

## **Appendix B to the report**

### **Proxy Statement**

**In accordance with the Companies Regulations (Voting in Writing and Position Notices),  
5766 - 2005  
(The “Regulations”)**

#### **Part One**

1. **Name of the Company**

Natural Resource 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, at the offices of Zitvar, Galor & Co. Law Offices, 7 Menachem Begin Road, Ramat Gan. If it is required to reschedule, the assembly will convene a week later, on Monday, July 24, 2017 at the same location and at the same time.

3. **A list of issues on the agenda for which voting is possible via Proxy Statement**

3.1 **Appointment of directors.**

Text of the proposed resolution: After each of the esteemed gentlemen detailed below declares that they have the required skills and ability to devote the appropriate amount of time to fulfilling their role as company director, and details the skills as mentioned, and also declares that they are not subject to restrictions as provided for by Sections 226 and 227 of the Companies Law, 1999 (“**the Companies Law**”) - to appoint the directors detailed in this decision as follows:

- 3.1.1 To re-appoint Mr. Roy Sabag (Chairman of the Board), who serves as member of the Company’s Board of Directors at the time of this resolution;
- 3.1.2 To re-appoint Eran Mazor, who serves as member of the Company’s Board of Directors at the time of this resolution;
- 3.1.3 To appoint Mr. Andres Finkielsztain as Director of the Company.

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

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

For the purpose of good order, it should be noted that the extension of the tenure of Mrs. Vered Mor Porat as Director of the Company is not on the agenda and therefore the appointment of Mrs. Mor Porat as Director of the Company shall end upon convening the General Assembly.

It should be clarified that Mr. Eran Mazor is not entitled to receive remuneration in respect of his position as Director of the Company, beyond the salary paid to him in respect of his position as CFO and Company Secretary. It should also be clarified that Mr. Roy Sabag is not entitled to receive remuneration in respect of his position as CEO, director and Chairman of the Company’s Board of Directors.

Regarding the tenure of Mr. Andres Finkielsztain as 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: “**Remuneration Regulations**”).

For details required under Regulation 26 of the Securities Regulations (Periodic and Ad hoc reports), 1970. Regarding Roy Sabag and Eran Mazor, whose re-appointment is on the agenda, please see the Company's annual statement for 2016, which was published on March 31, 2017, Reference: 2017-01-034758). This reference constitutes a part of the reference included in the information on this matter in the said periodic report. To the best of the Company's knowledge, there have been no changes to the details of the said directors detailed in the Company's annual statement for 2016.

Below are the details required under Regulation 26 of the Reporting Regulations concerning Mr. Andres, Finkielsztain whose appointment is 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>Committee membership or membership in committees of the board of directors:</b>	NONE
<b>External Director:</b>	No
<b>Is he an employee of the Company, their subsidiary, affiliate, or of a party having an interest in them:<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 client portfolios in the company 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 a vested interest in the Company:</b>	No
<b>Is he a board member that the Company sees as an accounting or finances specialist for the purpose of upholding the minimal number that the Board of Directors determined pursuant to Section 92(a)(12) of the Companies Law:</b>	No
<b>Is he an independent director:</b>	No
<b>Is he an external specialist director:</b>	No

### **3.2 Appointing auditors for 2017**

Text of the proposed resolution: To renew the appointment of the serving auditors: Strauss, Lazar and Partners Accountants as the Company's auditors for an additional auditing period, until the next annual General Assembly.

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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 Fund"). The Soros Fund deals with, among other things, various investments and investing, and inter alia, from time to time in recent years, with various business initiatives in which the Company's Controlling Shareholder has also invested. At the same time, in 2015 the Soros Fund also invested in the Goldmoney Inc, a public Company traded in Canada which is under control of the Company's Controlling Shareholder. The Soros Fund holds less than 5% of the stock capital of Goldmoney Inc.

In addition, a report will be provided about the fees for the auditor (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 personal interest**

#### **Background**

- 3.1.1 The Company is lacking financial resources and is in need of financial resources for the purpose of financing their current operations.
- 3.1.2 In 2014 and 2015 the Controlling Shareholder provided financing to the company by means of a loan that was converted into Company shares (see paragraph 7 of this report hereunder). Reference source not found.
- 3.1.3 At the beginning of 2017, the Company raised 1 million NIS from a foreign company, which serves to finance their current operations. With the exception of this raising, the Company has no other options to get funded, other than the one upheld by their Controlling Shareholder. The Controlling Shareholder expressed their willingness to extend to the Company an additional line of credit in the amount of \$400,000 for the purpose of financing their current operations for the next two years, against the allocation of Company shares

