
BUXTON RESOURCES LIMITED
ACN 125 049 550

NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY STATEMENT AND
PROXY FORM

TIME: 12:00pm (WST)

DATE: Friday 7th November 2014

PLACE: Steve's Wine Cellar
30 The Avenue
Nedlands, Western Australia

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.

Should you wish to discuss the matters I this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9386 4787.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Meeting of Shareholders to which this Notice of Meeting relates to will be held at 12:00pm (WST) Friday 7th November 2014 at:

Steve's Wine Cellar
30 The Avenue
Nedlands, Western Australia

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed proxy form and return by:

- (a) post to Buxton Resources Limited, PO Box 661, Nedlands, Western Australia 6909; or
- (b) facsimile to Buxton Resources Ltd on facsimile number (+61 8) 9389 1464; or
- (c) deliver to the Company's office at Suite 1, First Floor, 14-16 Rowland Street, Subiaco, Western Australia 6008; or
- (d) email to sam@buxtonresources.com.au

so that it is received not later than 12:00pm (WST) on 5th November 2014.

Proxy forms received later than this time will be invalid.

BUXTON RESOURCES LIMITED

ACN 125 049 550

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Buxton Resources Limited will be held at Steve's Wine Cellar, 30 The Avenue, Nedlands, Western Australia on 7th November 2014 at 12:00pm (WST) for the purpose of transacting the following business.

The attached Explanatory Statement is provided to supply Shareholders with information to enable Shareholders to make an informed decision regarding the Resolutions set out in this Notice. The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2014."

Short Explanation: The Company is required to put a resolution to adopt the remuneration report of the Company at each annual general meeting. This is an advisory resolution only and does not bind the Directors or the Company.

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

- (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, the voter may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described in paragraphs (a) or (b) and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; 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 entity.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR SEAMUS CORNELIUS

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

"That, for the purposes of article 6.3(c) of the Constitution and for all other proposes, Mr Seamus Cornelius, a Director who retires by rotation, and being eligible, is re-elected as a Director."

Short Explanation: Mr Cornelius is currently a Director and is presented for re-election in accordance with the rotation requirements of the Company's Constitution.

RESOLUTION 3 – RATIFICATION OF CONSULTANT SHARES

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given to the issue of 100,000 Shares to S3 Consortium Pty Ltd on the terms set out in the Explanatory statement accompany this Notice of Meeting."

Short Explanation: The Company seeks approval to ratify the Shares issued and refresh the Company's 15% placement capacity.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of those persons. However, the Company need not disregard a vote if it:

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

RESOLUTION 4 – RATIFICATION OF PLACEMENT SHARES

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, approval is given to the issue of 8,077,000 Shares at 20 cents each on the terms set out in the Explanatory Statement accompanying this Notice of Meeting."

Short Explanation: The Company seeks approval to ratify the Shares issued and refresh the Company's 15% placement capacity.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associate of those persons. However, the Company need not disregard a vote if it:

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

- (b) 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.

RESOLUTION 5 – APPROVAL TO ISSUE SHORTFALL SHARES TO UNRELATED PARTIES UNDER THE SHARE PURCHASE PLAN

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

"That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 5,000,000 Shares to unrelated parties at the same price as the Shares that are issued under the Share Purchase Plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The Company seeks approval to issue Shortfall Shares (if any) to unrelated parties pursuant to the Share Purchase Plan.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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

(b) 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.

RESOLUTION 6 – APPROVAL TO ISSUE SHORTFALL SHARES TO SEAMUS CORNELIUS UNDER THE SHARE PURCHASE PLAN

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

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 250,000 Shares to Seamus Cornelius or his nominee at the same price as the Shares that are issued under the Share Purchase Plan on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The Company seeks approval to issue some of the Shortfall Shares (if any) to Seamus Cornelius, the Chairman of the Company, pursuant to the Share Purchase Plan.

Voting exclusion: The Company will disregard any votes cast on this Resolution by or on behalf of Seamus Cornelius or by a person who is to receive securities under this Resolution or any person who may obtain a benefit if this Resolution is passed other than in their capacity as a Shareholder and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

- (a) 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

(b) it is cast by the chair of 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.

RESOLUTION 7 – ISSUE OF OPTIONS TO MR ANTHONY MASLIN

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

“That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 600,000 Director Options to Mr Anthony Maslin, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: The Company proposes to issue Directors Options to Mr Maslin, a Director, under the Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company and any associate of a director. However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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
- (b) it is cast by the Chairperson as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting; and
- (d) the appointment expressly authorises the Chairperson 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 entity.

RESOLUTION 8 – ISSUE OF OPTIONS TO MR SEAMUS CORNELIUS

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

“That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 600,000 Director Options to Mr Seamus Cornelius, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: The Company proposes to issue Directors Options to Mr Cornelius, a Director, under the Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company and any associate of a director. However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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
- (b) it is cast by the Chairperson as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting; and
- (d) the appointment expressly authorises the Chairperson 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 entity.

RESOLUTION 9 – ISSUE OF OPTIONS TO DR JULIAN STEPHENS

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

“That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 600,000 Director Options to Dr Julian Stephens, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: The Company proposes to issue Directors Options to Dr Stephens, a Director, under the Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company and any associate of a director. However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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
- (b) it is cast by the Chairperson as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting; and
- (d) the appointment expressly authorises the Chairperson 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 entity.

RESOLUTION 10 – ISSUE OF OPTIONS TO MR LIU XING ZHOU

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

“That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 600,000 Director Options to Mr Liu, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: The Company proposes to issue Directors Options to Mr Liu, a Director, under the Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company and any associate of a director. However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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
- (b) it is cast by the Chairperson as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting; and
- (d) the appointment expressly authorises the Chairperson 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 entity.

