



18/08/2014

## **ASX Announcement**

**By Electronic Lodgement**

### **NOTICE OF ANNUAL GENERAL MEETING – 19 SEPTEMBER 2014**

The Annual General Meeting for Moreton Resources Ltd will be held on Friday, 19 September 2014, at 10.00am (AEST) at the Brisbane Marriott Hotel, Atcherley Room, 515 Queen Street, Brisbane, Queensland.

The Notice of Meeting, Explanatory Memorandum and Voting Form will be mailed to shareholders today. A copy of these documents follow this announcement and they can be viewed on the Moreton Resources website at [www.moretonresources.com.au](http://www.moretonresources.com.au)

The Company's 2014 Annual Report will also be mailed to Shareholders who have elected to receive a printed copy of this document. A copy of this document was lodged with the ASX on 18 August 2014, and can also be viewed on the Company's website.

**-ENDS-**

For and on behalf of the Board

**Jason Elks**

Chief Executive Officer  
Moreton Resources Ltd

# Notice of Annual General Meeting and Explanatory Memorandum

Notice is hereby given that a General Meeting of Shareholders of Moreton Resources Limited (the 'Company') will be held on **Friday, 19 September 2014** commencing at 10.00am (Brisbane time).

**Venue details:**  
Marriott Hotel  
Level 2, Atcherley Room  
515 Queen Street, Brisbane, Queensland

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## ORDINARY BUSINESS

### FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Company's financial reports and the report of the Directors and the Auditor contained in the Company's Financial Report for the financial year ended 30 June 2014.

### RESOLUTIONS

#### 1. ADOPTION OF REMUNERATION REPORT

To consider, and if thought fit, to pass the following in accordance with section 250R (2) of the Corporations Act 2001 (Cth) (Corporations Act):

*"That the Remuneration Report contained in the Company's Financial Report for the financial year ended 30 June 2014 be adopted."*

Note: This resolution is advisory only and does not bind the Directors or the Company.

#### 2. TO ELECT ARTHUR HOOD AS A DIRECTOR

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*"That Arthur Hood, a director of the Company appointed to fill a casual vacancy since the Annual General Meeting in 2013, who is required to retire in accordance with the Company's constitution and ASX Listing Rule 14.4, and being eligible for election, be elected as a director of the Company with effect from the close of this meeting."*

#### 3. TO ELECT ALEXANDER JASON ELKS AS A DIRECTOR

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*"That Alexander Jason Elks, a director of the Company appointed to fill a casual vacancy since the Annual General Meeting in 2013, and being eligible for election, be elected as a director of the Company with effect from the close of this meeting."*

#### 4. TO ELECT MR.WAYNE PENNING AS A DIRECTOR

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*"That Wayne Penning, a director of the Company appointed as a casual director on 12 August 2014, who is required to retire in accordance with the Company's constitution and ASX Listing Rule 14.4, and being eligible for election, be elected as a director of the Company with effect from the close of this meeting."*

**5. TO ELECT MR. BRET LEISEMANN AS A DIRECTOR**

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*"That Bret Leisemann, a director of the Company appointed as a casual director on 12 August 2014, who is required to retire in accordance with the Company's constitution and ASX Listing Rule 14.4, and being eligible for election, be elected as a director of the Company with effect from the close of this meeting."*

**6. TO APPROVE THE ISSUE OF UNLISTED OPTIONS TO MR. ALEXANDER JASON ELKS**

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*"That, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act 2001 (Cth), and for all other purposes, Shareholders approve the granting to Mr. Alexander Jason Elks (the Managing Director of the Company) or his nominee of a total of 38,763,000 Unlisted Options under the Option Plan (and otherwise in accordance with the terms and conditions as set out in the Explanatory Memorandum attached to this Notice of Annual General Meeting) in two tranches as follows:*

- (Tranche 1) 19,381,500 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 October 2014 and 30 December 2014 ("2014 Exercise Period"), subject to the Market Price of the Shares being not less than 0.6 cents (\$0.006) per Share at the time of exercising the Unlisted Option during the 2014 Exercise Period; and*
- (Tranche 2) 19,381,500 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 July 2015 and 30 December 2015 ("2015 Exercise Period"), subject to the Market Price of the Shares being not less than 1.0 cents (\$0.01) per Share at the time of exercising the Unlisted Option during the 2015 Exercise Period."*

Note: Further details of the Unlisted Options the subject of Resolution 6 are contained within the Explanatory Memorandum.

**7. TO APPROVE THE ISSUE OF UNLISTED OPTIONS TO MR. ARTHUR HOOD**

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*"That, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act 2001 (Cth), and for all other purposes, Shareholders approve the granting to Mr. Arthur Hood (a Director of the Company) or his nominee of a total of 27,200,000 Unlisted Options under the Option Plan (and otherwise in accordance with the terms and conditions as set out in the Explanatory Memorandum attached to this Notice of Annual General Meeting) in two tranches as follows:*

- (Tranche 1) 13,600,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 October 2014 and 30 December 2014 ("2014 Exercise Period"), subject to the Market Price of the Shares being not less than 0.6 cents (\$0.006) per Share at the time of exercising the Unlisted Option during the 2014 Exercise Period; and*
- (Tranche 2) subject to Resolution 2 being passed, 13,600,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 July 2015 and 30 December 2015 ("2015 Exercise Period"), subject to the Market Price of the Shares being not less than 1.0 cents (\$0.01) per Share at the time of exercising the Unlisted Option during the 2015 Exercise Period."*

Note: Further details of the Unlisted Options the subject of Resolution 7 are contained within the Explanatory Memorandum.

**8. TO APPROVE THE ISSUE OF UNLISTED OPTIONS TO MR. ROBERT JAMES CANNING-URE**

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*"That, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act 2001 (Cth), and for all other purposes, Shareholders approve the granting to Mr. Robert James Canning-Ure (a Director of the Company) or his nominee of a total of 3,200,000 Unlisted Options under the Option Plan (and otherwise in accordance with the terms and conditions as set out in the Explanatory Memorandum attached to this Notice of Annual General Meeting) in one tranche as follows:*

*(Tranche 1) 3,200,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 October 2014 and 30 December 2014 ("2014 Exercise Period"), subject to the Market Price of the Shares being not less than 0.6 cents (\$0.006) per Share at the time of exercising the Unlisted Option during the 2014 Exercise Period.*

Note: Further details of the Unlisted Options the subject of Resolution 8 are contained within the Explanatory Memorandum.

**9. TO APPROVE THE ISSUE OF UNLISTED OPTIONS TO MR. JOHN THOMAS**

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*“That, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act 2001 (Cth), and for all other purposes, Shareholders approve the granting to Mr. John Thomas (a Director of the Company) or his nominee of a total of 3,200,000 Unlisted Options under the Option Plan (and otherwise in accordance with the terms and conditions as set out in the Explanatory Memorandum attached to this Notice of Annual General Meeting) in one tranche as follows:*

*(Tranche 1) 3,200,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 October 2014 and 30 December 2014 (“2014 Exercise Period”), subject to the Market Price of the Shares being not less than 0.6 cents (\$0.006) per Share at the time of exercising the Unlisted Option during the 2014 Exercise Period.”*

Note: Further details of the Unlisted Options the subject of Resolution 9 are contained within the Explanatory Memorandum.

