

LEMARNE CORPORATION LIMITED

ACN 004 834 584

NOTICE OF ANNUAL GENERAL MEETING

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EXPLANATORY STATEMENT

For the Annual General Meeting to be held:

at 9am

on Thursday, 17 December 2015

at Perpetual Consulting Group, Level 3, 600 St Kilda Road, Melbourne VIC 3004

In this document you will find:

1. Notice of Meeting.
2. An Explanatory Statement containing an explanation of, and information about, the proposed Resolutions to be considered at the Annual General Meeting.
3. Proxy Form.

GENERAL INFORMATION

This Notice of Meeting and Explanatory Statement provides information on and seeks approval for the Annual General Meeting Resolutions.

Accordingly, the purpose of this Annual General Meeting is to consider the Annual General Meeting Resolutions (see Resolutions 1 to 6).

The Resolutions are important and affect the future of the Company. You are urged to give careful consideration to this Notice of Meeting, the Resolutions and the Explanatory Statement. If you are in any doubt as to how to vote, you should seek independent financial, taxation or legal advice.

The Company applied for an extension of time in which to hold its Annual General Meeting and in accordance with section 250P of the Corporation Act on 28 October 2015, ASIC is currently considering this application for an extension of time to hold its AGM for the financial year ended 30 June 2015 from 30 November 2015 to 17 December 2015.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Lemarne Corporation Limited (**Company**) will be held at **9am on Thursday, 17 December 2015** at Perpetual Consulting Group, Level 3, 600 St Kilda Road, Melbourne VIC 3004.

AGENDA

1 Discussion of 2015 Annual Report

To consider the Annual Report, Financial Statements, and the reports of the Directors and the Auditor for the year ended 30 June 2015.

Note: there is no requirement for shareholders to approve these reports and financial statements.

2 Resolution 1: Adoption of 2015 Remuneration Report

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

“That for the purposes of section 250R(2) of the Corporations Act, the remuneration report (which forms part of the Directors’ report for the year ended 30 June 2015) is adopted”.

Note: Although section 250R(3) of the Corporations Act provides that the vote on this Resolution is advisory only and does not bind the Directors, there are potentially serious consequences associated with a "No" vote greater than 25%. Please see section 2 of the Explanatory Statement for details.

Voting Exclusion: A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 1 if:

- (c) the voter is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the Resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company or, if the company is part of a consolidated entity, for the entity.

3 Contingent Resolution 2: Spill Motion

Condition for Resolution 2: Resolution 2 will only be considered at the Annual General Meeting if at least 25% of the votes cast in respect of Resolution 1 are cast against that resolution. The Explanatory Statement further explains the circumstances in which Resolution 2 will be put to the Shareholders.

If the condition (described above) is satisfied, to consider and, if thought fit, pass the following resolution, with or without amendment, as an ordinary resolution:

“That, as required by the Corporations Act:

- (c) *another meeting of the Company’s members be held within 90 days of the date of the 2015 Annual General Meeting (Spill Meeting);*
- (d) *all of the Directors in office when the Board resolution to make the Directors’ report for the financial year ended 30 June 2015 was passed, excluding the Company’s Managing Director, cease to hold office immediately before the end of the Spill Meeting; and*
- (e) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to a vote at the Spill Meeting.”*

Voting Exclusion: A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or

- (b) a closely related party of such a member.

However, a person described above may cast a vote on Resolution 2 if:

- (c) the voter is appointed as proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (d) the voter is the chair of the meeting and the appointment of the chair as proxy:
- (i) does not specify the way the proxy is to vote on the Resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the company or, if the company is part of a consolidated entity, for the entity.

4 Resolution 3: Re-election of Paul Delosa

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

“That, for the purpose of clause 8.3 of the Constitution and for all other purposes, Mr Paul Delosa, retires, and being eligible, is re-elected as a Director.”

5 Resolution 4: Re-election of Marc Spicer

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

“That, for the purpose of clause 8.3 of the Constitution and for all other purposes, Mr Marc Spicer, retires, and being eligible, is re-elected as a Director.”

6 Resolution 5: Re-election of Ilan Goldstein

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

“That, for the purpose of clause 8.3 of the Constitution and for all other purposes, Mr Ilan Goldstein, retires, and being eligible, is re-elected as a Director.”

7 Resolution 6: Re-election of Yeoryios Markos

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

“That, for the purpose of clause 8.3 of the Constitution and for all other purposes, Mr Yeoryios Markos, retires, and being eligible, is re-elected as a Director.”