RESOLUTION 11 – ISSUE OF OPTIONS TO MR STUART FOGARTY

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

“That for the purposes of Listing Rule 10.14 and section 208 of the Corporations Act, the Shareholders approve the issue of up to 600,000 Director Options to Mr Fogarty, a director of the Company, or his nominee(s) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: The Company proposes to issue Directors Options to Mr Fogarty, a Director, under the Incentive Plan. Shareholder approval is required under the Listing Rules and the Corporations Act.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company and any associate of a director. However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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

- (b) it is cast by the Chairperson as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Restriction on proxy voting by Key Management Personnel or Closely Related Parties: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
- (i) a member of Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the chair of the meeting; and
- (d) the appointment expressly authorises the Chairperson 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 entity.

RESOLUTION 12 – ISSUE OF OPTIONS TO CONSULTANTS

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

“That for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders approve the issue of a total of up to 920,000 Consultant Options to the consultants named in the Explanatory Memorandum on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: The Company seeks approval to issue the Consultant Options so that their issue will not reduce the Company's placement capacity.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed, and any of their associates. However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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
- (b) it is cast by the Chairperson as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

RESOLUTION 13 – APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

To consider, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: Listing Rule 7.1A permits eligible entities to obtain shareholder approval to issue an additional 10% of the entities' issued ordinary securities during a 12 month period. Shareholder approval must be given by a special resolution (at least 75% approval) at an annual general meeting.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote cast on this Resolution if:

- (a) 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
- (b) 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.

By order of the Board



Sam Wright
Company Secretary
6th October 2014

VOTING AND PROXIES

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by the 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.
3. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is 7th November 2014 at 12:00pm (WST).
4. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.

BUXTON RESOURCES LIMITED
ACN 125 049 550

EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in this Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.buxtonresources.com.au.

Shareholders will be offered the following opportunities:

- (a) discuss the Annual Financial Report for the financial period ended 30 June 2014;
- (b) ask questions and make comment on the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit and preparation and content of the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2014.

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

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 annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "Spill Resolution") that another general meeting be held within 90 days at which all of the Directors

(other than the Managing Director) must go up for re-election. The Company encourages all Shareholders to cast their votes on Resolution 1 (Remuneration Report).

At the Company's previous annual general meeting, the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Meeting.

Key Management Personnel of the Company are the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the Company's Key Management Personnel for the financial year to 30 June 2014. Their Closely Related Parties are defined in the Corporations Act, and include certain of their family members, dependants and companies they control.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on Resolution 1 (Remuneration Report) by marking either "For", "Against" or "Abstain" on the Proxy Form for Resolution 1.

If you appoint a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report (who is not the Chairman) or a closely related party of that member as your proxy, and you do not direct that person on how to vote on this Resolution 1, the proxy cannot exercise your vote and your vote will not be counted in relation to this Resolution 1.

The Chairman intends to vote all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form you are giving express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR SEAMUS CORNELIUS

Article 6.3 of the Constitution requires that where the Company has 3 or more Directors, one-third must retire at each annual general meeting. Additionally, a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment.

A Director who retires by rotation is eligible for re-election under clause 6.3 (j) of the Constitution.

Mr Cornelius retires by rotation in accordance with Article 6.3 of the Constitution, and being eligible, offers himself for re-election as a Director.

The Directors (other than Mr Cornelius, who makes no recommendation) recommend the re-election of Mr Cornelius as a Director.

4. RESOLUTION 3 – RATIFICATION OF CONSULTANT SHARES

Resolution 3 seeks Shareholder approval in relation to the issue of 100,000 Shares to S3 Consortium Pty Ltd.

Listing Rule 7.1 provides, subject to certain exceptions, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue without the approval of shareholders.

The Shares issued the subject of this Resolution were issued within the Company's 15% placement capacity.

Listing Rule 7.4 provides that an issue of securities made without the approval under Listing Rule 7.1 is treated as having been made with approval if the issue of securities did not breach Listing Rule 7.1 (that is, the issue was within the Company's 15% capacity) and shareholders subsequently approve it. The Company now seeks Shareholder approval to ratify the Shares issued and refresh the Company's 15% capacity.

In accordance with Listing Rule 7.5, the following information is provided to Shareholders:

- (a) The number of securities issued was 100,000 Shares.
- (b) The Shares were issued for nil consideration.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- (d) The Shares were issued to S3 Consortium Pty Ltd in consideration of services provided to the Company. S3 Consortium Pty Ltd is not a related party of the Company.
- (e) No funds were raised from the Share issue.

5. BACKGROUND TO PLACEMENT (Resolution 4) AND SHARE PURCHASE PLAN (Resolutions 5 and 6)

On 3 September 2014, the Company announced that it would raise approximately \$1.6 million in a placement to sophisticated and professional investors through the issue of Shares at 20 cents per Share.

In addition to the Placement, Buxton is offering eligible shareholders the opportunity to subscribe for Shares at 20 cents per Share (the same price as the placement) in a Share Purchase Plan to raise a maximum of \$1,000,000.

8,077,000 shares have been issued to unrelated party investors under the Company's 15% placing capacity (and for which ratification is sought under Resolution 4). Resolutions 5 and 6 seek approval to issue any Shortfall Shares from the Share Purchase Plan.

6. RESOLUTION 4 - RATIFICATION OF PLACEMENT SHARES

Resolution 4 seeks Shareholder approval in relation to the issue of 8,077,000 Shares issued as a placement.

Information about Listing Rules 7.1 and 7.4 are set out in Section 4 above.

In accordance with Listing Rule 7.5, the following information is provided to Shareholders:

- (a) The number of securities issued was 8,077,000 Shares.
- (b) The Shares were issued at an issue price of 20 cents each.
- (c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- (d) The Shares were issued to sophisticated, professional and other investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act including to clients of Hartleys Limited. None of the subscribers is a related party of the Company.

- (e) The Company intends to use the funds for exploration activities and for general working capital.

7. RESOLUTION 5 – APPROVAL TO ISSUE SHORTFALL SHARES TO UNRELATED PARTIES UNDER THE SHARE PURCHASE PLAN

Resolution 5 seeks Shareholder approval so that the Company may issue up to 5,000,000 Shares to unrelated parties in the event that eligible Shareholders do not subscribe for all of the Shares under the Share Purchase Plan.