**10. TO APPROVE THE ISSUE OF UNLISTED OPTIONS TO MR. WAYNE PENNING**

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*“That, subject to Resolution 4 being passed, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act 2001 (Cth), and for all other purposes, Shareholders approve the granting to Mr. Wayne Penning (a Director of the Company) or his nominee of a total of 3,200,000 Unlisted Options under the Option Plan (and otherwise in accordance with the terms and conditions as set out in the Explanatory Memorandum attached to this Notice of Annual General Meeting) in one tranche as follows:*

*(Tranche 2) 3,200,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 July 2015 and 30 December 2015 (“2015 Exercise Period”), subject to the Market Price of the Shares being not less than 1.0 cents (\$0.01) per Share at the time of exercising the Unlisted Option during the 2015 Exercise Period.”*

Note: Further details of the Unlisted Options the subject of Resolution 10 are contained within the Explanatory Memorandum.

**11. TO APPROVE THE ISSUE OF UNLISTED OPTIONS TO MR. BRET LEISEMANN**

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*“That, subject to Resolution 5 being passed, for the purpose of Listing Rule 10.14 and Chapter 2E of the Corporations Act 2001 (Cth), and for all other purposes, Shareholders approve the granting to Mr. Leisemann (a Director of the Company) or his nominee of a total of 3,200,000 Unlisted Options under the Option Plan (and otherwise in accordance with the terms and conditions as set out in the Explanatory Memorandum attached to this Notice of Annual General Meeting) in one tranche as follows:*

*(Tranche 2) 3,200,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 July 2015 and 30 December 2015 (“2015 Exercise Period”), subject to the Market Price of the Shares being not less than 1.0 cents (\$0.01) per Share at the time of exercising the Unlisted Option during the 2015 Exercise Period.”*

Note: Further details of the Unlisted Options the subject of Resolution 11 are contained within the Explanatory Memorandum.

**12. NON-EXECUTIVE DIRECTOR'S REMUNERATION**

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

*“That, for the purposes of Rule 9.3(a) of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the increase of \$50,000 to the maximum total aggregate fixed sum per annum available for non-executive directors remuneration from \$250,000 to \$300,000 to be paid in accordance with the terms and conditions set out in the Explanatory Memorandum.”*

**13. SPILL RESOLUTION**

If, and only if, at least 25% of the votes cast at the Meeting in respect of Resolution 1 are against the adoption of the remuneration report, then pursuant to section 250V(1) of the Corporations Act, Resolution 13 below will also be put to the vote at the Meeting.

To consider, and if thought fit, to pass the following as an Ordinary Resolution:

*“That:*

- (a) an extraordinary general meeting of the Company’s shareholders (**Spill Meeting**) be held within 90 days of the date of this meeting;*
- (b) all of the Directors (excluding the Managing Director, Mr Alexander Jason Elks) who were in office when the Board resolution to approve the directors’ report for the financial year ended 30 June 2014 was passed, and who remain in office as Directors at the time of the Spill Meeting, will cease to hold office immediately before the end of the Spill Meeting; and*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting.”*

#### **GENERAL BUSINESS**

To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

#### **VOTING EXCLUSIONS**

Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12 and 13 are subject to the Voting Exclusion requirements set out below.

## VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution	Persons excluded from voting
Resolution 1 – Adoption of Remuneration Report	A member of the Key Management Personnel (“KMP”) named in the Remuneration Report or that KMP’s closely related party. This restriction does not apply if the person chairing the meeting has been appointed as a proxy by writing where the proxy appointment expressly authorises the person chairing the meeting to exercise an undirected proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP of the Company.
Resolutions 6 to 11 - Approval of the issue of Unlisted Options to Directors – Mr. Alexander Jason Elks (Managing Director), Mr. Arthur Hood (Chairman), Mr. James Canning-Ure (Non-Executive Director), John Thomas (Non-Executive Director), Mr. Wayne Penning (Non-Executive Director), Mr. Bret Leisemann (Non-Executive Director)	Any Director (except a Director who is ineligible to participate in any employee incentive scheme in relation to the Company), and any associates of any such person. Any KMP or a KMP’s closely related party where the vote is cast as a proxy unless the vote is cast as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.
Resolution 12 – Non Executive Directors Remuneration	All the Directors and their associates. KMP or a KMP’s closely related party where the vote is cast as a proxy unless the vote is cast as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.
Resolution 13 – Spill Resolution	A member of the Key Management Personnel (“KMP”) named in the Remuneration Report or that KMP’s closely related party. This restriction does not apply if the person chairing the meeting has been appointed as a proxy by writing where the proxy appointment expressly authorises the person chairing the meeting to exercise an undirected proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP of the Company.

However, the above prohibition does not apply and the entity need not disregard a vote if:

- 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
- 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.

Shareholders should be aware that any undirected proxies given to the chairperson will be cast by the chairperson and counted **in favour of** Resolutions 1 to 12 inclusive and **against** Resolution 13 (if it is put to the Meeting), subject to compliance with the Corporations Act.

## EXPLANATORY MEMORANDUM

THIS EXPLANATORY MEMORANDUM SHOULD BE READ IN ITS ENTIRETY. IF SHAREHOLDERS ARE IN DOUBT AS TO HOW THEY SHOULD VOTE, THEY SHOULD SEEK ADVICE FROM THEIR ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISER PRIOR TO VOTING.

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting of Shareholders to be held on Friday 19 September 2014 at 10.00am AEST (**“the Meeting”** or **“Annual General Meeting”** or **“AGM”**).

This Explanatory Memorandum should be read in conjunction with the accompanying Notice.

Terms used in this Explanatory Memorandum are defined in Schedule 1 of this Explanatory Memorandum.

## FINANCIAL STATEMENTS AND REPORTS

### Annual Report

Section 317 of the Corporations Act requires the Directors of the Company to lay before the Annual General Meeting the Financial Report, Director's Report (including the Remuneration Report) and the Auditor's Report for the last financial year that ended before the AGM.

In accordance with section 250S of the Corporations Act, Shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to those reports but no formal resolution to adopt the reports will be put to Shareholders at the AGM (save for Resolution 1 for the adoption of the Remuneration Report).

Shareholders will be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report. In addition to taking questions at the AGM, written questions to the Chairman about the management of the Company, or the Company's Auditor regarding:

- a) the preparation and content of the Auditor's Report;
  - b) the conduct of the audit;
  - c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
  - d) the independence of the Auditor in relation to the conduct of the audit,
- may be submitted no later than 5 business days before the AGM to the registered office of the Company.

A copy of the 2014 Annual Report is available at [www.moretonresources.com.au](http://www.moretonresources.com.au) within the Investors section of the website.

## RESOLUTIONS

The following matters should be noted in respect of the various items of business:

### **Background to Resolution 1 (Ordinary) – Adoption of Remuneration Report**

Pursuant to Section 250R of the Corporations Act, the Company is required to put the Remuneration Report to the vote of Shareholders. The Corporations Act provides that Resolution 1 need only be an advisory vote of Shareholders and does not bind the Directors of the Company.

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report.

The Remuneration Report, amongst other things:

- a) explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company;
- b) explains the relationship between the Board's remuneration policy and the Company's performance;
- c) sets out remuneration details for each Key Management Personnel of the Company, including details of performance related remuneration and options granted as part of remuneration; and
- d) details and explains any performance conditions applicable to the remuneration of Key Management Personnel of the Company.

