

LOCALITY PLANNING ENERGY HOLDINGS LIMITED

ACN 147 867 301

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM

Date of Meeting: Monday 28 November 2016
Time of Meeting: 12:00pm (Australian Eastern Daylight Time)
Place of Meeting: Boardroom, L57, MLC Centre
19-29 Martin Place, Sydney, NSW, 2000

NOTICE OF MEETING AND EXPLANATORY MEMORANDUM

LOCALITY PLANNING ENERGY HOLDINGS LIMITED

ACN 147 867 301

Notice is hereby given that the Annual General Meeting (**Meeting**) of shareholders of **LOCALITY PLANNING ENERGY HOLDINGS LIMITED (Company)** will be held as follows:

Date of Meeting: 28 November 2016
Time of Meeting: 12:00pm (Australian Eastern Daylight Time)
Place of Meeting: Boardroom, L57, MLC Centre
19-29 Martin Place, Sydney, NSW, 2000

The Explanatory Memorandum and Proxy Form accompanying this Notice of Meeting are incorporated in and comprise part of this Notice of Meeting.

AGENDA

ORDINARY BUSINESS

1. Accounts and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016, together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report, each for the year ended 30 June 2016.

No resolution is required for this item.

2. Resolution 1 - Remuneration Report

To consider and, if thought fit, pass the following resolution (with or without amendment) as a non-binding resolution:

“That, for the purposes of section 250R(2) of the Corporations Act 2001 (Cth) and for all other purposes, the Remuneration Report for the financial year ending 30 June 2016 be adopted.”

Note: the vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 1 by:

- (1) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; and
- (2) an associate of a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report.

However, the Company need not disregard a vote cast on Resolution 1 if:

- (1) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (2) it is cast by the Chairman 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.

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3. Resolution 2 - Election of Director

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

“That, for the purpose of rule 14.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Andrew Pierce, a Director, who retires by rotation in accordance with rule 14.2 of the Constitution, and being eligible, is re-elected as a Director.”

SPECIAL BUSINESS

4. Resolution 3 – Extend term of options

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

“That, subject to the granting of a waiver from ASX Limited for Listing Rule 6.23.3, and for all other purposes, the Directors be permitted to amend the option terms applying to 105,000,000 options issued with an exercise price of \$0.025 to Daniel Moore, John Shepherd, Andrew Pierce, and (as nominees of Armada Capital Pty Ltd) Propel Holdings Pty Ltd and Libertine Investments Pty Ltd, such that the expiry date of those options is extended from 30 June 2017 to 28 February 2018”.

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by:

- (1) Mr Andrew Pierce, Mr John Shepherd, Mr Daniel Moore, Propel Holdings Pty Ltd and Libertine Investments Pty Ltd; and
- (2) an associate of Mr Andrew Pierce, Mr John Shepherd, Mr Daniel Moore, Propel Holdings Pty Ltd or Libertine Investments Pty Ltd.

However, the Company need not disregard a vote cast on Resolution 3 if:

- (1) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (2) it is cast by the Chairman 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.

OTHER BUSINESS

5. Other business

To consider any other business that may lawfully be brought forward.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes in more detail the matters to be considered. Shareholders should read the Explanatory Memorandum in full.

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IMPORTANT INFORMATION

1. ENTITLEMENT TO VOTE

For the purpose of determining entitlements to vote at the Meeting, those shareholders holding shares of the Company at 5:00pm (Australian Daylight Savings Time) on 24 November 2016 will be voting shareholders at the Meeting. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

2. QUESTIONS FROM SHAREHOLDERS

At the Meeting, the Chairman will allow a reasonable opportunity for shareholders to ask questions and make comments on the management of the Company and the Remuneration Report.

A representative of Bentleys Brisbane, as the auditor responsible for preparing the auditor's report for the year ended 30 June 2016 will attend the Meeting. The Chairman will also allow a reasonable opportunity for shareholders to ask the auditor questions about:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

3. Appointment of Proxy

Shareholders entitled to attend and vote at the Meeting are entitled to appoint a proxy. The proxy may be an individual or a body corporate.

A shareholder who is unable to attend and vote at the Meeting may appoint a proxy by completing and returning the attached proxy form in the manner provided below.

If a shareholder wishes to appoint a proxy, and is entitled to cast two or more votes, then the shareholder may appoint two proxies, and may specify the proportion or number of votes each proxy may cast. If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes such proxy may exercise, each proxy may exercise half of the votes disregarding fractions.