The issue of shares under a share purchase plan is an exception to Listing Rule 7.1. However, this exception does not extend to the issue of shortfall shares under a share purchase plan. Resolution 5 therefore seeks Shareholder approval pursuant to Listing Rule 7.1 to authorise the Company to issue Shortfall Shares to unrelated parties pursuant to the Plan.

Information about Listing Rule 7.1 is set out in Section 4 above.

In accordance with Listing Rule 7.3, the following information is provided to Shareholders:

- (a) The maximum number of securities to be issued is 5,000,000 Shortfall Shares.
- (b) The Shortfall Shares will be issued no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The issue price of the Shortfall Shares is 20 cents each.
- (d) The Shortfall Shares will be issued to sophisticated, professional and other investors who are exempt from the disclosure requirements under Chapter 6D of the Corporations Act. Mr Seamus Cornelius or his nominee proposes to subscribe for part of the shortfall, which is the subject of Resolution 6. Otherwise, the participants in the issue of Shortfall Shares is not known at this date.
- (e) The Shortfall Shares will be fully paid ordinary Shares in the Company and rank equally with the Company's current issued Shares.
- (f) The Company intends to use the funds for exploration activities and for general working capital.
- (g) It is intended that the Shortfall Shares will be issued on one date.

8. RESOLUTION 6 - APPROVAL TO ISSUE SHORTFALL SHARES TO SEAMUS CORNELIUS UNDER THE SHARE PURCHASE PLAN

Resolution 6 seeks Shareholder approval so that Seamus Cornelius (the Chairman) or his nominee may subscribe for up to 250,000 Shortfall Shares under the Share Purchase Plan.

Listing Rule 10.11 requires, subject to certain exceptions, a listed company to obtain shareholder approval to issue securities to a related party. As a Director of the Company, Seamus Cornelius is a related party of the Company.

The issue of shares under a share purchase plan is an exception to Listing Rule 10.11. The Directors of the Company may participate in the Share Purchase Plan by applying for Shares up to a maximum of \$15,000 pursuant to the Share Purchase Plan terms and conditions.

However, this exception does not extend to the issue of shares under a shortfall. Therefore, Resolution 6 seeks Shareholder approval pursuant to Listing Rule 10.11 to authorise the Company to issue Shortfall Shares to Seamus Cornelius or his nominee.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shortfall Shares to the participating Director as approval is being obtained under Listing Rule 10.11. Shareholders should note that the issue of the Shortfall Shares to the participating Director will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

In accordance with Listing Rule 10.13, the following information is provided to Shareholders.

- (a) The Shortfall Shares (if any) will be issued to Seamus Cornelius or his nominee.
- (b) The maximum number of Shortfall Shares to be issued is 250,000 Shortfall Shares.
- (c) The Shortfall Shares will be issued no later than one month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) Seamus Cornelius is a Director of the Company.
- (e) The issue price of the Shortfall Shares is 20 cents each and the Shortfall Shares will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.
- (f) The Company intends to use the funds for exploration activities and for general working capital.

A public company may only give a financial benefit to a related party of the public company if:

- (a) the public company obtains the prior approval of shareholders; and
- (b) the benefit is given within 15 months following such approval,

unless an exception applies.

Seamus Cornelius is a related party of the Company because he is a Director of the Company. The issue of Shortfall Shares may constitute giving a financial benefit requiring shareholder approval in the absence of a specified exception applying.

One of the exceptions is where the benefit is given on reasonable arm's length terms. The Directors (other than Mr Cornelius who has a material personal interest in the Resolution) consider that shareholder approval pursuant to chapter 2E of the Corporations Act is not required for Mr Cornelius to be issued with Shortfall Shares because the Shares will be issued to him on the same terms as the Shares that are issued under the Share Purchase Plan and as such the issue of the Shortfall Shares is on reasonable arm's length terms.

9. RESOLUTIONS 7 TO 11 - ISSUE OF DIRECTOR OPTIONS TO DIRECTORS

9.1 Background

Resolutions 7 to 11 seek Shareholder approval for the issue of Director Options to Directors pursuant to section 208 of the Corporations Act and Listing Rule 10.14. The Incentive Plan was approved at the annual general meeting of the Company on 23 November 2012 under Listing Rule 7.2 (Exception 9) and the Company received a further approval at the annual general meeting of the Company on 28 November 2013 under Listing Rule 7.2 (Exception 9) to amend the terms of the Incentive Plan to broaden the class of securities to which it applies. The

Company is permitted to grant the Director Options pursuant to the Incentive Plan.

The Director Options are to be issued (if Resolutions 7 to 11 are passed) to ensure an ongoing incentive to the Directors to maximise the performance of the Company and add value for Shareholders. It is proposed to issue 600,000 Options each to Mr Maslin, Mr Cornelius, Dr Stephens, Mr Fogarty and Mr Liu on this basis. Options form an important part of the incentive based remuneration for Directors and are a means of rewarding Directors without taking cash from the Company. The Board feels that Director Options are the most appropriate means under the current circumstances to reward performance.

The Directors face considerable ongoing responsibilities and challenges in their roles within the Company. The granting of these Director Options will provide a long term incentive for outstanding performance and promote their opportunities for Share ownership in the Company.

The Company acknowledges that the issue of Director Options to Mr Cornelius, Dr Stephens, Mr Fogarty and Mr Liu as non-executive directors may be contrary to guidelines for non-executive remuneration in recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Options to be reasonable in the circumstances given the Company's size and stage of development and the importance of maintaining the Company's cash reserves.

9.2 Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, Directors are considered to be a related party of the Company.