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

### **Background to Resolution 2 (Ordinary) – To elect Mr. Arthur Hood as a Director**

Rule 9.1(d) of the Constitution and Listing Rule 14.4 provide that a Director who has been appointed by the other Directors or to fill a casual vacancy or as an addition to the Board only holds office to the end of the next annual general meeting and is then eligible to stand for election at that annual general meeting.

Mr. Arthur Hood was appointed as a Director on 28 November 2013. Accordingly, Mr. Hood retires as a Director at the end of the forthcoming AGM, however, being eligible, offers himself for election as a Director of the Company.

Mr. Hood has worked in civil engineering, coal and gold mining in the UK, Australia, PNG, South-East Asia and East & West Africa during his career. Mr. Hood was CEO and Managing Director of Lihir Gold Limited (**“LGL”**) between 2005 and 2010.

Prior to LGL, Mr. Hood had an 18 year career with Placer Dome where he headed up Business Development for the Asia Pacific region which culminated in his appointments to Managing Director of Placer Nuigini and Managing Director of Placer Dome Tanzania.

**Recommendation of Directors:**

The Directors (apart from Mr. Hood) recommend that the Shareholders vote in favour of the resolution to appoint Mr. Hood as a Director of the Company.

**Background to Resolution 3 (Ordinary) – To elect Mr. Alexander Jason Elks as a Director**

Mr. Alexander Elks was appointed as a Director on 28 November 2013. Mr. Elks retires as a Director at the end of the forthcoming AGM, however, being eligible, offers himself for election as a Director of the Company.

Mr. Elks' most recent role was with Rio Tinto, based in Montreal, managing the People and Organisation support areas throughout North and South America, Australia and New Zealand. Prior to this Jason held senior roles with LGL, Zinifex, OneSteel and Kodak Australasia. Mr. Elks has extensive operational and corporate experience within large global companies as well as smaller national enterprises. His commodity experience includes coal, iron ore, zinc, lead and gold, along with a history in oil and gas exploration and heavy industry manufacturing.

**Recommendation of Directors:**

The Directors (apart from Mr. Elks) recommend that the Shareholders vote in favour of the resolution to appoint Mr. Elks as a Director of the Company.

**Background to Resolutions 4 & 5 (Ordinary) – To elect Mr. Wayne Penning and Mr. Bret Leisemann as Directors**

As part of their strategic review of the Company, the current Board has reviewed the range of skills required on the Board, to place them in best stead to deliver the strategic objectives of the Company going forward. Following this review, and based on the skill sets that Mr. Penning and Mr. Leisemann will bring to the Board, the directors appointed Mr. Penning and Mr. Leisemann to the Board on 12 August 2014.

Rule 9.1(d) of the Constitution and Listing Rule 14.4 provide that a Director who has been appointed by the other Directors or to fill a casual vacancy or as an addition to the Board only holds office to the end of the next annual general meeting and is then eligible to stand for election at that annual general meeting.

Mr. Penning is a Partner of the Brisbane based law firm, McMahon Clarke. He leads the firm's Capital Markets and Energy & Resources groups. He was admitted to practice in 1998 and has been a partner since 2005. He advises on capital markets, corporate and commercial matters. Mr. Penning

acts for various public listed resource and industrial companies and has significant experience in corporate and regulatory areas. He is the Deputy Chairman of Bravehearts. He is a founding member and Director of The Liz Ellis Foundation. He also established and chaired the 2011 Community Flood Appeal and Fund.

Mr. Leisemann has over 25 years of resources experience in exploration, mining and engineering geology, as well as mine planning, production scheduling, mining approvals and executive management. Mr. Leisemann has been an executive director and founding shareholder of several non-listed companies since 1995 and his business development and planning skills and hands-on mining experience have been instrumental in the development of those private companies, from a consultancy, to a mining contractor, and then to a coal mine owner and operator. Mr. Leisemann has first-hand experience in coal project exploration and evaluation, feasibility studies, environmental and planning approvals, stakeholder consultation and government liaison, and mine expansion and development. As an existing company director and Graduate of the Australian Institute of Company Directors, Mr. Leisemann is an experienced board member with strong Corporate Governance principles.

**Recommendation of Directors:**

The Directors recommend that the Shareholders vote in favour of the resolutions to appoint Mr. Penning and Mr. Leisemann as Directors of the Company.

**Background to Resolution 6 (Ordinary) – To approve the issue of Unlisted Options to Mr. Alexander Jason Elks**

Mr. Elks was appointed to the role of Chief Executive Officer of Moreton Resources on 1 July 2014 after serving as Acting Chief Executive Officer from 4 December 2013. Mr. Elks had previously been appointed to the Board of Moreton Resources on 28 November 2013.

The key terms of appointment of Mr. Elks were announced on 9 July 2014. Mr. Elks' remuneration comprises fixed remuneration, a short term incentive and a long term incentive in the form of Unlisted Options to subscribe for Shares (which is subject to the approval of Shareholders under Resolution 6).

The Company and Mr. Elks have agreed that subject to Shareholder approval being obtained at the AGM, the following Unlisted Options will be issued to Mr. Elks (or his nominee) under the Option Plan:

- *(Tranche 1) 19,381,500 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 October 2014 and 30 December 2014 ("2014 Exercise Period"), subject to the Market Price of the Shares being not less than*



0.6 cents (\$0.006) per Share at the time of exercising the Unlisted Option during the 2014 Exercise Period; and

- (Tranche 2) 19,381,500 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 July 2015 and 30 December 2015 ("**2015 Exercise Period**"), subject to the Market Price of the Shares being not less than 1.0 cents (\$0.01) per Share at the time of exercising the Unlisted Option during the 2015 Exercise Period.

Full details in relation to the issue of the Unlisted Options for which Resolution 6 is seeking approval are set out below.

#### **Information required by Listing Rule 10.15 and Section 219 of Corporations Act**

For the purposes of the Listing Rule 10.15 and Section 219 of the Corporations Act information regarding the Unlisted Options is provided as follows:

- a) The maximum number of Unlisted Options to be issued to Mr. Elks (or his nominee) are as follows:
  - i. 19,381,500 Tranche 1 Unlisted Options; and
  - ii. 19,381,500 Tranche 2 Unlisted Options.
- b) The Unlisted Options are being issued for nil consideration and otherwise on terms set out in this Explanatory Memorandum and Schedule 2. The valuation of the financial benefit, and the potential dilutionary effect, of the grant of the Unlisted Options is set out in Schedule 3.
- c) No funds are being raised by the grant of the Unlisted Options, however funds will be raised should the nominated performance criteria be met and Mr. Elks exercises the Unlisted Options. The funds that would be raised on exercise of each Tranche of Unlisted Options to be granted to Mr. Elks are outlined in Schedule 3.
- d) If Resolution 6 receives Shareholder approval, the Unlisted Options are intended to be issued to Mr. Elks (or his nominee) as soon as possible following the Meeting, but in any event, within one month of the date of the Meeting.

Further information in relation to Resolution 6 required to be disclosed to Shareholders under Listing Rule 10.15 and Section 219 of Corporations Act is set out in Schedule 3 to this Notice.

#### **Recommendation of Directors:**

The voting exclusion statement for Resolution 6 is set out on page 5 of the Notice of Meeting. The recommendation of Directors on how to vote on Resolution 6 (or reason for not making a recommendation) is set out on page 12 of the Notice of Meeting.

#### **Background to Resolution 7 (Ordinary) – To approve the issue of Unlisted Options to Mr. Arthur Hood**

Mr. Hood was appointed to the role of Chairman of Moreton Resources on 28 November 2013. Mr. Hood is standing for election as a Director at this Annual General Meeting of Shareholders.