By order of the Board

Chair

Date:

PROCEDURAL NOTES

These notes form part of the Notice of Meeting.

1 Determination of Shareholders' Right to Vote

In accordance with regulations 7.11.37 of the *Corporations Regulations 2001*, the Board has determined that for the purposes of the meeting, a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Company's share register as at **9am on Tuesday, 15 December 2015**.

2 Appointment of Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- (c) each member has a right to appoint a proxy;
- (d) the proxy need not be a member of the Company; and
- (e) a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- (c) if proxy holders vote, they must cast all directed proxies as directed; and
- (d) any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

- (c) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- (d) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;
- (e) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- (f) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

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

- (c) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members;
- (d) the appointed proxy is not the chair of the meeting;
- (e) at the meeting, a poll is duly demanded on the resolution; and
- (f) either of the following applies:
 - (i) the proxy is not recorded as attending the meeting; or
 - (ii) the proxy does not vote on the resolution,

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

3 Bodies Corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of the Company's shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a Resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

4 Incorporation of Explanatory Statement

The Explanatory Statement attached to this Notice of Meeting, is hereby incorporated into and forms part of this Notice of Meeting.

5 Questions from Shareholders

At the Annual General Meeting, the Chair will allow a reasonable opportunity for Shareholders to ask questions in relation to the Resolutions to be put to the meeting.

In addition, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the Remuneration Report.

Jeffrey Luckins of William Buck (**Auditor**) as the Auditor responsible for preparing the Auditor's report for the year ended 30 June 2015 (or his/her representative) will attend the Annual General Meeting. The Chair will also allow a reasonable opportunity for Shareholders to ask the Auditor questions about:

- (c) the conduct of the audit;
- (d) the preparation and content of the Auditor's report;
- (e) the accounting policies adopted by the Company in relation to the preparation of financial statements; and
- (f) the independence of the Auditor in relation to the conduct of the audit.

EXPLANATORY STATEMENT

This information forms part of the Notice of Meeting. The main purpose of this Explanatory Statement is to provide Shareholders with information concerning the Resolutions.

The Explanatory Statement and all attachments are important documents. They should be read carefully. The Directors recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1 Financial report and the reports of the Directors and Auditor

The Corporations Act requires the financial report and the reports of the Directors and Auditor to be laid before the Annual General Meeting. Shareholders will be given a reasonable opportunity to raise questions on all these reports at the Annual General Meeting.

2 Resolution 1: 2015 Remuneration Reports

2.1 Background

The Annual Report for the financial year ended 30 June 2015 contains a Remuneration Report at pages 6-8 (inclusive).

The Corporations Act (under section 250R) requires the agenda for an Annual General Meeting to include a resolution for the adoption of the Remuneration Report. The vote on the resolution is advisory only and is not binding on the Directors or the Company.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a “**spill resolution**”) that another meeting be held within 90 days at which all of the Company’s Directors (other than the Managing Director) must go up for re-election.

The Remuneration Report:

- (a) describes the policy behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company’s performance;
- (b) sets out the remuneration arrangements in place for each Director and for certain members of the senior management team; and
- (c) explains the differences between the basis for remunerating Non-Executive Directors and executives of the Company.

A reasonable opportunity for discussion of the Remuneration Reports will be provided at the Annual General Meeting.

2.2 Recommendation

The Directors of the Company unanimously recommend to all Shareholders that they vote in favour of Resolution 1.

The Chair will be casting undirected proxy votes held by him in favour of Resolution 1, except for any proxies, undirected or otherwise, from key management personnel which are restricted.

3 Contingent Resolution 2: Spill Motion

3.1 Introduction

Resolution 2 will only be put to a vote if at least 25% of the votes on Resolution 1 (Remuneration Report) are cast against the adoption of the report. This would constitute a “second strike” for the Company and Resolution 2 will be put to the meeting and voted on as required by section 250V of the Corporations Act (**Spill Resolution**).

If less than 25% of the votes cast on Resolution 1 are against adopting the Remuneration Report at the Meeting, then there will be no second strike and Resolution 2 will not be put to the meeting.

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

If the Spill Resolution is passed, it will be necessary for the Company to convene a further general meeting within 90 days (**Spill Meeting**) to consider the composition of the board of the Company.

If a Spill Resolution is passed, section 250W provides (amongst other things) that:

- (a) the Company must hold the Spill Meeting within 90 days after the Spill Resolution was passed, but need not hold the Spill Meeting if, before the end of the 90 days, none of the Company's Directors described in section 250V (1) (b) (namely the Spill Directors) remain as Directors of the Company; and
- (b) all of the Company's Directors described in section 250V(1)(b) cease to hold office immediately before the end of the Spill Meeting and the Directors appointed by the Spill Meeting commence to hold office at the end of that meeting.