Resolutions 7 to 11 provide for the grant of Director Options to related parties, which is a financial benefit which requires Shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

9.3 The related party to whom the proposed resolution would permit the financial benefit to be given

The following number of Director Options will be issued to the following Directors or their nominees:

Table 1 - Details of Director Options to be issued to Directors

Name	Total Director Options
Anthony Maslin (Resolution 7)	600,000
Seamus Cornelius (Resolution 8)	600,000
Dr Julian Stephens (Resolution 9)	600,000
Liu Xing Zhou (Resolution 10)	600,000

Stuart Fogarty (Resolution 11)	600,000
Total	3,000,000

9.4 **The nature of the financial benefit**

The proposed financial benefit to be given is the allotment of a total of 3,000,000 Director Options. Each Director Option has an exercise price that is equal to 150% of the 5 day VWAP prior to the Annual General Meeting. The rights attaching to the Director Options and terms of issue of the Director Options are set out in Annexure A. The valuation of the Director Options is set out under the heading "Valuation of Director Options".

9.5 **The reasons for the financial benefit and Directors' recommendation**

The Company entered into agreements with each Director in their capacity as a Director of the Company. The Directors have, and continue to be paid, what the Directors consider is less than their industry peers in order to direct the maximum funds towards creating value for all Shareholders. This is in line with the Company's general policy of non-cash based incentives in lieu of reduced wages.

None of the Directors of the Company wish to make a recommendation about the proposed resolution as the resolution seeks the issue of Director Options to other Directors.

9.6 **Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors**

- (a) The proposed Resolutions 7 to 11 would have the effect of giving power to the Board to grant a total of up to 3,000,000 Director Options to the Directors or their respective nominee.
- (b) The exercise of the Director Options by each Director is subject to the terms and conditions outlined in Annexure A. The Director Options will vest immediately upon their issue to Directors.
- (c) The Director Options will be issued by the Board no later than 12 months after the date Resolutions 7 to 11 are passed.
- (d) The Directors, in conjunction with the Company's advisers have valued the Director Options by reference to the binomial valuation method, based upon the assumptions outlined in Table 5 below.
- (e) The total value of the Director Options to be issued to each Director is outlined in Table 3. If all of the Director Options that are issued are exercised, then the effect would be to dilute the shareholdings of the existing Shareholders.
- (f) The market price of the Company's Shares during the term of the Director Options will normally determine whether or not the option holder exercises the Director Option. At the time any Director Options are exercised and Shares issued pursuant to the exercise of the Director Options, the Company's Shares may be trading on ASX at a price which is higher than the exercise price of the Director Options.
- (g) As at 25 September 2014, the issued capital of the Company comprises 62,893,455 Shares. The issue of the Director Options would have the effect of diluting the existing Shareholders by approximately 4.55% based on the current number of Shares on issue.
- (h) Each Directors current interest in securities of the Company is detailed in Table 2.

- (i) The Director Options will not be quoted on ASX and as such have no actual market value. The Shares of the Company have been traded on ASX since 23 October 2007. In the previous 12 months the Shares have traded in the range of 15 cents to 43.5 cents. The most recent closing price prior to the date of this Notice was 18 cents on 3 October 2014. The Director Options are capable of being converted to Shares by payment of the exercise price and on the terms set out in Annexure A.
- (j) As the Director Options were agreed to be issued in lieu of forgone fees and salary, forfeiture of future higher fees and salary and to incentivise long term performance, the Directors consider that the Director Options are a reasonable and cost effective reward for the Company as opposed to alternative forms of reward.
- (k) Table 3 shows the total remuneration package of each of the Directors that are to receive Director Options under Resolutions 7 to 11 for the financial year ended on 30 June 2014. The second column under the heading "Directors' Remuneration" lists the cash amounts received by the Directors for the work each performed and for the services each provided in the financial year ended 30 June 2014. The third column headed "Director Options (assuming Resolutions 7 to 11 are passed)" lists the value of the Director Options to be issued to each Director using the valuation methodology described in this Explanatory Memorandum under the heading "Valuation of Director Options".
- (l) The most recent closing Share price prior to date of this Notice was 18 cents. If the Share price is at that level when the Director Options are exercised, there will be no cost to the Company. The Directors do not consider that from an economic and commercial point of view, there are any other costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in issuing the Director Options to the Directors pursuant to Resolutions 7 to 11.
- (m) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 7 to 11.

Table 2 - Details of Director's current holdings of securities in the Company

As at the date of this Notice, the Directors and their associates have the following relevant interest in securities of the Company.

Name	Shareholding	Option Holdings
Anthony Maslin	791,197	1,230,198
Seamus Cornelius	1,255,397	1,233,948
Julian Stephens	150,000	1,150,000
Stuart Fogarty	Nil	500,000
Liu Xing Zhou	Nil	700,000

Table 3 - Details of Director's Remuneration (2013/2014)

Director	Directors' Remuneration	Director Options (assuming Resolutions 7 to 11 are passed)	Total
Anthony Maslin ⁽¹⁾	\$180,000	\$50,160	\$230,160
Seamus Cornelius	\$80,000	\$50,160	\$130,160
Julian Stephens ⁽²⁾	\$114,290	\$50,160	\$164,450
Stuart Fogarty	\$35,000	\$50,160	\$85,160

Liu Xing Zhou	\$35,000	\$50,160	\$85,160
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- (1) Mr Maslin is the Managing Director and an executive director
- (2) Dr Julian Stephens fees include \$64,290 in exploration consulting fees

9.7 Valuation of Director Options

The Directors of the Company have obtained an independent valuation of the Director Options by RSM Bird Cameron Corporate Pty Ltd at a valuation date of 23 September 2014.

Methodology

Accounting Standard AASB 2 Share Based Payments prescribes that the following should be factored into the valuation of options:

- strike or exercise price;
- price on grant date of the underlying share;
- life of the option;
- volatility of the underlying share;
- dividends expected on the shares (if appropriate); and
- risk free interest rate.

Director Option valuation model assumptions

The following assumptions have been used in the binomial model below, in assessing the indicative fair value of the Director Options.