Mr. Hood's remuneration comprises fixed remuneration and a medium/long term incentive in the form of Unlisted Options to subscribe for Shares (which is subject to the approval of Shareholders under Resolution 7).

The Company and Mr. Hood have agreed that subject to Shareholder approval being obtained at the AGM, the following Unlisted Options will be issued to Mr. Hood (or his nominee) under the Option Plan:

- (Tranche 1) 13,600,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 October 2014 and 30 December 2014 ("**2014 Exercise Period**"), subject to the Market Price of the Shares being not less than 0.6 cents (\$0.006) per Share at the time of exercising the Unlisted Option during the 2014 Exercise Period; and
- (Tranche 2) subject to Resolution 2 being passed, 13,600,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 July 2015 and 30 December 2015 ("**2015 Exercise Period**"), subject to the Market Price of the Shares being not less than 1.0 cents (\$0.01) per Share at the time of exercising the Unlisted Option during the 2015 Exercise Period.

Full details in relation to the issue of the Unlisted Options for which Resolution 7 is seeking approval are set out below.

#### **Information required by Listing Rule 10.15 and Section 219 of Corporations Act**

For the purposes of the Listing Rule 10.15 and Section 219 of the Corporations Act information regarding the Unlisted Options is provided as follows:

- a) The maximum number of Unlisted Options to be issued to Mr. Hood (or his nominee) are as follows:
  - i. 13,600,000 Tranche 1 Unlisted Options; and
  - ii. 13,600,000 Tranche 2 Unlisted Options.
- b) The Unlisted Options are being issued for nil consideration and otherwise on terms set out in this Explanatory Memorandum and Schedule 2. The valuation of the financial benefit, and the potential dilutionary effect, of the grant of the Unlisted Options is set out in Schedule 3.

- c) No funds are being raised by the grant of the Unlisted Options, however funds will be raised should the nominated performance criteria be met and Mr. Hood exercises the Unlisted Options. The funds that would be raised on the exercise of each Tranche of Unlisted Options to be granted to Mr. Hood are outlined in Schedule 3.
- d) If Resolution 7 receives Shareholder approval, the Unlisted Options are intended to be issued to Mr. Hood (or his nominee) as soon as possible following the Meeting, but in any event, within one month of the date of the Meeting.
- e) If Resolution 2, to elect Mr. Hood as a Director, is not passed at this Meeting, then the 13,600,000 Unlisted Options to be issued in Tranche 2 will not be issued to Mr. Hood (or his nominee).

Further information in relation to Resolution 7 required to be disclosed to Shareholders under Listing Rule 10.15 and Section 219 of Corporations Act is set out in Schedule 3 to this Notice.

#### **Recommendation of Directors:**

The voting exclusion statement for Resolution 7 is set out on page 5 of the Notice of Meeting. The recommendation of Directors on how to vote on Resolution 7 (or reason for not making a recommendation) is set out on page 12 of the Notice of Meeting.

#### **Background to Resolution 8 (Ordinary) – To approve the issue of Unlisted Options to Mr. Robert James Canning-Ure**

Mr. Canning-Ure was appointed to the role of Director of Moreton Resources on 28 November 2013. Mr. Canning-Ure is not standing for election as a Director at this Meeting of Shareholders.

Mr. Canning-Ure's remuneration comprised fixed remuneration and a medium/long term incentive in the form of Unlisted Options to subscribe for Shares (which is subject to the approval of Shareholders under Resolution 8).

The Company and Mr. Canning-Ure have agreed that subject to Shareholder approval being obtained at the Meeting, the following Unlisted Options will be issued to Mr. Canning-Ure (or his nominee) under the Option Plan:

*(Tranche 1) 3,200,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 October 2014 and 30 December 2014 ("2014 Exercise Period"), subject to the Market Price of the Shares being not less than 0.6 cents (\$0.006) per Share at the time of exercising the Unlisted Option during the 2014 Exercise Period.*

Full details in relation to the issue of the Unlisted Options for which Resolution 8 is seeking approval are set out below.

#### **Information required by Listing Rule 10.15 and Section 219 of Corporations Act**

For the purposes of the Listing Rule 10.15 and Section 219 of the Corporations Act information regarding the Unlisted Options is provided as follows:

- a) The maximum number of Unlisted Options to be issued to Mr. Canning-Ure (or his nominee) is 3,200,000 Tranche 1 Unlisted Options.
- b) The Unlisted Options are being issued for nil consideration and otherwise on terms set out in this Explanatory Memorandum and Schedule 2. The valuation of the financial benefit, and the potential dilutionary effect, of the grant of the Unlisted Options is set out in Schedule 3.
- c) No funds are being raised by the grant of the Unlisted Options, however funds will be raised should the nominated performance criteria be met and Mr. Canning-Ure exercises the Unlisted Options. The funds that would be raised on exercise of each Tranche of Unlisted Options to be granted to Mr. Canning-Ure are outlined in Schedule 3.
- d) If Resolution 8 receives Shareholder approval, the Unlisted Options are intended to be issued to Mr. Canning-Ure (or his nominee) as soon as possible following the Meeting, but in any event, within one month of the date of the Meeting.

Further information in relation to Resolution 8 required to be disclosed to Shareholders under Listing Rule 10.15 and Section 219 of Corporations Act is set out in Schedule 3 to this Notice.

#### **Recommendation of Directors:**

The voting exclusion statement for Resolution 8 is set out on page 5 of the Notice of Meeting. The recommendation of Directors on how to vote on Resolution 8 (or reason for not making a recommendation) is set out on page 12 of the Notice of Meeting.

#### **Background to Resolution 9 (Ordinary) – To approve the issue of Unlisted Options to Mr. John Thomas**

Mr. Thomas was appointed to the role of Director of Moreton Resources on 28 November 2013. Mr. Thomas is not standing for election as a Director at this Meeting of Shareholders.

Mr. Thomas's remuneration comprised fixed remuneration and a medium/long term incentive in the form of Unlisted Options to subscribe for Shares (which is subject to the approval of Shareholders under Resolution 9).

The Company and Mr. Thomas have agreed that subject to Shareholder approval being obtained at the AGM, the following Unlisted Options will be issued to Mr. Thomas (or his nominee) under the Option Plan:

*(Tranche 1) 3,200,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 October 2014 and 30 December 2014 ("2014 Exercise Period"), subject to the Market Price of the Shares being not less than 0.6 cents (\$0.006) per Share at the time of exercising the Unlisted Option during the 2014 Exercise Period.*

Full details in relation to the issue of the Unlisted Options for which Resolution 9 is seeking approval are set out below.

#### **Information required by Listing Rule 10.15 and Section 219 of Corporations Act**

For the purposes of the Listing Rule 10.15 and Section 219 of the Corporations Act information regarding the Unlisted Options is provided as follows:

- a) The maximum number of Unlisted Options to be issued to Mr. Thomas (or his nominee) is 3,200,000 Tranche 1 Unlisted Options.
- b) The Unlisted Options are being issued for nil consideration and otherwise on terms set out in this Explanatory Memorandum and Schedule 2. The valuation of the financial benefit, and the potential dilutionary effect, of the grant of the Unlisted Options is set out in Schedule 3.
- c) No funds are being raised by the grant of the Unlisted Options, however funds will be raised should the nominated performance criteria be met and Mr. Thomas exercises the Unlisted Options. The funds that would be raised on exercise of the Unlisted Options to be granted to Mr. Thomas are outlined in Schedule 3.
- d) If Resolution 9 receives Shareholder approval, the Unlisted Options are intended to be issued to Mr. Thomas (or his nominee) as soon as possible following the Meeting, but in any event, within one month of the date of the Meeting.