At last years' AGM 33.19% of the votes cast in respect of the resolution to adopt the 2014 Remuneration Report were voted "against" that resolution. Therefore, if at this year's AGM the votes "against" the adoption of the 2015 Remuneration Report (Resolution 1) again exceed 25% of the votes cast, section 250U will apply to the Company and Resolution 2 (the Spill Resolution) will be put to the meeting. If so Paul Delosa, Marc Spicer, Ilan Goldstein and Yeoryios Markos will be the Directors namely the Spill Directors) for the purposes of section 250V(1)(b).

Resolutions 3 to 6 (inclusive) are for the re-election of Paul Delosa, Marc Spicer, Ilan Goldstein and Yeoryios Markos as Directors.

Although key management personnel and their closely related parties are restricted from voting on Resolutions 1 and 2, they are not so restricted from voting at a Spill Meeting. That is the Key Management Personnel and their Closely Related Parties may not vote to cause the Remuneration Report to be passed nor may they vote against the holding of the Spill Meeting, but they can vote to re-elect the Spill Directors at the Spill Meeting.

It is conceivable that the motion for a Spill Meeting may be passed in circumstances where the Spill Directors will be re-elected as Directors of the Company at the Spill Meeting and thus remain Directors thereafter. Shareholders are therefore urged not to use the Spill Resolution process as a mere protest, as by doing so the Company will effectively be put into limbo pending the Spill Meeting and the Proposed Transactions may be put on hold and/or may terminate. As a consequence, the Company will undergo the expense and distraction of holding a meeting that will create negative market sentiment towards the Company and which will most likely lead to the Proposed Transactions being terminated.

3.2 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote **against** Resolution 2.

4 Resolutions 3 to 6: Re-election of Directors

4.1 Background

Clause 8.1 of the Constitution allows the Company in a general meeting by resolution and the Directors to appoint at any time a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for re-election.

4.2 Mr Paul Delosa

Mr Paul Delosa was appointed in general meeting by resolution at the annual general meeting held on 18 November 2014. Mr Delosa as such retires in accordance with clause 8.3 of the Constitution and being eligible seeks re-election.

Mr Delosa is an executive Director and Chief Executive Officer of the Company. Since joining the Company, Mr Delosa has been a highly successful senior executive having a background in operations, business development and managerial roles in various industries sectors, commencing his professional career in 1999.

Mr Delosa's prior experience was the successful development and growth of a small boutique investment property services group DPS Investments. In addition, Mr Delosa has owned and operated a number of commercial businesses between 2003-2007 achieving State and Local Government excellence awards for exceptional management and innovation.

His extensive experience and expertise in financial analysis and advising clients on financial and strategic issues are viewed as an asset by the Board.

The Board supports the re-election of Mr Delosa. The Chair will be casting undirected proxy votes held by him in favour of Resolution 3.

4.3 Mr Marc Spicer

Mr Marc Spicer was appointed in general meeting by resolution at the annual general meeting held on 18 November 2014. Mr Spicer retires in accordance with clause 8.3 of the Constitution and being eligible seeks re-election.

Mr Spicer is currently an authorised representative of an Australian Financial Services Licensee. He has held positions in executive management as a non-executive director on Cohiba Minerals Ltd where he was instrumental in generating a return for shareholders regarding its investment in Altius Mining Ltd. He was also the former company secretary of the Company. Mr Spicer has also held executive management positions as company secretary on various ASX listed companies. He has also held positions in the institutional banking division as a market risk analyst and finance consultant with ANZ Bank Ltd.

Mr Spicer holds a Bachelor of Business majoring in Accounting and Finance, Diploma of Financial Planning, ASX Accredited Derivatives Advisor and Graduate Diploma of Applied Corporate Governance with Chartered Company Secretary of Australia.

The Board supports the re-election of Mr Spicer. The Chair will be casting undirected proxy votes held by him in favour of Resolution 4.

4.4 Ilan Goldstein

Mr Ilan Goldstein was appointed in general meeting by resolution at the annual general meeting held on 18 November 2014. Mr Goldstein retires in accordance with clause 8.3 of the Constitution and being eligible seeks re-election.

Mr Goldstein is an executive with extensive experience in a variety of roles ranging from commodity trading to sales and managerial roles within the commercial finance sector. He holds a Bachelor of Marketing and currently procures and manages high net worth clients in the global derivatives markets.