Table 4 – Assumptions of binomial model

Assumption	Ref	Director Options
Grant date	1	Nov 2014
Spot price	2	\$0.20
Exercise price	3	29.7 cents
Expiry date	4	Nov 2018
Expected future volatility	5	100%
Risk free rate	6	3.05%
Dividend yield	7	0%
Market discount	8	30%
Value per Director Option		\$0.0836

1. **Grant date** – It has been assumed that the grant date is November 2014, being the proposed date of the Annual General Meeting.
2. **Spot price** – This is usually assumed to be the closing share price of a company's shares on the last trading day prior to the grant date. As the Company is providing an indicative assessment of the fair value, and the Director Options have yet to be granted it has been assumed that the underlying Buxton share price at the grant date is the share price on 23 September 2014, being the date of the independent valuation.
3. **Exercise price** – The exercise price will be equal to 150% of the 5 day VWAP prior to the Annual General Meeting. The exercise price that has been used for the valuation is the 5 day VWAP prior to the valuation date of 23 September 2014 plus 50% which is 29.7 cents.
4. **Expiry date** – The expiry date of the Director Options is November 2018 (being 4 years after the date of this Annual General Meeting).

5. **Expected future volatility** – The historical volatility of the Buxton shares has been calculated over the one, two and three years periods ended 23 September 2014, and considered the historical volatility of comparable companies. Based on the Company's analysis, the Company is of the opinion that a volatility figure of 100% is reflective of the future volatility of the Company's shares over the life of the Director Options.
6. **Risk free rate** – This has been determined based on the yield of a Commonwealth Government 5 year bond, being the period which most closely corresponds to the estimated Director Option life, which at 23 September 2014 yielded 3.05%.
7. **Dividend yield** – Dividend yield of 0% has been assumed as the Company has no history of dividends and is not expected to pay dividends over the Director Option period.
8. **Market discount** – As set out above, the market is applying a discount to the listed Buxton options on issue of 30%. As such, the Company has applied a similar discount due to the similar nature of the Director Options.

9.8 Listing Rule 10.14

Listing Rule 10.14 provides that a company must not issue securities to a Director of the Company under an employee incentive scheme unless the issue has been approved by shareholders by ordinary resolution. If approval is given by shareholders under Listing Rule 10.14, separate shareholder approval is not required under Listing Rule 10.11.

Under Resolutions 7 to 11, the Company seeks approval from Shareholders for the issue of Options to Directors who are related parties of the Company.

In accordance with Listing Rule 10.15, the following information is provided to Shareholders.

- (a) The Director Options will be issued to Messrs Maslin, Cornelius, Stephens, Liu and Fogarty under the Incentive Plan.
- (b) The maximum number of Director Options that will be issued to the related parties is in each case, 600,000 Director Options as set out in Resolutions 7 to 11.
- (c) No monetary consideration is payable for the issue of the Director Options.
- (d) Securities issued previously under the Incentive Plan are as follows:

Name	Options previously issued under the Incentive Plan and approved by shareholders at the 2012 AGM	Acquisition price for each security	Options previously issued under the Incentive Plan and approved by shareholders at the 2013 AGM	Acquisition price for each security
Anthony Maslin	1,100,000	Nil	1,000,000	Nil
Seamus Cornelius	550,000	Nil	500,000	Nil
Dr Julian Stephens	650,000	Nil	500,000	Nil
Liu Xing Zhou	200,000	Nil	500,000	Nil
Stuart Fogarty	Nil	Nil	500,000	Nil
Total	2,500,000	Nil	3,000,000	Nil

- (e) All the Directors are entitled to participate in the Incentive Plan.

- (f) No loans will be provided to Directors.
- (g) The Director Options will be issued no later than 12 months after the date of Shareholder approval.

10. RESOLUTION 12 – ISSUE OF OPTIONS TO CONSULTANTS

Resolution 12 seeks Shareholder approval pursuant to Listing Rule 7.1 for the allotment and issue of a total of up to 720,000 Consultant Options to the Consultants listed below. None of the subscribers under the issue are, or will be, related parties of the Company.

During the past 12 months the Company has received services from numerous consultants and service providers. In line with the Company's policy of protecting its cash reserves, the Company has agreed to issue Consultant Options to each of the consultants and service providers listed below (each a **Consultant**):

- Mr Damien Jones
- Ms Jodi Haslinger
- Mr Sam Wright
- Ms Lydia Fee
- Mr Collin Davy
- Dongarra Limited
- Mr Ben Grgic
- Mr Derek Marshall

The issue of Options is seen as a cost effective way of providing the Consultants a tangible incentive to enhance the performance of the Company and is in line with the current management's approach to conserve working capital and to align their interests with the existing shareholders.

In accordance with Listing Rule 7.3, the following information is provided to Shareholders:

- (a) The maximum number of Consultant Options to be issued is 720,000;
- (b) The Consultant Options will be issued and allotted progressively to each Consultant, or their nominee, within 3 months of Shareholder approval being validly obtained.
- (c) There is no monetary consideration payable for the issue of the Consultant Options and there will be no funds raised from the issue of the Consultant Options.
- (d) The names of the allottees of the Consultant Options and the number of Consultant Options to be issued to each allottee or their nominee are:

Allottee / Consultant	Number of Consultant Options
Damien Jones	200,000
Jodi Haslinger	50,000
Sam Wright	150,000
Lydia Fee	35,000
Collin Davy	50,000

Dongarra Limited	200,000
Ben Grgic	35,000
Derek Marshall	200,000
Total	920,000

- (e) The Consultant Options issued will be issued on the terms and conditions set out in Annexure A.

11. RESOLUTION 13 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

11.1 General

ASX Listing Rule 7.1 permits entities to issue 15% of its issued capital without shareholder approval in a 12 month period, subject to a number of exceptions.

The ASX has recently amended the ASX Listing Rules to allow small to mid-cap companies to seek shareholder approval for additional placement capacity. ASX Listing Rule 7.1A permits eligible entities, which have obtained shareholder approval by special resolution, to issue Equity Securities up to an additional 10% of its issued capital by placements over a 12 month period after the annual general meeting ("Additional Placement Capacity").

The Company seeks Shareholder approval under Resolution 13 to be able to issue Equity Securities under the Additional Placement Capacity. The exact number of Equity Securities to be issued is not fixed and will be determined in accordance the formula prescribed in ASX Listing Rule 7.1A.2 (set out below).

