

## **Appendix B to the report**

### **Proxy Statement In accordance with the Companies Regulations (Voting in Writing and Position Notices), 2005 (the "Regulations")**

#### **Part One**

1. **Name of the Company:**

Natural Resources Holdings Ltd.

2. **Type of General Assembly, date and place of convening**

Annual general assembly of the shareholders.

The general assembly will convene on Monday, July 17, 2017, at 11:30, in the office of Zitvar, Galor and Associates, Attorneys at Law, located at 7 Menachem Begin Road, Ramat Gan. A postponed assembly, if necessary, will convene a week later, on Monday, July 24, 2017 at the same location and at the same time of day.

3. **A list of issues on the agenda for which voting is possible via a proxy statement**

**3.1. Appointment of directors.**

Text of the proposed resolution: After each of the esteemed gentlemen mentioned hereunder declares that they have the required skills and ability to devote the appropriate amount of time to fulfilling their role as Company director, detail their skills as mentioned, and also, declare that they are not the subject of restrictions as provided for by articles 226 and 227 of the Companies Law, 5759- 1999 (hereinafter "**the Companies Law**"), to appoint the directors specified in the decision below:

3.1.1. To reappoint Mr. Roy Sabag (chairman of the Board of Directors), who serves on the Company's Board of Directors as of the date of this resolution;

3.1.2. To reappoint Mr. Eran Mazar, who serves on the Company's Board of Directors as of the date of this resolution; and

3.1.3. To appoint Mr. Andres Finkielsztain as director of the Company.

A separate vote will be made regarding each one of the candidates to serve on the Board of Directors.

The mentioned declarations are enclosed in **Appendix A** to this report.

For the record, it should be noted that extension of Ms. Vered Mor Porat's tenure as a member of the Company's Board of Directors is not on the agenda and, therefore, Ms. Mor Porat's tenure as a member of the Company's Board of Directors will end on the date of the general assembly.

It should be clarified that Mr. Eran Mozar is not entitled to receive a salary for his service as a member of the Company's Board of Directors, beyond the salary he is paid for his service as the chief financial officer (CFO) and secretary of the Company. It should also be clarified that

Mr. Roy Sabag is not entitled to receive a salary for his service as vice president, as member of the Board of Directors, and as the chairman of the Company's Board of Directors.

Regarding the tenure of Mr. Andres Finkielsztain as a director of the Company, Mr. Finkielsztain shall be entitled to an annual remuneration and participation at the rate of the fixed amounts specified in the Second and Third Addenda to the Companies Regulations (Rules for Remuneration and Expenses for an External Director, -2000 (hereinafter "**the Remuneration Regulations**").

For details required by Regulation 25 of the Securities Regulations (Periodic and Ad hoc Reports), 26. Regarding Roy Sabag and Eran Mazor, for whom reappointment is on the agenda, please refer to the Company's 1970 annual statement, which was published on March 31, 2016 (Reference: 2017-01-034758). This reference constitutes an inclusion by reference to the information included in this matter in said periodic report. To the best of the Company's knowledge, no changes applied to the details of said members of the Board of Directors that are detailed in the Company's periodic statement for 2016.

The following are details required by Regulation 26 of the Reports Regulations about Mr. Andres Finkielsztain, whose appointment has been proposed:

<b>Director's name:</b>	Andres Finkielsztain
<b>Passport number:</b>	502786801
<b>Date of birth:</b>	January 2, 1973
<b>Address for service of court documents:</b>	Julian Alvarez 2870 piso 6C, Buenos Aires, CP1425 Argentina
<b>Citizenship:</b>	USA
<b>Membership in a Board of Directors' committee or committees:</b>	No
<b>External director:</b>	No
<b>Is he an employee of the Company, or its subsidiaries, or a Company connected to the Company or of a party interested in it: XXX<sup>1</sup></b>	No
<b>Start date of his service on the Board of Directors:</b>	
<b>Education:</b>	Economics graduate - Bard College
<b>Occupation in the last five years:</b>	Director of customer portfolios in Soros Brothers Investments LLC.
<b>Corporations in which he serves on the Board of Directors:</b>	FINK & FINK II LLC
<b>To the best of the Company's knowledge and that of their directors, is he a relative of another party with interest in the Company:</b>	No
<b>Is he a Board Member that the Company sees as an accounting or finances specialist for the sake of upholding the minimal number that the Board of Directors determined according to Section 92(a)(12) of the Companies Law:</b>	
<b>Is he an independent director:</b>	No
<b>Is he an external specialist director:</b>	No