In past roles he has built strong teams well exceeding company expectations. The Company believes that Mr Goldstein's ability to utilise the synergies derived from close teamwork and to raise funds across various sectors will prove to be an exceptionally valuable asset to the Board.

The Board supports the re-election of Mr Goldstein. The Chair will be casting undirected proxy votes held by him in favour of Resolution 5.

4.5 Mr Yeoryios Markos

Mr Yeoryios Markos was appointed in general meeting by resolution at the annual general meeting held on 18 November 2014. Mr Markos retires in accordance with clause 8.3 of the Constitution and being eligible seeks re-election.

Mr Markos has been a registered member and fellow of the Institute of Public Accountants since 1980. His 40 year career includes company mergers & acquisitions, reconstructions, liquidations, criminal law, corporations law, tax law, corporate advisory, capital raising, merchant banking, futures, construction and property development.

He is an entrepreneur with substantial interests in a diverse selection of private companies in a variety of industry sectors.

The Board supports the re-election of Mr Markos. The Chair will be casting undirected proxy votes held by him in favour of Resolution 6.

GLOSSARY

The following words and expressions used in the notice of meeting and Explanatory Statement have the following meanings unless the context requires otherwise:

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ACN 98 008 624 691.

Board means the board of directors of the Company.

Business Day has the meaning given to that term in the Listing Rules.

Company means Lemarne Corporation Limited (ACN 004 834 584).

Constitution means the Company's constitution.

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

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the notice of meeting for the Annual General Meeting of the Company to be held on Thursday, 17 December 2015.

Listing Rules means the Listing Rules of the ASX.

Meeting or General Meeting means the meeting to which this Notice of Meeting relates.

Notice of Meeting means this notice of Annual General Meeting including the Explanatory Statement and the Proxy Form.

Proxy Form means the proxy form accompanying the Notice of Meeting.

Resolution means a resolution proposed in the Notice of Meeting.

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

Shareholder means a holder of Shares.

Lemarne Corporation Limited: Proxy Form

Section 1: Security Holder

Name(s) _____

Address _____

Security Holder Reference Number _____

Section 2: Appointment of Proxy

I/We being a member/s of the Company hereby appoint:

☐

The Chairman of the Meeting
(mark with an "x")

OR

(Write here the name of the person you are appointing if this person/s is someone other than the chairman of the meeting)

Write here %
of votes or
number of
shares if
appointing 2
proxies

(Write here the name of the person you are appointing if you are appointing a second proxy)

Write here %
of votes or
number of
shares if
appointing 2
proxies

or failing the person/s named, or if no person/s is named, the Chair of the meeting, as my/our proxy and to vote in accordance with the directions in Section 3 below (or if no directions have been given, as the proxy sees fit) at the General Meeting of Lemarne Corporation Limited to be held at **Perpetual Consulting Group, Level 11, 499 St Kilda Road, Melbourne VIC 3004 at 9am on Thursday, 17 December 2015** and at any adjournment of that meeting.

Section 3: Items of Business

I/We direct as follows:

		For	Against	Abstain
Resolution 1	2014 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Spill Motion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Paul Delosa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Mr Marc Spicer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-election of Mr Ilan Goldstein	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Re-election of Mr Yeoryios Markos	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note:

- (1) If you have appointed a proxy and mark the ABSTAIN box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.
- (2) Undirected proxies received by the Chairman of the meeting will be voted in favour of each Resolution.

Section 4: Authorised Signature/s

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Security Holder 1 (Individual)

Security Holder 2 (Individual)

Security Holder 3 (Individual)

Sole Director and Sole Company Secretary

Director

Director/Company Secretary (delete one)

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Contact Name

Contact daytime telephone

Email:

Date:

YOUR VOTE IS IMPORTANT - PLEASE READ THE INFORMATION BELOW

If you are unable to attend the meeting, you are encouraged to complete and lodge this form.

Appointing a proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid for that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement of 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Section 2 overleaf.

A proxy need not be a shareholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the shareholder must sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held.

Attending the Meeting

Please bring this form to assist registration. If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from the company secretary of the Company.

For your vote to be effective it must be received no later than 9am on Tuesday 15 December 2015

Lodging a proxy form

Send completed forms to:

By Fax:	03 9 866 5859
By Mail:	Level 27, 101, Collins Street, Melbourne, Victoria, 3000
In Person:	Level 27, 101, Collins Street, Melbourne, Victoria, 3000