Further information in relation to Resolution 9 required to be disclosed to Shareholders under

Listing Rule 10.15 and Section 219 of Corporations Act is set out in Schedule 3 to this Notice.

#### **Recommendation of Directors:**

The voting exclusion statement for Resolution 9 is set out on page 5 of the Notice of Meeting. The recommendation of Directors on how to vote on Resolution 9 (or reason for not making a recommendation) is set out on page 12 of the Notice of Meeting.

#### **Background to Resolution 10 (Ordinary) – To approve the issue of Unlisted Options to Mr. Wayne Penning**

Mr. Penning has been nominated by the Directors for election as a Director at this Meeting of Shareholders.

If appointed, Mr. Penning's remuneration will comprise fixed remuneration and a medium/long term incentive in the form of Unlisted Options to subscribe for Shares (which is subject to the approval of Shareholders under Resolution 10).

The Company and Mr. Penning have agreed that subject to Shareholder approval being obtained for Resolution 4 and Resolution 10 at the AGM, the following Unlisted Options will be issued to Mr. Penning (or his nominee) under the Option Plan:

*(Tranche 2) 3,200,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 July 2015 and 30 December 2015 ("2015 Exercise Period"), subject to the Market Price of the Shares being not less than 1.0 cents (\$0.01) per Share at the time of exercising the Unlisted Option during the 2015 Exercise Period.*

Full details in relation to the issue of the Unlisted Options for which Resolution 10 is seeking approval are set out below.

#### **Information required by Listing Rule 10.15 and Section 219 of Corporations Act**

For the purposes of the Listing Rule 10.15 and Section 219 of the Corporations Act information regarding the Unlisted Options is provided as follows:

- a) The maximum number of Unlisted Options to be issued to Mr. Penning (or his nominee) is 3,200,000 Tranche 2 Unlisted Options.
- b) The Unlisted Options are being issued for nil consideration and otherwise on terms set out in this Explanatory Memorandum and Schedule 2. The valuation of the financial benefit, and the potential dilutionary effect of, the grant of the Unlisted Options is set out in Schedule 3.

- c) No funds are being raised by the grant of the Unlisted Options, however funds will be raised should the nominated performance criteria be met and Mr. Penning exercises the Unlisted Options. The funds that would be raised on exercise of the Unlisted Options to be granted to Mr. Penning are outlined in Schedule 3.
- d) If Resolution 10 receives Shareholder approval, the Unlisted Options are intended to be issued to Mr. Penning as soon as possible following the Meeting, but in any event, within one month of the date of the Meeting.

Further information in relation to Resolution 10 required to be disclosed to Shareholders under Listing Rule 10.15 and Section 219 of the Corporations Act is set out in Schedule 3 to this Notice.

#### **Recommendation of Directors:**

The voting exclusion statement for Resolution 10 is set out on page 5 of the Notice of Meeting. The recommendation of Directors on how to vote on Resolution 10 (or reason for not making a recommendation) is set out on page 12 of the Notice of Meeting.

#### **Background to Resolution 11 (Ordinary) – To approve the issue of Unlisted Options to Mr. Bret Leisemann**

Mr. Leisemann has been nominated by the Directors for election as a Director at this Meeting of Shareholders.

If appointed, Mr. Leisemann's remuneration will comprise fixed remuneration and a medium/long term incentive in the form of Unlisted Options to subscribe for Shares (which is subject to the approval of Shareholders under Resolution 11).

The Company and Mr. Leisemann have agreed that subject to Shareholder approval being obtained for Resolution 5 and Resolution 11 at the AGM, the following Unlisted Options will be issued to Mr. Leisemann (or his nominee) under the Option Plan:

*(Tranche 2) 3,200,000 Unlisted Options exercisable at 0.2 cents (\$0.002) per Share between 1 July 2015 and 30 December 2015 ("2015 Exercise Period"), subject to the Market Price of the Shares being not less than 1.0 cents (\$0.01) per Share at the time of exercising the Unlisted Option during the 2015 Exercise Period.*

Full details in relation to the issue of the Unlisted Options for which Resolution 11 is seeking approval are set out below.

#### **Information required by Listing Rule 10.15 and Section 219 of Corporations Act**

For the purposes of the Listing Rule 10.15 and Section 219 of the Corporations Act information regarding the unlisted options is provided as follows:

- a) The maximum number of Unlisted Options to be issued to Mr. Leisemann (or his nominee) is 3,200,000 Tranche 2 Unlisted Options.
- b) The Unlisted Options are being issued for nil consideration and otherwise on terms set out in this Explanatory Memorandum and Schedule 2. The valuation of the financial benefit, and the potential dilutionary effect of the grant of the Unlisted Options is set out in Schedule 3.
- c) No funds are being raised by the grant of the Unlisted Options, however funds will be raised should the nominated performance criteria be met and Mr. Leisemann exercises the Unlisted Options. The funds that would be raised on exercise of the Unlisted Options to be granted to Mr. Leisemann are outlined in Schedule 3.
- d) If Resolution 11 receives Shareholder approval, the Unlisted Options are intended to be issued to Mr. Leisemann (or his nominee) as soon as possible following the Meeting, but in any event, within one month of the date of the Meeting.

Further information in relation to Resolution 11 required to be disclosed to Shareholders under Listing Rule 10.15 and Section 219 of Corporations Act is set out in Schedule 3 to this Notice.

#### **Recommendation of Directors:**

The voting exclusion statement for Resolution 11 is set out on page 5 of the Notice of Meeting. The recommendation of Directors on how to vote on Resolution 11 (or reason for not making a recommendation) is set out on page 12 of the Notice of Meeting.

#### **Reason for proposed shareholder approvals under Resolutions 6 to 11**

Issue of Unlisted Options to Mr. Elks, Mr. Hood, Mr. Canning-Ure, Mr. Thomas, Mr. Penning and Mr. Leisemann or any of their nominees (the "Related Parties") will constitute a giving of a financial benefit to a related party under section 229(3)(e) of the Corporations Act and consequently, approval under section 208 of the Corporations Act is sought.

Listing Rule 10.14 also requires the approval of Shareholders before securities which include options to acquire shares can be issued to Directors under the Option Plan.

Listing Rule 10.11 requires an entity to obtain the approval of Shareholders to an issue of securities to

a related party. Mr. Elks, Mr. Hood, Mr. Canning-Ure, Mr. Thomas, Mr. Penning and Mr. Leisemann are related parties of the Company. If Resolutions 6 to 11 are passed, Listing Rule 10.12 (exception 4) exempts the Company from any requirement for approval under Listing Rule 10.11 for the grant of the Unlisted Options to the Related Parties.

In accordance with Listing Rule 7.2 (exception 14), if Resolutions 6 to 11 are passed, approval under the Listing Rule 7.1 is not required as the issue of options and subsequent shares to the Related Parties under the Option Plan will be approved by Shareholders at this 2014 Annual General Meeting.

Further information in relation to Resolutions 6 to 11 (including valuation of the Unlisted Options, Directors' remuneration package, dilutionary effect of grant of Unlisted Options on existing Shareholders' interests and all other information reasonably required by Shareholders) which must be disclosed to Shareholders under Listing Rule 10.15 and section 219 of Corporations Act is set out in Schedule 3 to this Notice.