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<sup>1</sup> In this context, it should be noted that, to the best of the Company's knowledge, Mr. Finkielsztain is employed by Soros Brothers Investments, LLC which is a fund that was founded by Mr. George Soros (hereinafter: "**the Soros Foundation**"). Inter alia, the Soros Foundation deals in various investments and from time to time during the past years, inter alia, has invested, in various business ventures in which the controlling shareholder in the Company has also made an investment. In February 2013, the Soros Foundation also invested in the Goldmoney Inc, a public Company traded in Canada which is under control of the Company's controlling shareholder. The Soros Foundation holds less than 3% of the share capital of Goldmoney Inc.

### **3.2 Appointing auditing accountants for 2017**

Text of the proposed resolution: To renew the appointment of the serving auditing accountants: Strauss, Lazar and Co. Accountants as the Company's auditing accountants for an additional auditing period, until the next annual general assembly.

Additionally, a report will be provided regarding the fees for the auditing accountant (including for additional services) in accordance with the provisions of Sections 165(b) and 167(b) of the Companies Law.

### **3.3 Approval of the Company's engagement in a transaction in which the Controlling Shareholder has a background of vested interest**

- 3.1.1. The Company is lacking financial sources and is in need of financial sources for the purpose of financing their current operations.
- 3.1.2. In the years 2014 and 2015 the Controlling Shareholder provided financing to the Company by means of a loan that was converted into shares of the Company (see paragraph Error! The source of the referral was not found for this report as herein).
- 3.1.3. At the beginning of 2017, the Company raised 1 million NIS from a foreign company, and that amount finances its current operations. Other than this capital funding, the Company has no additional financing options, other than the financing upheld by its Controlling Shareholder. The Controlling Shareholder has expressed willingness to provide the Company with another Credit Line of \$400,000, for the purpose of financing current operations for the next two years, against the allocation of Company shares.

#### **The transaction being brought for the assembly's approval**

- 3.1.4. Despite approval of the framework of the transaction and according the Rule and regulations of the Companies Law reduced burden when dealing with interested parties (5760-2000) receiving a Credit Line from the majority shareholder in the amount of \$400,000, (hereinafter "**the Credit Line**"), which will be used for the Company's current operations as needed. The Credit Line will be provided for the Company's use, from time to time, according to its current needs in a decision that will be made by the Company's auditing committee.
- 3.1.5. The Credit Line as well as any loan extended to the Company when it is exhausted will be linked to the dollar but will not bear interest. The Credit Line will be for the Company's use for a period of up to two years from the date of the general assembly's approval of the transaction.
- 3.1.6. The rest of the loans created through the Credit Line will be subject to the following instructions:

3.1.6.1. The Controlling Shareholder shall be entitled upon repayment of the balance of the Credit Line (as it shall be from time to time or any part thereof), to be Allocated Shares at a conversion rate of NIS 0.83 NIS per share. Dates for conversions of loans to shares and allocation of shares to the Controlling Shareholder will be determined by the review board of the Company, by its sole discretion as stated herein.

It should be clarified that the Company will allocate to the Controlling Shareholder the shares to which they are entitled and they will be listed for trading in 2 phases. Accordingly, the Company will not be required to turn to the Stock Exchange with more than two requests for listing for trading of the balance of the shares to which the Controlling Shareholder will be entitled following use of the Credit Line.

3.1.6.2. To clarify, the right to make a decision about converting the rest of the loans that were deducted from the Credit Line (as it is from time to time) or part of thereof, to shares in the Company, will not be given to the Controlling Shareholder including or any other that the Controlling Shareholder clears the commitment of repayment of the Credit Line. It is a right given to the Company, and decisions in this matter will be made by the Company's audit committee.

3.1.6.3. All balance remaining from the loans at the end of 24 months from the time of the approval by the shareholders' general assembly, will be converted at that date to Company shares at the aforementioned conversion rate.

