
Soon Mining Limited

ABN 45 603 637 083

Notice of General Meeting

TIME: 10:30am (Brisbane time)

DATE: 22 January 2018

PLACE: The Wheelhouse Room, Southport Yacht Club, 1 Macarthur Parade, Main Beach

This Notice of General Meeting should be read in its entirety. If Shareholders are in any doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting. Should you wish to discuss the matters in this Notice of Meeting, please do not hesitate to contact the Company Secretary on +61 431 682 669

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Important information

Indicative timetable

Event	Date
Announcement to ASX of intention to add Proposed Business	23 October 2017
Despatch of Notice of Meeting to Shareholders	22 December 2017
Cut off for lodging proxy form for Meeting	10.30am (Brisbane time) on 20 January 2018
Meeting to approve the Resolutions	10.30am (Brisbane time) on 22 January 2018

The above timetable is indicative only and the dates are subject to change.

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting Eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those that are registered Shareholders at 10:30am (Brisbane time) on 20 January 2018.

Voting in person

To vote in person, attend the General 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, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is 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. If the members appoints two 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.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

The chair of the meeting intends to vote all undirected proxies in favour of the Resolution.

Chairman's letter

Dear Shareholders

Soon Mining Limited (**Company** or **SMG**) will be holding a general meeting at 10:30am (Brisbane time) on 22 January 2018 at The Wheelhouse Room, Southport Yacht Club, 1 Macarthur Parade, Main Beach (**Meeting**). This is an important meeting and I strongly encourage you to attend, either in person or by proxy.

Business of the meeting

As announced to the ASX on 23 October 2017, the Company is in advanced discussions with the Government of Ghana to obtain the necessary authorisations to enable SMG to trade light crude oil, which may also extend to other petroleum products.

If the necessary authorisations are obtained, SMG will be able to trade light crude oil supplied by the Government of Ghana to buyers, or to acquire the light crude oil on its own behalf for sale to other parties.

The Board is pleased to present this exciting proposal to Shareholders and believes that the Proposed Business represents an attractive opportunity for the Company.

After consulting with the Australian Securities Exchange (**ASX**), ASX has determined that the addition of the Proposed Business will require Shareholder approval pursuant to ASX Listing Rule 11.1.2.

The purpose of this meeting is therefore to seek Shareholder approval as required by the ASX to enable the Company to undertake the Proposed Business.

I ask that you read the Notice of Meeting and attached Explanatory Memorandum carefully, and trust you will agree with the Board that this represents an outstanding opportunity for the Company.

Yours sincerely



Ching-Tiem Huang
Chairman

Notice of Meeting to Shareholders

A general meeting of Shareholders will be held at The Wheelhouse Room, Southport Yacht Club, 1 Macarthur Parade, Main Beach, at 10:30am (Brisbane time) on 22 January 2018.

The Explanatory Memorandum that accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered.

Please note terms contained in this Notice of Meeting have the same meaning as set out in Schedule 1 of the Explanatory Memorandum.

Resolution 1 – Significant change to nature and scale of activities

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

“That for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the nature and scale of its activities as described in the Explanatory Memorandum.”

<p>Voting exclusion: The Company will disregard any votes cast on this Resolution by any person who may obtain a benefit (except a benefit solely in the capacity of a holder of ordinary Shares) if this Resolution is passed, and by any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.</p>

Board recommendation

The Board recommends that Shareholders vote in favour of this Resolution.

BY ORDER OF THE BOARD

JEREMIAH THUM

COMPANY SECRETARY

DATED: 22 December 2017

Explanatory Memorandum

Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in relation to business to be conducted at the General Meeting to be held at The Wheelhouse Room, Southport Yacht Club, 1 Macarthur Parade, Main Beach at 10:30am (Brisbane time) on 22 January 2018.

Purpose of Explanatory Memorandum

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

This Explanatory Memorandum does not take into account the individual investment objectives, financial situation and needs of individual Shareholders or any other person. Accordingly, it should not be relied on solely in determining how to vote on the resolution and Shareholders should seek their own financial or legal advice.

Notice to persons outside of Australia

This Explanatory Memorandum has been prepared in accordance with the Corporations Act and the ASX Listing Rules, disclosure requirements and Accounting Standards. These laws, disclosure requirements and accounting standards may be different to those in other countries.