#### **No Directors' recommendation on Resolutions 6 to 11**

The Directors decline to make a recommendation to Shareholders in relation to Resolutions 6 to 11 because they have a personal interest in the outcome of those Resolutions in that they will receive Unlisted Options under the Option Plan if those resolutions are passed. Consistent with ASIC guidance, the Directors consider it good practice not to make a recommendation on Resolutions for other Director's remuneration as there may be a conflict of interest. The Chairman of the Meeting intends to vote available proxies in favour of Resolutions 6 to 11.

#### **Background to Resolution 12 – Non-Executive Director's Remuneration**

Rule 9.3(a) of the Constitution requires that the total aggregate fixed sum per annum to be paid to the non-executive Directors (excluding salaries of executive Directors) from time to time will not exceed in aggregate in any financial year the sum determined by the Shareholders in general meeting.

ASX Listing Rule 10.17 provides that the Company must not increase the total amount of directors' fees payable to its non-executive Directors without Shareholder approval.

The total aggregate fixed sum per annum to be paid to the non-executive Directors is currently set at \$250,000. Resolution 12 seeks Shareholder approval to increase the total aggregate fixed sum per annum to be paid to the non-executive Directors by \$50,000 to \$300,000.

The total amount of non-executive Directors' fees payable includes superannuation contributions made by the Company for the benefit of non-

executive Directors and any fees which a non-executive Director agrees to sacrifice on a pre-tax basis.

Subject to the passing of Resolution 12, the Company proposes to pay:

- the non-executive Chairman fees of \$85,000 including superannuation; and
- each of the non-executive Directors a fee of \$40,000 including superannuation

in Directors' fees for the 2015 financial year. This results in total of \$165,000, including superannuation, being estimated in non-executive Directors' fees for the 2015 financial year.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

No securities have been issued to Non-Executive Directors under Listing Rules 10.11 or 10.14 at any time in the preceding 3 years.

#### **Directors' recommendation on Resolution 12**

As the Directors have an interest in the outcome of this Resolution, they consider it would not be appropriate to make a recommendation to shareholders as to how to vote in relation to Resolution 12.

#### **Background to Resolution 13 (Ordinary) – Conditional resolution to hold a Spill Meeting**

At the Annual General Meeting held on 28 November 2013, at least 25% of the votes cast on the resolution to adopt the Remuneration Report for the year ended 30 June 2013 were against adopting the report.

If at least 25% of the votes cast on Resolution 1 are cast against the adoption of the Remuneration Report at the Meeting, then Resolution 13 will be put to the meeting and voted on as required by section 250V of the Corporations Act (the "Spill Resolution").

If less than 25% of the votes cast on Resolution 1 at the Meeting are against adopting the Remuneration Report, then Resolution 13 will not be put to the Meeting.

If put to the Meeting, the Spill Resolution will be considered as an ordinary resolution.

If the Spill Resolution is passed:

- a) an extraordinary general meeting of the Company's shareholders ("**Spill Meeting**") must be held within 90 days of the date of the Meeting;

- b) all of the Directors (excluding the Managing Director, Mr Alexander Jason Elks) who were in office when the Board resolution to approve the directors' report for the financial year ended 30 June 2014 was passed, and who remain in office as Directors at the time of the Spill Meeting, will cease to hold office immediately before the end of the Spill Meeting; and
- c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the Spill Meeting.

In accordance with the Corporations Act, Mr Alexander Jason Elks will not cease to hold office or be subject to re-election at the Spill Meeting if no other Managing Director has been appointed by the date of the Spill Meeting as he is not subject to retirement at a general meeting.

Any Director who ceases to hold office at the Spill Meeting is eligible to seek re-election as a Director at the Spill Meeting.

If the Spill Resolution is passed, Shareholders should note that each of the Directors who will cease to hold office at the Spill Meeting intend to stand for re-election at the Spill Meeting.

Shareholders may vote against the adoption of the Remuneration Report (Resolution 1) but may still vote against a Spill Meeting being held. This is a matter for Shareholders' discretion.

If a Spill Meeting is to be held, there is a mechanism to ensure that the statutory minimum of 3 Directors remains after the Spill Meeting. This mechanism will be explained in detail at the notice for the Spill Meeting if the Spill Meeting is required to be held.

#### **Directors' recommendation on Resolution 13**

The Directors consider that it would be extremely disruptive to the Company to remove all of the Directors. On that basis, and with each Director acknowledging their personal interest, if Resolution 13 is put to the Meeting, then the Directors recommend that the Shareholders vote against Resolution 13.

## SCHEDULE 1 – DEFINITIONS

In this Explanatory Memorandum and Notice terms defined in the Corporations Act have the same meaning when used in this document (unless the context otherwise requires) and the following words have the following meanings:

“**Annual Report**” means the Company’s annual report for the period ending 30 June 2014.

“**ASX**” means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).

“**Board**” means the board of Directors of the Company.

“**Company**” or “**Moreton**” or “**Moreton Resources**” means Moreton Resources Ltd ACN 060 111 784.

“**Constitution**” means the Company’s constitution.

“**Corporations Act**” means the Corporations Act 2001 (Cth).

“**Director**” means a director of the Company.

“**Explanatory Memorandum**” means the explanatory memorandum to this Notice.

“**Listing Rules**” means the Listing Rules of ASX.

“**Market Price**” means the price of shares in the Company at the close of trade, at the time of exercising the Unlisted Options.

“**Meeting**” or “**Annual General Meeting**” or “**AGM**” means the meeting convened by the Notice.

“**Notice**” means this notice of meeting including the Explanatory Memorandum and the Proxy Form.

“**Options**” means options to acquire Shares.

“**Option Plan**” means the Employees, Officers and Consultants Option Plan 2007 as amended and approved by the Shareholders at the Extraordinary General Meeting of Shareholders held on 19 September 2013.

“**Proxy Form**” means the proxy form attached to the Notice.

“**Resolution**” means a resolution for the consideration of Shareholders at the Meeting.

“**Remuneration Report**” means the report of that name set out in the Annual Report.

“**Schedule**” means a schedule to this Notice.

“**Share**” means a fully paid ordinary share in the capital of the Company.

“**Shareholder**” means a registered holder of a Share.

“**Unlisted Option**” means an Option which converts into one Share on the payment of the exercise price and which becomes exercisable on achievement of specified performance objectives as set out in the Explanatory Memorandum, with the terms and conditions set out in Schedule 2.

Words importing the singular include the plural and vice versa.

## SCHEDULE 2 – SUMMARY OF OPTION PLAN

In this Schedule 2 terms defined in the Option Plan have the same meaning when used in this Schedule 2 (unless the context otherwise requires).