11.2 Requirements of ASX Listing Rule 7.1A

(a) Eligible entities

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

(b) Shareholder approval

Shareholders must approve the Additional Placement Capacity by special resolution at the annual general meeting. A resolution under ASX Listing Rule 7.1A cannot be put at any other shareholder meeting.

(c) Equity Securities

Equity Securities issued under the Additional Placement Capacity must be in the same class as an existing class of Equity Securities of the Company that are quoted on ASX.

As at the date of this Notice, the Equity Securities that are quoted on ASX are fully paid ordinary Shares and listed Options (exercise price 30 cents, expiry date 31 January 2016).

(d) **Formula for calculating number of Equity Securities that may be issued under the Additional Placement Capacity**

If Resolution 13 is passed, the Company may issue or agree to issue, during the 12 month period after this Meeting, the number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A	The number of shares on issue 12 months before the date of issue or agreement: <ul style="list-style-type: none">• plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;• plus the number of partly paid shares that became fully paid in the 12 months;• plus the number of fully paid shares issued in the 12 months with the approval of shareholders under ASX Listing Rules 7.1 or 7.4;• less the number of fully paid shares cancelled in the 12 months.
D	10%
E	The number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under ASX Listing Rules 7.1 or 7.4.

(e) **Interaction between ASX Listing Rules 7.1 and 7.1A**

The Additional Placement Capacity under ASX Listing Rule 7.1A is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

The Company has 62,893,455 Shares on issue as at the date of this Notice. If Resolution 13 is passed, the Company will be permitted to issue (as at the date of this Notice):

- 9,434,018 Equity Securities under ASX Listing Rule 7.1; and
- 6,289,345 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will be permitted to issue under ASX Listing Rule 7.1A will be calculated at the date of issue or agreement to issue the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out above).

The effect of Resolution 13 will be to allow the Company to issue securities under ASX Listing Rule 7.1A without using the Company's placement capacity under ASX Listing Rule 7.1.

11.3 Information for Shareholders as required by ASX Listing Rule 7.3A

(a) Minimum price

The issue price of the new Equity Securities will be no lower than 75% of the volume weighted average price (VWAP) for securities in the relevant quoted class calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 trading days of the date above, the date on which the Equity Securities are issued.

(b) Risk of economic and voting dilution

If Resolution 13 is passed and the Company issues securities under the Additional Placement Facility, existing Shareholders' voting power in the Company will be diluted.

There is the risk that:

- the market price for the Company's existing Equity Securities may be significantly lower on the date of issue of the new Equity Securities than on the date of the Meeting; and
- the new Equity Securities may be issued at a price that is at a discount to the market price of the Company's existing Equity Securities on the issue date or the new Equity Securities may be issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the new Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice.

The table also shows:

- two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue) or future placements under ASX Listing Rule 7.1 that are approved by Shareholders in the future;
- two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in ASX Listing Rule 7.1A.2		Dilution		
		10 cents 50% decrease in Issue Price	20 cents Issue Price	40 cents 100% increase in Issue Price
Current Variable A 62,893,455 Shares	10% Voting Dilution	6,289,346 Shares	6,289,346 Shares	6,289,346 Shares
	Funds raised	\$628,935	\$1,257,869	\$2,515,738
50% increase in current Variable A 94,340,183 Shares	10% Voting Dilution	9,434,018 Shares	9,434,018 Shares	9,434,018 Shares
	Funds raised	\$943,402	\$1,886,804	\$3,773,607
100% increase in current Variable A 125,786,910 Shares	10% Voting Dilution	12,578,691 Shares	12,578,691 Shares	12,578,691 Shares
	Funds raised	\$1,257,869	\$2,515,738	\$5,031,476

This table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the Additional Placement Capacity.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- (iv) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- (v) The issue of Equity Securities under the Additional Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (vi) The issue price is \$0.20, being the closing price of the Shares on ASX on 17 September 2014.

The Company's ability to issue securities under ASX Listing Rule 7.1A is in addition to its ability to issue securities under ASX Listing Rule 7.1.

(c) **Placement Period**

Shareholder approval of the Additional Placement Capacity under ASX Listing Rule 7.1A is valid from 7 November 2014 (the date of this Meeting) and expires on the earlier of:

- 7 November 2015, which is 12 months after this Meeting; or

- the date that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (significant change to nature or scale of activities) or ASX Listing Rule 11.2 (disposal of the main undertaking) (the "**Placement Period**").

The Company will only issue and allot new securities during the Placement Period. The approval will cease to be valid in the event that shareholders' approve a transaction under ASX Listing Rules 11.1.2 or 11.2.

(d) Purposes for which the new Equity Securities may be issued

The Company may seek to issue new Equity Securities for the following purposes:

- cash consideration to raise funds for the acquisition of new assets or investments (including the expenses associated such acquisition), continued expenditure on the Company's current assets and for general working capital; or
- non-cash consideration for acquisition of new assets and investments or for the payment of goods and services provided to the Company. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

(e) Allocation policy

The Company's allocation policy for the issue of new Equity Securities under the Additional Placement Capacity will depend on the market conditions existing at the time of the proposed issue. The allottees will be determined at the relevant time having regard to factors such as:

- the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- the effect of the issue of new securities on the control of the Company;
- the financial situation and solvency of the Company;
- advice from corporate, financial and broking advisers (as relevant).

As at the date of this Notice the allottees are not known but may include existing substantial Shareholders and/or new Shareholders. No allottee under the Additional Placement Capacity will be a related party or associate of a related party. Existing Shareholders may or may not be entitled to subscribe for any Equity Securities issued under the Additional Placement Capacity and it is possible that their shareholding will be diluted.

If the Additional Placement Capacity is used to acquire new assets or investments then it is likely that the allottees will be the vendors of the new assets.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A on the issue of any new securities.