A proxy form (and the power of attorney (if any) under which it is signed) must be received at the following addresses not less than 48 hours before the time of commencement of the holding of the Meeting at which the proxy named in the proxy form proposes to vote (ie no later than 12:00pm (Australian Eastern Daylight Time) on 26 November 2016):

- by mail:
 - Suite 18, 13 Norval Court
Maroochydore, QLD 4558
- email:
 - info@localityenergy.com.au

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A proxy must be signed by the shareholder or the shareholder's attorney duly authorised in writing or, if the shareholder is a company, in a manner permitted by the *Corporations Act 2001* (Cth) (**Corporations Act**). The proxy may, but need not, be a shareholder.

A Proxy Form accompanies this Notice of Meeting. Additional proxy forms are available on request from the Company.

If you appoint the Chairman of the Meeting as your proxy and:

- you do not specify in the proxy form the manner in which you wish the Chairman to vote on the resolutions to be considered at the Meeting, the Chairman intends to vote in favour of all resolutions. **If you do not direct the Chairman how to vote on Resolution 1, you expressly authorise the Chairman to exercise your proxy on Resolution 1 even though it is connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman;** and
- you wish to direct the Chairman how to vote on some or all of the resolutions to be considered at the Meeting, you must complete the directed proxy part of the proxy form.

If a body corporate is appointed as a proxy, the appointment of a body corporate representative must be produced at the Meeting. A shareholder which is a body corporate and which is entitled to attend and vote at the Meeting, or a proxy which is a body corporate and which is appointed by a shareholder entitled to attend and vote at the Meeting, may appoint a person to act as its representative in accordance with section 250D of the Corporations Act. The representative must present satisfactory evidence of his or her appointment prior to admission to the Meeting.

By Order of the Board of Directors

Charles Furness
Company Secretary

Dated: 25 October 2016

EXPLANATORY MEMORANDUM

LOCALITY PLANNING ENERGY

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This Explanatory Memorandum has been prepared for the information of shareholders in the Company in connection with the business to be considered at the Meeting to be held at 12:00pm (Australian Eastern Daylight Time) on 28 November 2016 at Boardroom, L57, MLC Centre, 19-29 Martin Place, Sydney, New South Wales, 2000.

This Explanatory Memorandum comprises part of the accompanying Notice of Meeting.

Details of the business to be considered at this Meeting are set out below. The purpose of this Explanatory Memorandum is to provide shareholders with information which may be relevant to the resolutions to be put to shareholders at the Meeting.

ORDINARY BUSINESS

1. Item 1 - Accounts and Reports

The first item on the Notice of Meeting deals with the presentation of the Company's Annual Financial Report for the financial year ending 30 June 2016. Shareholders should consider this document and raise any matters of interest with the Directors when this item is being considered.

The Corporations Act requires the reports of the directors and auditor, and the annual financial report, including the financial statements of the Company for the year ended 30 June 2016, to be tabled at the Meeting.

Neither the Corporations Act nor the Company's constitution requires shareholders to vote on the reports or financial statements. However, shareholders will be given reasonable opportunity to ask questions and make comment on the reports, and to ask questions of the Company's auditor.

No resolution is required to be moved in respect of this item.

2. Resolution 1 - Remuneration Report

During this item of business, shareholders may comment on and ask questions about the Remuneration Report, which forms part of the Directors' Report included in the Company's 2016 Annual Report.

Section 300A of the Corporations Act requires the Director's Report to include a remuneration report containing information about the Board's policy for determining the nature and amount of the remuneration of directors and senior management. The report must also explain the relationship between the remuneration policy and the Company's performance. The disclosure requirements stipulated in section 300A of the Corporations Act have been complied with.

Resolution 1 proposes the adoption of the Remuneration Report. Sections 250R(2) and (3) of the Corporations Act provide that the resolution to adopt the Remuneration Report is advisory only and does not bind the Company or the Board.

The Corporations Act provides that 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 meeting be held within 90 days at which all of the company's Directors (other than the Managing Director) who were in office at the date of the approval of the applicable Directors' Report must stand for re-election.

The resolution to approve the Remuneration Report for 2015 was approved at the last Annual General Meeting, which was held on 30 November 2015.

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

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3. Resolution 2 - Election of Director

The second item of business of the Meeting relates to the election of a Director.

Rule 14.2 of the Constitution provides that at every Annual General Meeting of the Company one third of the Directors, other than the Managing Director, must retire from office. If the number of Directors is not a multiple of three, Rule 14.2 requires that that number of Directors nearest to, but not less than, one third of the Directors (other than the Managing Director) must retire from office.

Mr Andrew Pierce retires by rotation and, being eligible, offers himself for re-election.

Mr Andrew Pierce is an accomplished and highly regarded accountant and director, having served on the board of Variety The Children's Charity (NSW), Guide Dogs NSW/ACT, Royal Guide Dogs Australia and Centre For Eye Health Limited. He is highly skilled in the areas of financial reporting, company regulatory and governance areas. He is also a Fellow of Chartered Accountants Australia and New Zealand, having been in private practice as a partner or principal since 1972.