1. Under the Option Plan, the Board may grant Options to employees, directors and contractors of the Company and its related bodies corporate.
2. The Board may determine the number and terms of any Options to be granted under the Option Plan, as well as the exercise price, expiry date, vesting conditions and any other conditions.
3. Subject to any conditions determined by the Board on issue of the Option, each Option entitles the Option holder the right to subscribe for one fully paid ordinary share in the Company on exercise.
4. Subject to any conditions determined by the Board on issue of the Option and rule 10 of the Option Plan, Options may be assigned by the Option holder.
5. Rule 13.1 provides that subject to rules 13.2 and 13.3 of the Option Plan, and subject to any conditions determined by the Board on issue of the Option, an Option holder's right to exercise Options under the Option Plan will terminate within one month of the Option holder ceasing to be an eligible person (as that term is defined in the Option Plan), except in the case of:

(a) death, in which case Options may be exercised by the deceased person's legal representatives at any time within 12 months of the Option holder's death;

(b) cessation of employment (other than cessation for the matters of cause set out in rule 13.1(d), namely gross misconduct or negligence, wilful disobedience, or any other cause leading to dismissal without notice), in which case Options may be exercised at any time within 90 days (or such greater period determined by the Board) of cessation; or

(c) retirement (at the age of 60 years or above or otherwise with consent of the Board) or ill health or accident, in which case Options may be exercised at any time within 6 months of that event.

Rule 13.3 provides that, subject to compliance with the Listing Rules, the Board may (in its discretion) extend the time periods in or waive the application of the Rules summarised above in this paragraph.

6. Rule 13.2 provides that where an Option holder is a Director, despite anything in Rule 13.1, that

Option holder shall be entitled to hold and exercise an Option on, and subject to, the terms upon which it was offered and granted if:

(a) the relevant Option was issued subject to a vesting period, and the vesting period has expired (irrespective of the reason for the director ceasing to be an eligible person);

(b) the Director was removed from office (other than for the matters of cause set out in rule 13.2(b), namely gross misconduct or negligence, wilful disobedience, or any other cause leading to dismissal without notice); or

(c) the Director resigns at the request of a majority of the Board, or at the request of shareholders (not associated with the Director) holding at least 10% of the voting rights in the Company (other than for the matters of cause set out in rule 13.2(c)).

7. An Option holder will be permitted to participate in any new pro rata issue of securities by the Company, subject to that Option holder exercising the Options. The Option holder will be notified by the Company of the proposed new issue at least nine (9) business days before the books closing date.
8. In any reconstruction of the Company's capital, Options will be reorganised in accordance with the Listing Rules.
9. If there is a change of control of the Company, the Board may (at its discretion but subject to the Listing Rules and/or Corporations Act) waive any condition relating to a vesting period that applies to an unexercised Option.
10. Unless the Board otherwise determines, the Company will not issue Options where the ordinary shares that may be issued under the Options would, together with shares issued by the Company under the Option Plan and any other employee scheme during the previous five (5) year period (disregarding offers that were made under a prospectus, or to persons outside of Australia, or that did not need disclosure under sections 708 or section 1012D of the Corporations Act), exceed five percent (5%) of the Company's total issued ordinary shares.
11. A copy of the Company's Option Plan is available on the Company's website at [www.moretonresources.com.au](http://www.moretonresources.com.au)



### SCHEDULE 3 – Further information in relation to Resolutions 6 to 11

#### 1. Valuation of the Unlisted Options

The Unlisted Options are not currently quoted on the ASX and as such have no market value. The Unlisted Options each grant the holder a right to subscribe for one ordinary share in the Company (**Share**) upon exercise of the Option and payment of the exercise price of 0.2 cents (\$0.002) per Share (**Exercise Price**). Accordingly, the Unlisted Options may have a present value at the date of their issue.

The Unlisted Options may acquire future value dependent upon the extent to which the Shares exceed the Exercise Price of the Unlisted Options during the term of the Unlisted Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- the period outstanding before the expiry date of the options;
- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and
- whether or not the options are listed (i.e. readily capable of being liquidated).

A valuation of the Unlisted Options to be granted under the Option Plan was conducted by Harris Black Pty Ltd as at 7 August 2014. The method used to value the Unlisted Options was the Monte Carlo method.

Based on that valuation, the 78,763,000 Unlisted Options to be issued pursuant to Resolutions 6 to 11 were attributed a total value of \$45,574. The valuation was based on the following assumptions.

Key Assumption	Tranche 1	Tranche 2
Proxy Grant Date	5 August 2014	5 August 2014
Start of performance period	19 September 2014	19 September 2014
Time to expiry	0.4 years	1.4 Years
Vesting Date	30 December 2014	30 December 2015
Exercise Price of the Unlisted Options	\$0.002	\$0.002
Share price at the time of issue of the Unlisted Options, which is expected to be 0.5 cents (\$0.005) per share		
Risk-free interest rate	2.60%	2.60%
Volatility measure	133.54%	133.54%
Dividend Yield	0.0%	0.0%

Based on the valuation conducted by Harris Black as at 7 August 2014 the estimated total value of the Unlisted Options granted to the Directors is as follows:

Director	Number of Unlisted Options	Value of Unlisted Options	Funds raised on Exercise of Unlisted Options *
<b>Tranche 1</b>		(\$'s)	(\$'s)
Alexander Jason Elks	19,381,500	14,580	39,663
Arthur Hood	13,600,000	10,230	27,200
James Canning-Ure	3,200,000	2,407	6,400
John Thomas	3,200,000	2,407	6,400
<b>Sub Total – Tranche 1</b>	39,381,500	29,624	79,663
<b>Tranche 2</b>			
Alexander Jason Elks	19,381,500	7,850	39,663
Arthur Hood	13,600,000	5,508	27,200
Wayne Penning	3,200,000	1,296	6,400
Bret Leisemann	3,200,000	1,296	6,400
<b>Sub Total – Tranche 2</b>	39,381,500	15,950	79,663
<b>TOTAL</b>	78,763,000	45,574	159,326

The value of the Unlisted Options has been derived using a market approach valuation method in accordance with applicable accounting standards.

## 2. Disclosure of the Directors' remuneration package

Details of the Directors' remuneration for the financial year ending 30 June 2014 is as set out in the below table.

Director	Salary & Fees*	Bonus	Other **	Superannuation	Value of Unlisted Options to be granted
Alexander Jason Elks	112,294			10,386	22,430
Arthur Hood	24,584			20,801	15,738
James Canning-Ure	25,666				2,407
John Thomas	25,666				2,407
Wayne Penning	40,000				1,296
Brett Leisemann	40,000				1,296

Notes:

\* The salaries and fees for Mr. Elks, Mr. Hood, Mr. Canning-Ure and Mr. Thomas represent the salaries and fees received by each Director during the period of 28 November 2013 to 30 June 2014. The salary and fee expected to be paid to Mr. Hood is envisaged to be at similar levels in 2015. Mr. Elks' salary and fees for 2015 will be in alignment with his terms and conditions of employment as announced to the market in July 2014. The salaries and fees for Mr. Penning and Mr. Leisemann are estimates for the 2015 year.

\*\* The Directors are also entitled to reimbursement of all travelling and other expenses properly incurred by the Directors in connection with the affairs of the Company, outside of attending and returning from general meetings of the Company or meetings of the Directors held in Brisbane.

