself for re-election as a Director.

Details of the qualifications and expertise of Mr Connelly are set out in the Annual Report.

The Board (other than Mr Connelly) unanimously recommend the re-election of Mark Connelly as a Director.

8. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – PATRIC GLOVAC

Clause 11.12 of the Constitution provides that any Director appointed by the Board as an additional Director holds office until the next following annual general meeting and is eligible for re-election at that meeting.

Patric Glovac was appointed by the Board as an additional Director on 5 May 2017.

Pursuant to clause 11.12 of the Constitution, Mr Glovac, holds office until this Meeting and, being eligible, offers himself for re-election as a Director.

Details of the qualifications and expertise of Mr Glovac are set out in the Annual Report.

The Board (other than Mr Glovac) unanimously recommend the re-election of Patric Glovac as a Director.

9. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – JASON BREWER

Clause 11.12 of the Constitution provides that any Director appointed by the Board as an additional Director holds office until the next following annual general meeting and is eligible for re-election at that meeting.

Jason Brewer was appointed by the Board as an additional Director on 11 August 2017.

Pursuant to clause 11.12 of the Constitution, Mr Brewer, holds office until this Meeting and, being eligible, offers himself for re-election as a Director.

Mr Brewer is a non-executive Director. Details of the qualifications and expertise of Mr Brewer are set out in the Annual Report.

The Board (other than Mr Brewer) unanimously recommend the re-election of Jason Brewer as a Director.

10. RESOLUTION 5 - APPOINTMENT OF BDO AUDIT (WA) PTY LTD AS AUDITOR

BDO Audit (WA) Pty Ltd was appointed as auditor of the Company following the Company's incorporation pursuant to section 327A(1) of the Corporations Act. An auditor appointed under this provision holds office until the first annual general meeting of Shareholders. The auditor must be re-appointed at the first annual general meeting so they may continue to act as auditor of the Company.

This Resolution seeks Shareholder approval for the appointment of BDO Audit (WA) Pty Ltd as auditor of the Company.

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a Shareholder for BDO Audit (WA) Pty Ltd to be appointed as the Company's auditor. A copy of this nomination is attached as Annexure A.

In accordance with section 328A(1) of the Corporations Act, BDO Audit (WA) Pty Ltd has given its written consent to act as the Company's auditor subject to the Company obtaining Shareholder approval of this Resolution.

If this Resolution is passed, the appointment of BDO Audit (WA) Pty Ltd as the Company's auditor will resume from the close of this Annual General Meeting.

The Board unanimously recommend that Shareholders vote in favour of the appointment of BDO Audit (WA) Pty Ltd as auditor.

11. RESOLUTION 6 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

11.1 General

Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special Resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("**Additional Placement Capacity**").

The Company seeks Shareholder approval under this Resolution to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in Listing Rule 7.1A.2 (set out at 11.2(d) below).

11.2 Requirements of Listing Rule 7.1A

(a) Eligible entities

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 capitalisation of \$300 million or less. The Company is an eligible entity.

(b) Shareholder approval

Shareholders must approve the Additional Placement Capacity by special Resolution at the annual general meeting and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote. A Resolution under Listing Rule 7.1A cannot be put at any other shareholder meeting.

(c) Equity Securities

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Equity Securities that are quoted on ASX are fully paid ordinary Shares.

(d) Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity

If this Resolution is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

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

A	The number of shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none">plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
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	<ul style="list-style-type: none"> • plus the number of partly paid shares that became fully paid in the 12 months; • plus the number of fully paid shares issued in the 12 months with the approval of shareholders under Listing Rules 7.1 or 7.4. This does not include the number of fully paid shares under the entity's 15% placement capacity without shareholder approval; • less the number of fully paid shares cancelled in the 12 months.
D	10%
E	The number of Equity Securities issued or agreed to be issued under 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 Rules 7.1 or 7.4.

(e) **Interaction between Listing Rules 7.1 and 7.1A**

The Additional Placement Capacity under Listing Rule 7.1A is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

The Company has 30,750,000 Shares on issue as at the date of this Notice. If all of the Resolutions in this Notice are passed, the Company will be permitted to issue (as at the date of this Notice):

- 4,612,500 Equity Securities under Listing Rule 7.1; and
- 3,075,000 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out at 11.2(d) above).

The effect of this Resolution will be to allow the Company to issue securities under Listing Rule 7.1A without using the Company's placement capacity under Listing Rule 7.1.

11.3 Information for Shareholders as required by Listing Rule 7.3A

(a) **Minimum price**

The issue price of the new Equity Securities will be not less than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 Trading Days of the date above, the date on which the Equity Securities are issued.

(b) **Risk of economic and voting dilution**

If this Resolution is passed and the Company issues Equity Securities under the Additional Placement Capacity, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities in that class may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the new 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 also shows:

- 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 may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under Listing Rule 7.1 that are approved by Shareholders in the future;
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price at 25 October 2018.