(f) Details of Equity Securities issued in the 12 months preceding the date of Meeting

The Company has previously received Shareholder approval for the Additional Placement Capacity at its 2012 annual general meeting. Pursuant to Listing Rule 7.3A.6 the following information is provided to Shareholders:

- The total number of Equity Securities issued in the 12 months preceding this Meeting is 12,332,000 (being 8,377,000 Shares and 3,955,000 Options). These Equity Securities represent 17.80% of the total number of Equity Securities on issue at 6 October 2014.
- The details for the issue of Equity Securities issued during the 12 months preceding the date of the Meeting are set out below.

Date of issue:	29 November 2013
Number of Equity Securities:	3,955,000
Summary of terms:	Unlisted Options exercisable at 28 cents each expiring 15 November 2017.
Names of persons or basis on which allottees were determined:	The Options were issued to directors and a consultant as per Resolutions 6 to 11 passed by Shareholders at the AGM held 28 November 2013.
Price:	The Options were issued for no cash consideration.
Discount to market price:	Not applicable.
Current value of the non-cash consideration:	The Company has valued the Options as at 17 September 2014 at 11.3 cents per Option using the Black-Scholes method. Therefore, the current value of the 3,955,000 Options is \$446,915

Date of issue:	4 August 2014
Number of Equity Securities:	100,000
Summary of terms:	Fully paid ordinary shares
Names of persons or basis on which allottees were determined:	The Shares were issued to S3 Consortium Pty Ltd pursuant to the terms of an agreement between the Company and S3 Consortium Pty Ltd.
Price:	The Shares were issued for no cash consideration.
Discount to market price:	Not applicable.
Current value of the non-cash consideration:	The Company has valued the Shares as at 17 September 2014 at 20 cents per Share using a quoted market price valuation as the Shares are listed. The last trading price of the Shares was 20 cents on 17 September 2014. Therefore, the current value of the 100,000 Shares is \$20,000.

Date of issue:	4 August 2014
Number of Equity Securities:	200,000
Summary of terms:	Fully paid ordinary shares
Names of persons or basis on which allottees were determined:	The Shares were issued to Damian Jones, exploration manager of the Company.
Price:	The Shares were issued on exercise of Options at an exercise price of 28 cents per Option.
Discount to market price:	The closing price of Shares on 4 August 2014 was 34 cents.
Current value of the non-cash consideration:	The Company has valued the Shares as at 17 September 2014 at 20 cents per Share using a quoted market price valuation as the Shares are listed. The last trading price of the Shares was 20 cents on 17 September 2014. Therefore, the current value of the 200,000 Shares is \$40,000.

Date of issue:	12 September 2014
Number of Equity Securities:	8,077,000
Summary of terms:	Fully paid ordinary shares
Names of persons or basis on which allottees were determined:	The Shares were issued to clients of Hartleys Limited, and to other sophisticated and professional investors under Section 708 of the Corporations Act. The recipients were not related parties of the Company.
Price:	\$0.20 per share.
Discount to market price:	Shares were issued at a 1.5 cent premium to the closing share price on 12 September.
Total cash consideration received:	\$1,615,400
Amount of cash consideration spent:	Approximately \$100,000 for the costs associated with the capital raising.
Intended use for remaining amount of cash:	The Company intends to use the funds for exploration activities and for general working capital.

(g) **Voting exclusion**

At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in a proposed issue of Equity Securities under the proposed Additional Placement Capacity. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

BUXTON RESOURCES LIMITED
ACN 125 049 550

GLOSSARY

In the Notice and this Explanatory Statement the following expressions have the following meanings:

"Additional Placement Capacity" means the capacity to issue Equity Securities by way of placement approved by Shareholders under Listing Rule 7.1A.

"ASX" means the ASX Limited (ABN 98 008 624 691).

"ASX Listing Rules" or **"Listing Rules"** means the Listing Rules of the ASX.

"Board" means the Board of Directors of the Company.

"Business Day" has the same meaning as in the ASX Listing Rules.

"Chairman" means the chairman of the Company.

"Closely Related Party" means a closely related party of a member of Key Management Personnel as defined in section 9 of the Corporations Act, being:

- (a) a spouse or a child of the member;
- (b) a child of that member's spouse;
- (c) a dependant of that member or of that member's spouse;
- (d) anyone else who is of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;
- (e) a company that is controlled by that member; or
- (f) any other person prescribed by the Corporations Regulations 2001 (Cth).

"Company" or **"Buxton Resources"** means Buxton Resources Limited (ACN 125 049 550).

"Consultant Options" means the Options to be issued to consultants the subject of Resolution 12.

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

"Director Options" means Options to be issued to the Directors the subject of Resolutions 7 to 11.

"Directors" means the directors of the Company from time to time.

"Equity Securities" has the same meaning as in the Listing Rules.

"Explanatory Statement" means this Explanatory Statement.

"Incentive Plan" means the employee incentive plan approved by Shareholders at the annual general meeting of 23 November 2012 and as amended.

"Key Management Personnel" means the key management personnel of the Company as defined in Section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

"Meeting" or **"Annual General Meeting"** means the meeting convened by this Notice.

"Notice" means the notice of meeting that accompanies this Explanatory Statement.

Option means a right, but not an obligation to purchase a fully paid ordinary share in the capital of the Company

Remuneration Report means the remuneration report of the Company as defined under section 9 of the Corporations Act.

"Resolution" means a resolution referred to in the Notice.

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

"Share Purchase Plan" means the share purchase plan of the Company offering eligible Shareholders at the record date of 2 September 2014 the opportunity to subscribe for Shares at 20 cents per Share.

"Shareholder" means a registered holder of a Share.

"Shortfall Shares" means the Shares up to the maximum of 5,000,000 Shares not subscribed for by eligible Shareholders under the Share Purchase Plan.

"VWAP" means volume weighted average price.

"WST" or **"Western Standard Time"** means Western Standard Time, Perth, Western Australia.