### 3. Related party's existing interest

Details of the Directors' existing interest in the Company are as follows (excluding the Unlisted Options to be issued to the Directors (or their nominees) pursuant to Resolutions 6 to 11 of this Notice of Meeting):

Director	Existing number of Shares held	Existing number of Options over ordinary shares held
Alexander Jason Elks	161,855,823	-
Arthur Hood	-	-
James Canning-Ure	-	-
John Thomas	10,310,000	-
Wayne Penning	-	-
Bret Leisemann	-	-

### 4. Dilutionary effect of the grant of Unlisted Options on existing Shareholder's interests

If all of the Unlisted Options granted are exercised by Mr Elks, Mr Hood, Mr Canning-Ure, Mr Thomas, Mr Penning and Mr Leisemann (the **Directors**), the following will be the dilutionary effect on the current issued capital of the Company:

Shareholders	Current share capital		Share capital upon exercise of Unlisted Options	
Current shareholders *	1,657,001,249	90.59%	1,657,001,249	86.85%
Alexander Jason Elks	161,855,823	8.85%	200,618,823	10.51%
Arthur Hood	-	-	27,200,000	1.42%
James Canning-Ure	-	-	3,200,000	0.17%
John Thomas	10,310,000	0.56%	13,510,000	0.71%
Wayne Penning	-	-	3,200,000	0.17%
Bret Leisemann	-	-	3,200,000	0.17%
<b>Total *</b>	<b>1,829,167,072</b>	<b>100%</b>	<b>1,907,930,072</b>	<b>100%</b>

\* Notes:

1. 'Current shareholders' excludes shares held by Directors.

2. The above table is based on the following assumptions:

- i. no more Shares are issued by the Company and no existing Options are exercised;
- ii. Resolutions 6 to 11 of the Notice of Meeting are passed; and
- iii. all the performance criteria attached to the Unlisted Options are satisfied and the Directors chose to exercise all of the Unlisted Options.

As a result of the vesting of the Unlisted Options proposed to be granted to the Directors, the Company's issued share capital will increase by 78,763,000 Shares (assuming that no other Options are exercised and no other Shares are issued) which equates to an increase of approximately 4.31% of the Company's issued capital as at 8 August 2014. Accordingly, the Board believes there will be no material dilution to Shareholders as a result of the vesting of the Unlisted Options.

### 5. Reasons for issuing Unlisted Options

Given the speculative nature of the Company's activities, it is considered the performance of the Chief Executive Officer and the Directors and the performance and value of the Company are closely related. As such, the Unlisted Options granted will provide reward and incentive for future services provided to the Company to further the progress of the Company and to deliver growth and Shareholder value. In the Company's circumstances, the Directors considered that the allotment of the Unlisted Options provides a cost effective and efficient incentive as opposed to alternative forms of incentives (e.g., cash bonuses or increased remuneration).

### 6. All other information reasonably required by Shareholders

Other than the information specified in this Explanatory Memorandum (including below), the Directors are not aware of any other information that would be reasonably required by the Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 6 to 11.

### ***Options issued to Directors under Option Plan***

No Director or an Associate (as that term is defined in the *Corporations Act 2001*) of a Director has received any securities under the Option Plan since the last approval by shareholders.

### ***Market price movements***

The Unlisted Options valuation noted above is based on a market price per Share of 0.5 cents (\$0.005). There is a possibility that the market price of the Shares will change up to the date of the Annual General Meeting.

In the 12 months prior to the valuation referred to in paragraph 1 of this Schedule 3, the Company's trading history is as follows:

1. The highest trading price was 0.6 cents (\$0.006) on the 20<sup>th</sup> of May 2014 and between the 23<sup>rd</sup> and 26<sup>th</sup> of July 2014.
2. The lowest trading price was 0.2 cents (\$0.002) on various days between September 2013 and January 2014.
3. The most recent trading price of the Shares on the close of trading on 8 August 2014 was 0.5 cents (\$0.005) per Share.

### ***Opportunity Costs***

The opportunity costs and benefits foregone by the Company issuing the Unlisted Options to Mr. Elks, Mr. Hood, Mr. Canning-Ure, Mr. Thomas, Mr. Penning and Mr. Leisemann, or their respective nominees, is the potentially dilutionary impact on the issued share capital of the Company (in the event that the Unlisted Options are exercised). Until exercised, the issue of the Unlisted Options will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled directors on appropriate incentive terms. It is also considered that the potential increase in the value of the Unlisted Options is dependent upon a concomitant increase in the value of the Company generally.

### ***Taxation Consequences***

No GST will be payable by the Company in respect of the issue of the Unlisted Options (or if it is then it will be recoverable as an input credit). AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of comprehensive income. Where the issue date and the vesting date are different the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

### ***Loan Agreements***

In accordance with Listing Rule 10.15.6 the Company advises that no loan agreements are in place in relation to the acquisition or exercise of the Unlisted Options.

## VOTING

Moreton Resources has determined that for the purpose of voting at the meeting, or adjourned meeting, shareholders who are recorded in Moreton's register of shareholders as at 6.00pm on 17 September 2014 will be taken, for the purposed of the Annual General Meeting, to be entitled to attend and vote at the meeting.

## APPOINTMENT BY PROXY

If you are a shareholder and you are unable to attend and vote at the meeting, and wish to appoint a proxy, please complete and return the enclosed Proxy Form. A proxy need not be a shareholder of Moreton Resources.

The Proxy Form must be completed and lodged at Moreton's share registry at Link Market Services (together with the power of attorney (if any) under which the Proxy Form is signed), in accordance with the instructions set out in the Proxy Form, at least 48 hours before the meeting (i.e. lodgment must occur not later than 10.00am (Brisbane time) on 17 September 2014).

## CORPORATE REPRESENTATIVE

A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

## VOTING ENTITLEMENT

A person's entitlement to vote at the Meeting will be determined by reference to the number of fully paid shares registered in the name of that person (reflected in the register of Shareholders) as at 7.00pm, Wednesday 17 September 2014.

## IMPORTANT

The business of the Meeting affects your shareholding and your vote is important. To vote in person, attend the Meeting on the date and at the place set out above.

To vote by proxy, please complete and sign the enclosed Proxy Form and return **it not later than 10.00am** (Brisbane time) on 17 September 2014 to Link Market Services and in accordance with the instructions set out on the Proxy Form.

**This Notice of Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.**

## ENQUIRIES

Shareholders are required to contact the Company Secretary, Caroline Edwards, on +61 7 3852 6969 if they have any queries in respect of the matters set out in these documents.

DATED 15 August 2014

By order of the Board



CAROLINE EDWARDS

Company Secretary

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**By mail:**  
Moreton Resources Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



**By fax:** 02 9287 0309



**All enquiries to: Telephone:** 1300 554 474



**X99999999999**

## SHAREHOLDER PROXY FORM

I/We being a member(s) of Moreton Resources Limited and entitled to attend and vote hereby appoint:

### STEP 1

#### APPOINT A PROXY



**the Chairman  
of the Meeting  
(mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at **10:00am on Friday, 19 September 2014, at Brisbane Marriott Hotel, Atcherley Room, 515 Queen Street, Brisbane, Queensland** and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel (including resolutions 1-13).

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business, with the exception of resolution 13, which the Chairman of the Meeting will be voting against.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

### STEP 2

#### VOTING DIRECTIONS

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8 To approve the issue of unlisted options to Mr. Robert James Canning-Ure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 To elect Mr. Arthur Hood as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 To approve the issue of unlisted options to Mr. John Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 To elect Mr. Alexander Jason Elks as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 To approve the issue of unlisted options to Mr. Wayne Penning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 To elect Mr. Wayne Penning as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 To approve the issue of unlisted options to Mr. Bret Leisemann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 To elect Mr. Bret Leisemann as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Non-executive directors remuneration	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 To approve the issue of unlisted options to Mr. Alexander Jason Elks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Conditional resolution to hold a "Spill Meeting"	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 To approve the issue of unlisted options to Mr. Arthur Hood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**i** \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### STEP 3

#### SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

**MRV PRX401R**



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in 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 a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

## Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am on Wednesday, 17 September 2014**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE** > [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

Moreton Resources Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

02 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.