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.06 (50% decrease in current issue price)	\$0.12 (Current issue price)	\$0.2400 (100% increase in current issue price)
30,750,000 (Current)	Shares issued			
		3,075,000	3,075,000	3,075,000
	Funds raised			
		\$184,500	\$369,000	\$738,000
46,125,000 (50% increase)*	Shares issued			
		4,612,500	4,612,500	4,612,500
	Funds raised			
		\$276,750	\$553,500	\$1,107,000
61,500,000 (100% increase)*	Shares issued			
		6,150,000	6,150,000	6,150,000
	Funds raised			
		\$369,000	\$738,000	\$1,476,000

This table has been prepared on the following assumptions:

- (i) The total number of Shares on issue at the date of this Notice is 30,750,000.
- (ii) The issue price is 12c cents, being the latest closing price of the Shares on ASX on 25 October 2018.
- (iii) The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- (iv) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or with Shareholder approval.
- (v) No quoted Options (including any quoted Options issued under the Additional Placement Capacity) are exercised into Shares before the date of the issue of the Equity Securities.
- (vi) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (vii) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (viii) The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

The Company's ability to issue securities under Listing Rule 7.1A is in addition to its ability to issue securities under listing rule 7.1.

(c) **Placement Period**

Shareholder approval of the Additional Placement Capacity under Listing Rule 7.1A is valid from 28th November 2018 (the date of this Meeting) and expires on the earlier of:

- 28th November 2019, which is 12 months after this Meeting; or
- the date that Shareholders approve a transaction under Listing Rule 11.1.2 (significant change to nature or scale of activities) or 11.2 (disposal of the main undertaking)

(the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that Shareholders' approve a transaction under Listing Rules 11.1.2 or 11.2.

(d) **Purposes for which the new Equity Securities may be issued**

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration for the continued development on the Company's current assets, the acquisition of new assets or investments (including the expenses associated such acquisition) and for general working capital; and/or

- non-cash consideration for acquisition of new assets, investments or for the payment of goods or services or for the issue of Equity Securities associated with equity, debt or convertible security facilities that may be provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

(e) Allocation policy

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, a placement or a rights issue;
- the effect of the issue of new Equity Securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments, then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under Listing Rule 7.1A.4 and 3.10.5A on the issue of any new Equity Securities.

(f) Details of Equity Securities issued in the 12 months preceding the date of the Meeting

As this Meeting is the Company's first annual general meeting, the Company has not previously obtained approval from its Shareholders pursuant to Listing Rule 7.1A.

(g) Voting exclusion

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

12. RESOLUTION 7 – AMENDMENT TO CONSTITUTION

Pursuant to section 186(2) of the Corporations Act, a company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 7 is a special resolution which will enable the Company to modify its existing Constitution to ensure it complies with the ASX Listing Rules by amending the definition of "Exchange" and inserting a definition of "ASX Limited".

The definition of “Exchange” in Part 1.1 of the current constitution is “Australian Stock Exchange Limited”. If Resolution 7 is passed, the definition of “Exchange” will be amended to mean “ASX Limited”. In addition, a definition of “ASX” which means “ASX Limited” will be inserted.

The Directors believe the amendment is not material nor will it have any impact on Shareholders.

A copy of the Company’s Constitution is available by review by Shareholders at the Company’s website www.taocommodities.com.au and at the office of the Company. A copy of the Constitution can also be sent to Shareholders upon request to the Company Secretary on +61 6380 2470.

Annexure A – Auditor Nomination

4 October 2018

The Directors
TAO Commodities Limited
22 Townshend Road
SUBIACO WA 6008

Dear Sirs

NOMINATION OF AUDITOR

In accordance with the provisions of Section 328B of the Corporations Act, I Anna MacKintosh being a member of TAO Commodities Limited (**Company**), hereby nominate BDO Audit (WA) Pty Ltd for appointment as auditor of the Company.

Yours faithfully



Company Secretary

TAO COMMODITIES LIMITED
ACN 618 935 372

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

Additional Placement Capacity	means the capacity to issue additional Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A.
ASX	means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.
Listing Rules	the listing rules of the ASX.
Annual Report	means the annual report of the Company for the financial year ended 30 June 2018.
Annual General Meeting or Meeting	the meeting convened by this Notice.
Auditor's Report	means the auditor's report contained in the Annual Report.
Board	the Board of Directors of the Company.
Chair	the chairperson of the Company.
Closely Related Party	means a closely related party of a member of Key Management Personnel as defined in section 9 of the Corporations Act, being: <ul style="list-style-type: none">(a) a spouse or child of the member;(b) a child of that member's spouse;(c) a dependent of that member or of that member's spouse;(d) anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;(e) a company that is controlled by that member; or(f) any other person prescribed by the regulations.
Company	TAO Commodities Limited (ACN 618 935 372).
Constitution	the constitution of the Company.
Corporations Act	Corporations Act 2001 (Cth).
Directors	Directors of the Company from time to time.
Directors' Report	means the directors' report contained in the Annual Report.

Equity Securities	has the same meaning as in the Listing Rules.
Explanatory Statement	this Explanatory Statement.
Key Management Personnel	means the key management personnel of the Company as defined in section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being 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).
Notice	notice of meeting that accompanies this Explanatory Statement.
Placement Period	means the period during which Shareholder Approval under Listing Rule 7.1A is valid.
Remuneration Report	means the remuneration report contained in the Annual Report.
Resolution	a resolution referred to in the Notice.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a registered holder of Shares in the Company.
Trading Days	has the same meaning as in the Listing Rules.
WST	Western Standard Time, Perth, Western Australia.



TAO COMMODITIES LIMITED | ACN 618 935 372

AGM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

[ReplaceNoImages]

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: [CompanyASXCode]

Your proxy voting instruction must be received by **10.00am (WST) on Monday 26 November 2018**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