Forward looking statements

Certain statements in this Explanatory Memorandum relate to the future. These statements reflect views only as of the date of this Explanatory Memorandum. While SMG believes that the expectations reflected in the forward looking statements are reasonable, neither SMG nor any other person gives any representation, assurance or guarantee that the occurrence of an event expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

Disclaimer

No person is authorised to give any information or make any representation in connection with the subject matter of the resolution which is not contained in this Explanatory Memorandum. Any information which is not contained in this Explanatory Memorandum may not be relied on as having been authorised by SMG or the Board.

Responsibility for information

The information contained in this Explanatory Memorandum has been prepared by SMG and is the responsibility of SMG.

ASX

A copy of the Notice of Meeting and Explanatory Memorandum has been lodged with ASX pursuant to the ASX Listing Rules. Neither ASX nor any of its officers take any responsibility for the contents of the Notice of Meeting and Explanatory Memorandum.

Definitions

Capitalised terms in this Explanatory Memorandum are defined in Schedule 1.

Electronic copy

An electronic copy of this Notice of Meeting and accompanying Explanatory Memorandum is available on the Company's website at www.soonimining.com.

Enquiries

All enquiries in relation to the contents of the Notice of Meeting or Explanatory Memorandum should be directed to the Company Secretary, Mr Jeremiah Thum, (telephone: +61 431 682 669).

Resolution 1 - Significant change to nature and scale of activities

Background

Soon Mining Limited (**Company** or **SMG**) was admitted to the official list of the Australian Securities Exchange (**ASX**) on 18 March 2016 as a gold exploration and mining company. The Company's primary project is the development of the Kwahu Praso Gold Concession (**Kwahu Praso Project**) which is located in the world class gold bearing vein, the Ashanti Gold Belt, in the eastern region of Ghana. The project is 100% owned by a wholly owned subsidiary of SMG.

In February 2017, SMG further acquired rights under a 3 year mining right agreement to mine and process gold within the Konongo project area (**Konongo Project**). Similar to the Kwahu Praso Project, the Konongo Project is also located in the Ashanti Gold Belt.

As announced to market on 23 October 2017, the Company is in advanced discussions with the Government of Ghana to obtain the necessary authorisations to enable SMG to trade light crude oil supplied by the Ghanaian Government, which may also extend to other petroleum products (**Proposed Business**).

If the relevant authorisations are obtained, the Company intends to undertake the Proposed Business in addition to its existing gold business.

Existing gold business

Notwithstanding the addition of the Proposed Business, SMG remains committed to the Kwahu Praso Project and Konongo Project, as well as the growth of its gold assets to develop a long-term mining plan to find significant gold resources through exploratory drilling.

As announced to market on 12 May 2017, the Ghana Government has imposed a temporary nationwide suspension of mining activities due to its investigation into illegal mining activity in Ghana. The Company continues to liaise with the Ghana Government and intends to commence mining activities within the Konongo Project once the suspension has been lifted.

Every effort has been made by the Company to expedite the removal of the current suspensions. In particular, the Company submitted a Social Contribution Proposal to the Minerals Commission of the Ghana Government at the end of August 2017 and re-sent a letter to the Minerals Commission requesting the Ghana Government to mediate with the locals in the mining area. The purpose of the Social Contribution Proposal is to ensure a harmonious relationship with the local community and to assist with obtaining an EPA permit required to operate a mine in the area. The proposal has been provided in accordance with the laws of Ghana on customary terms and the Minerals Commission, being satisfied with the proposal submitted, has organised a coordination meeting between the Company and the Osuben community to progress to the next stage of negotiations.

In the meantime, the Company is currently seeking pre-engagements from potential purchasers of gold, which demonstrates the Company's continued commitment to its gold mining and exploration business.

The Proposed Business

SMG remains committed to its gold mining and exploration business and the Company intends to operate the Proposed Business in addition to the gold business. However, in view of the current mining suspension, the SMG board believes that it would be in the best interests of the Company to diversify its business.

Ghana is one of the top-ten fastest growing economies in the world, and the fastest growing economy in Africa. Two of the largest natural resources in Ghana are gold and crude oil. Ghana's crude oil is graded as sweet light crude oil and is a sought after commodity in the Asian market.

Ghana is believed to have five to seven billion barrels of petroleum in reserves, which is the sixth largest in Africa and the 25th largest proven reserves in the world. China accounts for approximately 48% of oil export from Ghana, which indicates the significant appetite for oil in Asia.