3.1.7. For the purpose of calculating the exchange rate, every amount in U.S. dollars placed by the Controlling Shareholder will be calculated in accordance with the representative dollar exchange rate as known on the date the Board of Directors make the decision to approve the transaction (April 26, 2017), and which was 3.648 ILS per dollar.

3.1.8. Assuming the complete use of the Credit Line by the Company (\$400,000), and according to the representative dollar exchange rate, as detailed above (3.648 ILS), the maximum amount of shares that will be allocated to the Controlling Shareholder of the Company, in connection to the aforementioned Credit Line is 1,758.072 regular shares of the Company.

- 3.1.9. If the Controlling Shareholder assigned his commitment to furnish a Credit Line to others, as mentioned above, he is allowed to assign his rights to receive stock against payment of the Credit Line, as long as it does not diminish what is said in clause 3.1.6.2 above.
- 3.1.10. To remove any doubt, the allocation of shares to the Controlling Shareholder against a Credit Line or any part thereof will not require additional confirmation of the shareholders in a general assembly, and that shareholder's approval, achieved by the required majority during general assembly regarding this matter, constitutes approval and agreement to allocate said shares, up to, (and under assumption of complete use of the Credit Line) of 1,758,072 shares.

In this context, it should be noted that the Company's Controlling Shareholder, who serves as the chairman of the Board of Directors and CEO of the Company, does not receive a salary from the Company.

### **3.4 Private Offer**

#### **3.4.1 The Offeree of the Private Offer and the facts in view of which it is an interested party.**

With repayment of the balance of the Credit Line, as it will be from time to time (or any part of it), the Company will allocate to Mr. Roy Sabag, who is also the Controlling Shareholder in the Company (hereinafter also: "the Offeree") shares, to an exchange rate of 0.83 ILS per share.

For the purpose of calculating the exchange rate, every amount in U.S. dollars placed by the Controlling Shareholder will be calculated in accordance with the representative dollar exchange rate as known on the date the Board of Directors make the decision to approve the transaction (April 26, 2017), and which stood at 3.648 ILS per dollar.

Assuming full exploitation of the Credit Line by the Company (\$400,000), and in accordance with the representative dollar rate, as mentioned above (NIS 3.648), the maximum quantity of shares to be allocated to the Company's Controlling Shareholder in relation to the aforementioned Credit Line is 1,758,072 ordinary shares of the Company.

The Offeree in the Private Offer is Mr. Roy Sabag, Controlling Shareholder in the Company, Chairman of the Board and CEO of the Company. Mr. Sabag is an interested party (as defined by the Companies Law) in his present position in the Company and in his present holdings of shares in the Company as detailed in section **error!** The source of the referral to the ad hoc report was not found.

#### **3.4.2 Terms of offered securities and the date of their allocation**

Subject to the approval by the general assembly and the stock exchange to register for the trading of the Allocated Shares, the Company will allot, to Mr. Sabag, up to 1,758,072 ordinary shares of the Company at a value set at 0.01 ILS each (hereinafter: "The Allocated Shares") as mentioned in Section 3.1.6.1 above, the Allocated Shares will be allocated to the Controlling Shareholder in two phases only.

The Allocated Shares constitute approximately 12.9% of the issued and paid-up capital and of voting rights before the allocation, and approximately 12.72% of the issued and paid-up capital and of voting rights on a fully liquidated basis.

Subsequent to the full allocation pursuant to this report, the shares allocated to the Controlling Shareholder will constitute approximately 11.43% of the Company's issued and paid-up stock capital and of the voting rights therein, and 11.28% of the issued and paid-up stock capital and voting rights on a fully liquidated basis. For details regarding the Offeree's holdings before and after the Private Offer, please see Section error! The source of the referral was not found. Following

### **3.4.3 In exchange for the Allocated Shares**

3.4.3.1 The Allocated Shares will be allocated to the Controlling Shareholder with the repayment of the Credit Line.

The exchange will be made in accordance with the exchange rate of 0.83 ILS per share.

3.4.3.2 The Allocated Shares will have equal rights to the existing ordinary shares in the Company's capital and will be entitled to all dividends or other benefits when the determining date of the right to receive them commences on their allocation date or later.