The Directors, excluding Mr Andrew Pierce, unanimously recommend that the shareholders vote in favour of this resolution.

SPECIAL BUSINESS

4. Resolution 3 – Extend term of options

The shareholders of the Company (as Stratum Metals Ltd (**SXT**)) approved the Company issuing 105,000,000 options over shares in the Company at the meeting of shareholders held on 2 November 2015, as follows:

Recipient	Number of options	Date of quotation
Propel Holdings Pty Ltd (as nominee of Armada Capital Pty Ltd)	37,500,000	4 January 2016
Libertine Investments Pty Ltd (as nominee of Armada Capital Pty Ltd)	37,500,000	4 January 2016
Andrew Pierce	10,000,000	4 January 2016
John Shepherd	10,000,000	4 January 2016
Daniel Moore	10,000,000	4 January 2016

Mr Pierce is a current director of the Company, and Mr Shepherd and Mr Moore are retired directors of the Company. Propel Holdings Pty Ltd and Libertine Investments Pty Ltd are the nominees of Armada Capital Pty Ltd, a corporate finance firm, which provided transaction execution, capital raising and advisory services to the Company in respect of the transaction between SXT and the Company, in which SXT acquired 100% of the issued capital of the Company. Armada Capital Pty Ltd, nor Propel Holdings Pty Ltd or Libertine Investments Pty Ltd are related bodies corporate of the Company.

The options have an exercise price of \$0.025 and can be exercised at any time up to 30 June 2017. If the options are not exercised on or before the expiry date, the options will automatically lapse. A copy of the full terms of the options can be obtained without charge by request in writing to:

Mr Charles Furness
Company Secretary
Locality Planning Energy Holdings Limited
Suite 18, 13 Norval Court
Maroochydore, QLD, 4558

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On 9 December 2015 the SXT announced the successful completion of a \$6 million capital raising as part of the Reverse Acquisition of the Company and that it had received conditional approval to reinstate SXT securities to trading on the Australian Stock Exchange. All conditions precedent were satisfied by 31 December 2015 and the Company securities were reinstated to trading on the Australian Stock Exchange on 4 January 2016 (ie as Locality Planning Energy Holdings Limited).

All of the options are subject to escrow arrangements, imposed under the ASX Listing Rules, which restrict the trading of any shares issued upon exercise of the options for 24 months from 4 January 2016 (ie the date of quotation of the options).

As the options expire before the completion of the escrow period (ie on 30 June 2017), the option holders will be unable to trade in the shares of any of their options for approximately six months following the latest date at which they may be exercised. The agreements to grant the options were:

- in the cases of Andrew Pierce, John Shepherd and Daniel Moore, reached as part of the remuneration package for each of them; and
- in the case of Propel Holdings Pty Ltd and Libertine Investments Pty Ltd, reached as part of the consideration payable to Armada Capital Pty Ltd for its role in arranging, and assisting with the implementation of, the acquisition of all of the issued capital of the Company by SXT,

in each case, considered to be reasonable in the circumstances and negotiated on an arm's length basis.

Shareholder approval is sought to extend the term of the options to 28 February 2018 to enable the option holders to exercise their respective options at a time where the trading restrictions imposed under the ASX Listing Rules will no longer apply to the shares issued upon exercise of the options.

ASX Listing Rule 6.23.3 prohibits certain changes to the terms of options, including increasing the period for exercise of the options. ASX Listing Rule therefore prohibits the Company from changing the term of an option which has the effect of increasing the option's exercise period.

The Company has, as at the date of the Notice of Meeting, applied to ASX Limited for a waiver of ASX Listing Rule 6.23.3, as it relates to the proposed amendment to the option terms. The extension of the option expiry dates will be subject to receipt of this waiver from ASX Limited. If ASX Limited does not grant the waiver, or grants the waiver on conditions that the Company is not able to satisfy, resolution 3 will not be put to the Meeting.

The basis on which the Company has sought the waiver is that, the number of the options makes up a relatively small percentage of the Company's capital structure, the impact of extending the exercise period of the unquoted options on the market for the Company's quoted securities will also be insignificant, and that the waiver will ensure business efficacy in enabling the Company to align the exercise period of the options with the terms of the escrow arrangements, such that the option holders may obtain the benefit of the options, immediately upon exercise (while still complying with the trading rules imposed by the ASX Listing Rules), which options were granted to them as part of the reasonable (and arm's length) agreements with each of them.

The Directors, excluding Mr Andrew Pierce, unanimously recommend that the shareholders vote in favour of this resolution.

By Order of the Board of Directors

Charles Furness
Company Secretary
LOCALITY PLANNING ENERGY HOLDINGS LIMITED