#### **The transaction being brought for approval from the assembly**

- 3.1.4 To receive from the Controlling Shareholder a credit line in the amount of \$400,000 (hereinafter: "**the Credit Line**"), which will be used for the Company's current activities, as necessary. A Credit Line will be provided for the Company's use, from time to time, in accordance with their current needs, subject to a decision made by the CEO of the Company.
- 3.1.5 The Credit Line will be linked to the Dollar and will not carry any sort of interest. The Credit Line will be available 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 Controlling Shareholder will not be permitted to demand the repayment of the balance of the Credit Line as it will be from time to time (or part of it), unless when the Company is convinced that after paying the balance of the Credit Line whose repayment was requested, this will not impair the Company's ability to repay all their known and expected liabilities (during ordinary business) for a period of at least 12 months.
- 3.1.7 The Controlling Shareholder shall be entitled that against the paying of the balance of the Credit Line (as it shall be from time to time) or of any part thereof, the Company allocates shares to them at an exchange rate of 0.83 NIS per share.  
It should be clarified in this context 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 the trading of the balance of the shares to which the Controlling Shareholder is entitled following the use of the Credit Line.
- 3.1.8 For the purpose of calculating the exchange rate, every amount in Dollars placed by the Controlling Shareholder shall be calculated in accordance with a representative Dollar exchange rate that will be known on the date on which the Board of Directors made the decision to approve the transaction (April 26, 2017), and which stood at 3.648 NIS per Dollar.
- 3.1.9 In the event of a complete use of the Credit Line by the Company (\$400,000), and considering the representative Dollar exchange rate as detailed above (3.210 NIS), the

maximum amount of shares that can be allocated to the Controlling Shareholder of the Company in connection to the aforesaid Credit Line is of 1,758,072 ordinary shares of the Company.

- 3.1.10 If the Controlling Shareholder assigns their rights of repayment of the Credit Line to others, they shall be permitted to assign their rights to receive shares in allocations for the repayment of the Credit Line, as mentioned.

In this context it should be noted that the Company's Controlling Shareholder that serves as the Company's Chairman on the Board and as CEO is not receiving a salary from the Company.

### **3.4 Private Offer**

#### **3.4.1 The offeree of the Private Offer and the facts which make them an interested party.**

With the payment of the balance of the Credit Line, as it will be from time to time (or any part thereof), the Company shall allocate shares to Mr. Roy Sabag, the Controlling Shareholder in the Company (hereinafter also: "the Offeree") at a conversion rate of 0.83 NIS per share.

For the purpose of calculating the exchange rate, every amount in Dollars placed by the Controlling Shareholder shall be calculated at a representative Dollar exchange rate, as it was known on the date when the Board of Directors made the decision to approve the transaction (April 26, 2017), namely of 3.648 NIS per Dollar.

In the event of a complete usage of the Credit Line by the Company (\$400,000), and in accordance with the representative Dollar exchange rate as detailed above (3.648 NIS), the maximum amount of shares that can be allocated to the Controlling Shareholder of the Company in connection to the aforesaid Credit Line is of 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 4.4 below of the Ad hoc report.

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

Subject to the approval from the General Assembly and to the approval of the stock exchange for listing the allocated trading shares, the Company shall allocate to Mr. Sabag up to 1,758,072 Company ordinary shares at a set value of 0.01 NIS each (hereinafter: "**the Allocated Shares**"), as mentioned in Section 3.1.7 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 the voting rights before the allocation, and approximately 12.72% of the issued and paid-up capital and of the voting rights on a fully diluted basis. Following the full allocation as per this report, the shares allocated to the Controlling Shareholder will constitute approximately 11.43% of the Company's issued and paid-up share capital and of the voting rights therein, and 11.28% of the issued and paid-up share capital and of the voting rights on a fully diluted basis. For details regarding the Offeree's holdings before and after the Private Offer, see section hereunder.

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

- 3.4.3.1 The Allocated Shares shall be allocated to the Controlling Shareholder with the payment of the Credit Line.

The conversion shall be made at the exchange rate of 0.83 NIS per share.

- 3.4.3.2 The Allocated Shares will be equal in their rights to the ordinary shares that exist in the Company's capital, and bear all dividends or other benefits, after the determining date of the right to receive them starts, on their allocation date, or after it.
- 3.4.3.3 The Allocated Shares will be allocated subject to the fulfillment of the conditions hereunder. Reference source not found. As stated in the section above, they will be listed for trade on the Stock Exchange immediately after their allocation. The shares will be registered in the name of a nominee Company which complies with 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 on the matter of blocking, please see section hereunder of the Ad hoc report. Reference source 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 on the convening of the assembly and the full text of the proposed resolutions may be reviewed, subject to advance planning, at the offices of the Company's law firm, Zitvar, Galor & Co. Attorneys at Law, 7 Menachem Begin Road, Ramat Gan, Sundays through Thursdays during regular business hours. These documents may also be reviewed on the website (distribution site) of the Securities Authority, at the address [www.magna.isa.gov.il](http://www.magna.isa.gov.il)

5. **The majority required for making decisions at the General Assembly on matters regarding the agenda**

The majority required for the approval of the draft resolutions regarding the foregoing Sections 3.1 and 3.2 is a simple majority of the votes of the shareholders present at the meeting which have the right to vote and have exercised it therein, without taking into account abstentions.