3.4.3.3 The Allocated Shares will be allocated subject to the existence of the terms for their allocation, as mentioned in Section Error! The source of the referral was not found as stated in the section hereunder and they shall be listed for trade on the Stock Exchange immediately after their allocation. The shares will be listed under the registered name of the Company as required by the provisions of the Stock Exchange Regulations.

3.4.3.4 The Allocated Shares will be blocked in accordance with the provisions of the law in the matter of blocking, see Error! The source of the referral to the ad hoc report was not found.

#### **4. The place and times during which the full text of the proposed resolutions may be reviewed**

The ad hoc report published by the Company regarding the convening of the assembly and the full, proposed resolutions may be reviewed, in advance, at the Company's law firm, Zitvar, Galor & Co., 7 Menachem Begin Road, Ramat Gan, between Sunday and Thursday during regular business hours. These documents may also be reviewed on the website (distribution site) of the Securities Authority, whose website address is [www.magna.isa.gov.il](http://www.magna.isa.gov.il).

#### **5. The majority required for passing resolutions in the general assembly in matters on the agenda**

The majority required for approval of the draft resolutions in Sections 3.1 and 3.2 above is an ordinary majority of the votes of the shareholders present at the assembly who are entitled to vote and vote therein, without taking abstentions into account.

The general assembly is entitled to approve the engagement with the Controlling Shareholder and the Private Offer to the Controlling Shareholder as stated in Section 3.3 above, in a decision that will be made with a majority vote of those present who are entitled to participate in the vote, unless one of the following exists:

- A. A majority vote in the general assembly will include the majority of votes of shareholders who are not parties interested to the approval of the engagement, that are participating in the vote; in counting of the votes of said shareholders, abstaining votes shall not be taken into account;
  - B. The total opposing votes from the shareholders mentioned in subsection (A) will not exceed two percent (2%) of the overall voting rights in the Company.
6. With regard to voting on matters on the agenda detailed in Section 3 above, it shall be noted as follows:

In Part B of this proxy statement, a place is allocated to mark the existence or absence of an affiliation, as required by the provisions of the Companies Law, 5759-1999 (hereinafter “**The Companies Law**”) and to describe the nature of the relevant linkage. It should be clarified that the vote of anyone who did not mark the existence or absence of such a connection or did not describe the nature of the connection shall not be counted.

7. The proxy statement shall be valid only if the following documents have been attached thereto and if it has been provided to the Company (including by registered mail) as follows:

Unregistered shareholder: (i.e., a person to whom shares are registered with a stock exchange member and those shares are included among the shares registered in the registry of shareholders under the name of the listed company) - is required to provide the Company with a certificate of ownership, including through the electronic voting system, up to 4 hours prior to the time of the assembly.

A shareholder who is not registered may vote through an electronic voting system.

Registered Shareholder: (I.e. a shareholder registered in the Company’s shareholders registry) - is required to provide a photocopy of his/her identity card, passport or certificate of incorporation.

A proxy statement that has not been submitted in accordance with this section shall be deemed invalid.

8. The date of closing the electronic voting system

The voting paper will be issued to the Company by the time the electronic voting system is closed 05:30 on July 17, 2017 or an earlier date as determined by the Securities Authority in accordance with the provisions of the regulations.

9. The address of the Company for delivering the Proxy Statements and position notices

Natural Resources Holdings Ltd., c/o Zitvar, Galor & Co. Attorneys at Law, 7 Menachem Begin Road, Ramat Gan.

10. The last date for the submission of the position notices to the Company

The final date for delivery of position notices (as defined in Section 88 of the Companies Law) is 10 days prior to the date of the convening of the assembly, that is, up to the date July 7, 2017.