Due to the Company's position as an ASX listed company operating in Ghana with deep knowledge and experience of doing business in the country, as well as the board's understanding of the Asian market and its appetite for crude oil, the SMG board has identified the trading of oil and other petroleum products from Ghana as a potential business opportunity.

As announced to market on 23 October 2017, the Company is in advanced discussions with the Government of Ghana to obtain the necessary authorisations to enable SMG to trade light crude oil supplied by the Ghanaian Government, which may also extend to other petroleum products.

If the authorisations are obtained, in the initial phase of the business the Company will be authorised to sell oil supplied by the Ghana Government to third party buyers as an intermediary. For avoidance of doubt, this means that, if Shareholder approves Resolution 1, the Company will change from an exploration entity to an exploration entity and oil exporter.

Potential buyers will be identified either through the SMG board's existing network in Asia and/or through the engagement of other third party agents. SMG may also undertake administrative and logistical services relating to such oil sales under the arrangement with the Ghanaian Government.

In return for the successful sale of oil, SMG would receive a commission based on the transaction amount. The amount of commission will be negotiated on a commercial arms' length basis with the Government of Ghana, but is anticipated to be in the range of between 0.5% to 1% of the transaction value (which would be based on the prevailing market price for crude oil). The Company intends to sell approximately four million barrels of crude oil on behalf of the Ghana Government within the first 12 months of commencing the Proposed Business, however there is no guarantee that this will be achieved.

The Company may also in future consider trading oil on its own behalf and selling to third parties.

If the oil trading business is successful, the Company would work collaboratively with the Ghana Government to consider trading other petroleum products supplied by them.

As at the date of this Notice of Meeting, the Board has not entered into any agreements in respect of the Proposed Business (whether with the Ghana Government or with potential purchasers of crude oil). However, subject to reach commercial agreement with the relevant parties, the Company intends to do so as soon as practicable if Resolution 1 is passed at the Meeting.

Listing Rule 11.1.2

ASX has advised that it considers the addition of the Proposed Business to be a significant change in the nature or scale of the Company's current activities and, accordingly, the purpose of Resolution 1 is therefore to seek Shareholder approval in accordance with Listing Rule 11.1.2.

The ASX has confirmed that the Company will not be required to re-comply with Chapters 1 and 2 of the Listing Rules.

Trading of Shares on the ASX were suspended on 23 October 2017 and will remain in suspension until after the Meeting is completed (assuming Resolution 1 is passed). ASX has advised that if Shareholders do not approve Resolution 1, trading of Shares will remain suspended unless, and until such time as, the Company

is able to satisfy ASX that its operations are, in the ASX's opinion, sufficient to warrant the continued quotation of the Shares and the Company's continued listing in accordance with Listing Rule 12.1.

Financial impact on the Company

A Pro Forma Consolidated Statement of Financial Position showing the effect of the transaction is set out in Schedule 2 to this Explanatory Memorandum.

It is anticipated that to obtain the requisite authorisations (including Shareholder approval), the Company would incur estimated expenses of AUD 270,000, which include legal fees, accounting fees, corporate advisory fees and other costs.

There are no other capital expenditure costs required at this time to conduct the Proposed Business.

The Company confirms that as at the date of this Notice of Meeting, it has sufficient cash to meet its stated objectives.

No change to Board and management

The Board considers that the existing Board and senior management are sufficiently qualified to undertake the Proposed Business. Accordingly, it does not intend to implement any changes to the Board or senior management in connection with, or as a consequence of, the Proposed Business.

Key advantages if Resolution 1 is approved

The Directors consider that the key advantages to the Company of approving Resolution 1 are as follows:

- (a) the Company will be able to diversify its business activities and accordingly mitigate risks associated with its gold exploration and production business;
- (b) if the Company obtains the relevant authorisations to trade oil from the Government of Ghana, the Company will have the opportunity to build additional value for Shareholders through the oil trading activities; and
- (c) the Shares will resume trading on ASX.

Key risks if Resolution 1 is approved

Based on the information available to the company, a non-exhaustive list of the key risks factors associated with approving Resolution 1 is set out below.

Completion risk

Assuming Resolution 1 is approved, the Company's ability to undertake the Proposed Business will still be subject to it obtaining all relevant authorisations from the Government of Ghana. If this is unable to be satisfied, the Company will not be able to undertake the Proposed Business.

No proven track record

While the Board believes the Proposed Business represents an attractive opportunity for the Company, the Company and its Board does not have a proven track record in oil trading activities and there is no guarantee that the Company will be successful.