ANNEXURE A – TERMS AND CONDITIONS OF OPTIONS

The Director Options the subject of Resolutions 7 to 11 and the Consultant Options the subject of Resolution 12 entitle the holder to subscribe for Shares on the following terms and conditions:

1. Each Option entitles the holder to subscribe for one (1) Share.
2. The Options are exercisable at any time prior to 5.00pm WST 7 November 2018 ("**Expiry Date**") and any options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
3. The exercise price will be equal to 150% of the 5 day VWAP prior to the Annual General Meeting.
4. The Options held by each optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
5. An Optionholder may exercise their options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of options specifying the number of options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
6. An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
7. Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
8. The Options are not transferable except with the prior written consent of the board of directors of the Company.
9. All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
10. The Company will not apply for quotation of the Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
11. If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.
12. If the Company makes a pro rata issue (other than a bonus issue), the Exercise Price of the options on issue will be changed in accordance with the formula prescribed in the Listing Rules.
13. There are no participating rights or entitlements inherent in the Options and optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

14. If there is a bonus issue to the holders of Shares, then the number of Shares over which the option is exercisable will be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
15. An option does not confer the right to a change in these terms which has the effect of a change in the Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

Buxton Resources Limited

ACN 125 049 550

APPOINTMENT OF PROXY

I/We

of

being a shareholder of Buxton Resources Limited and entitled to attend and vote hereby appoint:

the Chair of the
Meeting

OR

(Mark box with
an X)

(Insert the name of the person (or body corporate) you are appointing if this person **is someone other than the**
Chair of the Meeting. Do not insert your own name.)

or failing attendance at the Meeting of the person named, or if no person is named, the Chair of the Meeting as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the directions on this proxy form or, if no directions have been given and to the extent permitted by law, as the proxy sees fit at the Meeting of Buxton Resources Limited to be held at Steve's Wine Cellar, 30 The Avenue, Nedlands, Western Australia on 7 November 2014 at 12:00pm (WST) and at any adjournment or postponement thereof.

Important for Resolutions 1 and 7 to 11

If you appoint a member of the Company's key management personnel (other than the Chairman of the Meeting) or a closely related party of a member of the Company's key management personnel as your proxy, and you do not direct your proxy how to vote in respect of Resolutions 1 and 7 to 11 your proxy will NOT cast your vote on these Resolutions and your votes will not be counted.

If you appoint the Chairman of the Meeting as your proxy (or the Chairman of the Meeting becomes your proxy by default) and you do not direct your proxy how to vote in respect of Resolutions 1 and 7 to 11 your vote will be cast FOR this Resolution, and you hereby expressly authorise the Chairman of the Meeting to exercise your proxy even though Resolutions 1 and 7 to 11 are connected directly or indirectly with the remuneration of the members of the Company's key management personnel.

IMPORTANT NOTES

The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. If the Chair of the Meeting is your proxy (or becomes your proxy by default) and you do not mark a voting box for any of the items of business then by signing and returning this Proxy Form you will be expressly authorising the Chair to exercise your proxy in respect of the relevant items. If you appoint the Chair of the Meeting as your proxy you can direct him/her to vote for or against or to abstain from voting on the items by marking the appropriate box below.

VOTING DIRECTIONS TO YOUR PROXY

ITEMS OF BUSINESS

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Cornelius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of consultant shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of placement shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to issue shortfall shares to unrelated parties under the SPP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to issue shortfall shares to Seamus Cornelius under the SPP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Options to Mr Anthony Maslin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options to Mr Seamus Cornelius	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Options to Dr Julian Stephens	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Options to Mr Liu Xing Zho	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Options to Mr Stuart Fogarty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Issue of Options to Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Approval of Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the "Abstain" box for an item of business, your votes will not be counted in computing the required majority.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

%

SIGNATURE OF SHAREHOLDER(S)

Signed this day of 2014.

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director and Sole Company
Secretary

Director

Director/Company Secretary

Buxton Resources Limited
ACN 125 049 550

INSTRUCTIONS FOR COMPLETING PROXY FORM

LODGEMENT OF YOUR PROXY FORM

This proxy form must be received by [time] on [date].

Any proxy form (and any Power of Attorney under which it is signed) received after that time will not be valid.

How to complete this proxy form

If you are unable to attend the Meeting, you are encouraged to appoint a person or body corporate who will attend as your proxy and exercise your right to vote your shares. Your proxy does not need to be a shareholder. It may be an individual or a company. Note that if you appoint a body corporate as your proxy, the body corporate should appoint a person as its representative at the Meeting in accordance with section 250D of the Corporations Act. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.

Appointment of a second proxy

If you are entitled to cast two or more votes, you may appoint up to two proxies to attend the Meeting and vote. A separate proxy form should be used for each proxy appointment. An additional proxy form will be supplied on request. If you appoint two proxies you must insert the percentage of votes to be allocated to each proxy in each proxy form. If you do not specify this, each proxy may exercise half of your votes. Fractions of votes are disregarded.

Directing your proxy how to vote

If you wish to direct your proxy how to vote (or to abstain from voting) on any item, place a mark (X) in the "For", "Against" or "Abstain" box for each item. If you mark more than one box on an item, your vote on that item will be invalid. If you mark the "Abstain" box for a particular item, you are directing your proxy not to vote on your behalf on a poll and your votes will not be counted in computing the required majority. If you do not direct your proxy how to vote, your proxy may vote as they choose.

Signing instructions

You must sign this proxy form as follows in the spaces provided.

Individual: Where the holding is in one name, the proxy form must be signed by the shareholder.

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 proxy form when you return it.

Companies: Where the company has a sole director who is also the sole company secretary, the proxy form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can sign alone. Otherwise the proxy 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.

If a representative of a company shareholder or a company proxy is to attend the meeting the appropriate "Appointment of Corporate Representative Form" should be produced prior to admission. This form may be obtained from the Share Register.

Proxy appointments and proxy appointment authorities may be lodged:

BY MAIL	IN PERSON	BY FAX	BY EMAIL
PO Box 661 Nedlands WA 6909	Suite 1, First Floor 14-16 Rowland Street Subiaco WA 6008	+61 8 9389 1464	sam@buxtonresources.com.au