11. The address of the distribution site of the Israel Securities Authority and the website of the Stock Exchange where the voting papers and position notices are located

11.1 Securities Authority distribution website: [www.magna.isa.co.il](http://www.magna.isa.co.il)

11.2 The website of the Tel-Aviv Stock Exchange Ltd. <http://maya.tase.co.il>

12. An unregistered shareholder is entitled to receive confirmation of ownership at the member's branch of the Stock Exchange or by mail, if he so requested. A request in this matter shall be made in advance to a particular securities account. An unregistered shareholder may order that such party's certificate of ownership be transferred to the Company through the electronic voting system.
13. A stock exchange member shall send, free of charge, by e-mail, a link to the text of the voting paper and position notices on the distribution site of the Securities Authority to any shareholder who is not registered in the register of shareholders and whose shares are registered with that member of the stock exchange, unless the shareholder notified that they are not interested in it or that they are interested in receiving voting papers by mail for a payment; the shareholder's notice regarding the voting papers shall also apply to the receipt of position notices.
14. One or more shareholders holding shares at a rate constituting five percent or more of the total voting rights in the Company on the determining date, and whoever holds such percentage out of the total voting rights not held by the Controlling Shareholder of the Company as defined in Section 268 of the Companies Law, is entitled to review the voting papers as specified in regulation 10 of the Regulations.

The number of shares constituting 5% of the total voting rights in the Company: 681,023 Ordinary shares of 1 ILS par value each.

The number of shares constituting 5% of the total voting rights in the Company which are not held by the Controlling Shareholder: 314,949 Ordinary shares of 1 ILS par value Each.

15. Request to include a topic on the agenda of the assembly

An application by a shareholder under Section 66 (b) of the Companies Law to include an issue on the agenda of a general assembly shall be communicated to the Company no later than seven days after the notice of the assembly.

16. Changes to the Proxy Statement

16.1 Subsequent to the publication of the voting paper, there may be changes to the agenda, including the addition of a topic to the agenda, position statements may be published, and the updated agenda and position notices published in the Company's reports on the distribution website may be reviewed.

16.2 The last date on which the Company will issue an amended proxy statement, to the extent required, as mentioned above, is in accordance with the provisions of Section 4 (b) of the Regulations.

17. A shareholder shall indicate the manner in which he may vote on the issues on the agenda in the second part of this voting paper.



## Proxy Statement, Part 2

**Name of the Company:** Natural Resources Holdings Ltd.

**The address of the Company (for service and delivery of Proxy Statements):** C/O the offices of  
Zitvar, Galor & Co. Attorneys at Law, 7 Menachem Begin Road, Ramat Gan.

**Number of the Company:** 520041526

**Date of Assembly:** July 17, 2017

**Type of assembly:** Annual General Assembly

**The Determining Date:** June 15, 2017

(To this point, to be completed by the Company).

Details of the shareholder:

Name of shareholder: \_\_\_\_\_

“ID number” : \_\_\_\_\_

If the shareholder does not have an Israeli identity card

Passport number: \_\_\_\_\_

Country of issue: \_\_\_\_\_

Valid until: \_\_\_\_\_

If the shareholder is a corporation -

Corporation number: \_\_\_\_\_

Country of incorporation: \_\_\_\_\_

**The manner of voting**

The topic number on the agenda	The manner of voting <sup>1</sup>			Regarding the approval of a transaction under Sections 255 and 275 of the Companies Law - do you have a personal interest in the decision <sup>2</sup>	
	For	Against	Abstained	Yes*	No
<b>3.1 Appointment of directors.</b>				<b>Not Relevant</b>	
<b>3.1.1 Roy Sabag</b>					
<b>3.1.2 Eran Mazor</b>					
<b>3.1.3 Andres Finkielsztain</b>					
<b>3.2 Appointment of auditors for 2017</b>				<b>Not Relevant</b>	
<b>3.3 and 3.4 Engagement with the Controlling Shareholder and an extraordinary Private Offer</b>	<b>Not Relevant</b>				

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

\* Detail

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A shareholder who has indicated that they are a Controlling Shareholder or someone acting on their behalf shall describe the nature of the connection:

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\_\_\_\_\_

Shareholders who hold shares through a Stock Exchange member (pursuant to Section 177 (1)) of the Companies Law - this proxy statement is valid only with the confirmation of ownership except in cases where the vote is done via the Internet.

For shareholders who are registered in the Company's register of shareholders - the voting slip is valid together with a photocopy of the identity card, passport or certificate of incorporation.

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<sup>1</sup> Non-marking shall be considered as abstaining from voting on that topic.

<sup>2</sup> A shareholder who does not fill out this column or who signs "for" and does not specify shall not be counted in the voting.