Sovereign risk

There are numerous risks associated with operating in a developing country such as Ghana. These include economic, social, political instability, changes of law affecting foreign ownership, government participation, taxation, repatriation of income or return of capital. These risks may affect the viability and profitability of the Proposed Business and the Company.

Legal system in Ghana

The Company's ability to undertake the Proposed Business will depend on the authorisations from and/or contractual arrangements with the Government of Ghana. The legal system in Ghana is different to Australia. There can be no assurance that contractual arrangements, licences, authorisations or other legal arrangements will be obtained or will not be adversely affect by the actions of the government or other relevant authorities in Ghana to the detriment of the Company. The effectiveness of the enforcement of legal arrangements by the Company in Ghana also cannot be assured.

Board recommendation

The Directors unanimously recommend Shareholders to vote in favour of this Resolution.

Schedule 1 — Glossary

In this Notice of Meeting and Explanatory Memorandum, unless otherwise specified, the following terms have the given meanings:

ASX	ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
ASX Listing Rules	The official listing rules of ASX as amended from time to time.
Board	The board of Directors from time to time.
Company or SMG	Soon Mining Limited ABN 45 603 637 083.
Corporations Act	The <i>Corporations Act 2001</i> (Cth).
Director	A director of the Company.
Explanatory Memorandum	Explanatory Memorandum accompanying the Notice of Meeting.
Meeting	General Meeting of Shareholders to be held on 22 January 2018.
Notice of Meeting	The notice convening the General Meeting, which accompanies this Explanatory Memorandum.
Proposed Business	Has the meaning given in the Chairman's Letter.
Proxy Form	Proxy Form attached to the Notice of Meeting.
Resolution	A resolution in the Notice of Meeting.
Section	A section in this Explanatory Memorandum.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A registered holder of a Share.

Schedule 2 – Pro-forma Consolidated Statement of Financial Position

SOON MINING LIMITED
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		SMG	SMG	
		Half Year	Pro forma	
		ended	adjustment	SMG Pro
	Note	30-Jun-17	s	forma
		Reviewed	30-Jun-17	30-Jun-17
		\$	Unaudited	Unaudited
			\$	\$
Assets				
Current assets				
Cash and cash equivalents	1, 2	2,242,519	30,054	2,222,573
Trade and other receivables		2,790	-	2,790
Other assets		38,783	-	38,783
Total current assets		<u>2,284,092</u>	<u>30,054</u>	<u>2,264,146</u>
Non-current assets				
Property, plant and equipment				
Exploration and evaluation assets		390,694	-	390,694
		515,484	-	515,484
Total non-current assets		<u>906,178</u>	<u>-</u>	<u>906,178</u>
Total assets		<u>3,190,270</u>	<u>-</u>	<u>3,170,324</u>
Liabilities				
Current liabilities				
Trade and other payables		65,957	-	65,957
Financial liabilities		83,949	-	83,949
Total current liabilities		<u>149,906</u>	<u>-</u>	<u>149,906</u>
Total liabilities		<u>149,906</u>	<u>-</u>	<u>149,906</u>
Net assets		<u>3,040,364</u>	<u>30,054</u>	<u>3,020,418</u>
Equity				
Issued capital	2	6,119,006	295,368	6,414,374
Reserves		(82,347)	-	(82,347)
Retained earnings	1	(2,996,295)	(265,314)	(3,311,609)
Total equity		<u>3,040,364</u>	<u>30,054</u>	<u>3,020,418</u>

Comments

The Pro Forma Consolidated Statement of Financial Position has been compiled by adjusting the statement of financial position of SMG as at 30 June 2017 for the impact of the following subsequent events and pro forma adjustments.

Note 1

Adjustments adopted in compiling the Pro Forma Consolidated Statement of Financial Position

The following pro forma transactions which are yet to occur, but are proposed to occur following 31 October 2017:

(i) the payment of cash costs related to obtaining relevant authorisations for the Proposed Business (including Shareholder approval) is estimated to be \$69,900; and

(ii) subject to Shareholder approval, the payment of cash costs related to the securing of an agreement with the Ghana Government estimated at \$195,414.

Note 2

On 26 October 2017, SMG completed the issue of 1,093,956 new fully paid ordinary shares under a placement to investors at an issue price of \$0.27 per share.

The Pro Forma Consolidated Statement of Financial Position has been presented in abbreviated form and does not contain all the disclosures usually provided in an Annual Report prepared in accordance with the Corporations Act 2001 (Cth).