The General Assembly has the right to approve the engagement with the Controlling Shareholder and the Private Offer to the Controlling Shareholder, as mentioned in Section 3.3 of this report, by a decision to be made with a majority vote of those present at the meeting which have the right to vote, in the following conditions:

- A. A majority vote in the General Assembly shall include the majority of votes from shareholders who are not interested parties in the approval of the engagement and that are present during the voting; In counting the votes of the said shareholders, the abstaining votes shall not be taken into account;
- B. The total opposing votes from the shareholders mentioned in sub-paragraph (a) shall not exceed two percent (2%) of the overall rights to vote in the Company.

6. With regard to voting on matters regarding the agenda as detailed in Section 3 above, it shall be noted as follows:

Part B of the Proxy Statement has a place to mark the existence or absence of an affiliation, as required by the provisions of the Companies Law, 1999 (hereinafter: "**the Companies Law**") and to describe the nature of the relevant affiliation. It should be clarified that the vote from a person that did not check the existence or absence of such affiliation or did not describe the nature of the affiliation shall not be included in the vote count.

7. The proxy statement shall be valid only if the following documents have been attached thereto and it has been presented before 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 company for registry) - is required to provide the Company with a certificate of ownership, including through the electronic voting system, up to 4 hours before the time of the meeting.

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 an identity card, passport or certificate of incorporation.

If a voting slip is not issued for them shall be deemed invalid in accordance with this section.

8. The date of closing the electronic voting system

The proxy statement will be issued to the Company by the time the electronic voting system is closed at 05:30 a.m. on July 17, 2017 or at 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 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 final date for delivery of position notices to the Company

The final date for delivering position notices (as defined in Section 88 of the Companies Law) is 10 days prior to the date when the meeting is convened, namely, up to July 7, 2017.

11. The address of the distribution website for the Israel Securities Authority and the website of the Stock Exchange where the proxy statements and position notices are located

11.1 Securities Authority distribution website: [www.magna.isa.gov.il](http://www.magna.isa.gov.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 requests. A request in this matter shall be communicated in advance to a particular securities account. An unregistered shareholder may order that their certificate of ownership be transferred to the Company via the electronic voting system.

13. A stock exchange member shall send, free of charge and by e-mail, a link to the text of the proxy statement and of the position notices via the distribution site of the Securities Authority to any shareholder that is not registered in the register of shareholders and whose shares are registered with that member of the stock exchange, unless such shareholder said they are not interested in such communications or wish that they receive such communications by regular mail, against a fee; The shareholder's notice regarding the proxy statements shall also apply to the matter of receiving 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 at the time of 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 proxy statements, 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 at 1 NIS 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 at 1 NIS par value each.

15. Request to include a subject on the agenda of the meeting

An application made by a shareholder under Section 66 (b) of the Companies Law to include a topic on the agenda of a General Assembly shall be presented to the Company up to seven days after the convening of the meeting.

16. Changes to the proxy statement

16.1 After the publication of the proxy statement, 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 and mentioned above, is in accordance with the provisions of Section 4 (b) of the Regulations.

17. A shareholder shall indicate the manner in which they vote on the topics on the agenda in the second part of their proxy statement.

## Voting paper - part two

**Name of the Company** Natural Resource Holdings Ltd.

**The address of the company (for delivery and delivery of proxy statements):** C/O, Offices of Zitvar, Galor & Co. Attorneys at Law, 7 Menachem Begin Road, Ramat Gan.

**Company number:** 520041526

**Date of Assembly** July 17, 2017

Type of Assembly "Annual General Assembly"

**The Determining Date:** June 17, 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 where issued: \_\_\_\_\_

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>2</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>3</sup>		
	Yes	No	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 Finkielstain</b>					
<b>3.2 Appointment of auditors for 2017</b>	<b>Not Relevant</b>			<b>Not Relevant</b>	
<b>3.3 and 3.4 Engagement with the Controlling Shareholder and with an extraordinary Private Offer</b>	<b>Not Relevant</b>				

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

\* Details

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

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Shareholders that hold shares through a stock exchange member (pursuant to Section 177 (1) of the Companies Law) - this voting slip is valid only with the confirmation of ownership, except where the vote is via the Internet.

For shareholders that are registered in the Company's registry of shareholders - the voting slip is valid together with a photocopy of the identity card/ passport/ certificate of incorporation.

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<sup>2</sup> Non-marking shall be considered as abstaining from voting on that topic.

<sup>3</sup> If a shareholder does not fill in this column or signs "yes" and does not give details, their vote shall not be counted