



ABN 53 117 086 745

**NOTICE OF ANNUAL GENERAL MEETING  
OF SHAREHOLDERS**

**EXPLANATORY MEMORANDUM**

**AND**

**PROXY FORM**

**4:00 PM (CST) THURSDAY 20 NOVEMBER 2014**

**AT**

**TENNANT CREEK BATTERY HILL AND MINING CENTRE  
PEKO ROAD, TENNANT CREEK, NT**

This Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Notice is hereby given that the Annual General Meeting of Emmerson Resources Limited ("Company" or "Emmerson") will be held at Tennant Creek Battery Hill and Mining Centre, Peko Road, Tennant Creek, Northern Territory on Thursday 20 November 2014 commencing at 4:00 pm (CST) for the purpose of transacting the following business:

### **AGENDA**

#### **ANNUAL ACCOUNTS**

To receive and consider the Annual Financial Report, Directors' Report, Directors' Declaration and Audit Report for the year ended 30 June 2014. The Annual Financial Report is available at the website of the Company ([www.emmersonresources.com.au](http://www.emmersonresources.com.au)) under "Shareholders", "Annual Reports".

#### **RESOLUTION 1 - RE-ELECTION OF MR ANDREW MCILWAIN**

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

*"That Mr Andrew McIlwain who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."*

#### **RESOLUTION 2 - ADOPTION OF REMUNERATION REPORT**

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

*"That the Remuneration Report (included from page 16 to page 23 of the Directors Report of the Company's 2014 Annual Report) for the year ended 30 June 2014 be adopted."*

Note that the vote on this item is advisory only and does not bind the Directors or the Company.

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member. However, a vote may be cast by such person if the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

#### **RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF SHARES**

To consider and if thought fit, to pass the following resolution as an ordinary resolution:

*"That, pursuant to and in accordance with ASX Listing Rule 7.4 and for all other purposes, the Company ratifies the issue and allotment on 7 July 2014 to Evolution Mining Limited a total of 49,144,000 fully paid ordinary Shares at an issue price of \$0.0381 per Share."*

The Company will disregard any votes cast on this Resolution by Evolution Mining Limited and any of its associates. However, the Company need not disregard a vote if it 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 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.

**RESOLUTION 4 - APPROVAL OF INCENTIVE OPTION SCHEME**

To consider and if thought fit, to pass the following as an ordinary resolution:

*"That, for the purposes of Exception 9 of Rule 7.2 of the ASX Listing Rules and for all other purposes, approval is given for the Company to administer and issue securities under its Incentive Option Scheme as an exception to Listing Rule 7.1 and on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice of Meeting."*

The Company will disregard any votes cast on this Resolution by any person who is eligible to participate in the Incentive Option Scheme and any of their associates. However, the Company need not disregard a vote if it 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 it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form.

**RESOLUTION 5 - ISSUE OF INCENTIVE OPTIONS TO MR ANDREW MCILWAIN**

To consider and if thought fit, to pass the following as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.14 and section 195 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves and authorise the grant and issue of 2,000,000 Options to Mr Andrew McIlwain pursuant to the Company's Incentive Option Scheme on the terms and conditions set out in the Explanatory Memorandum."*

The Company will disregard any votes cast on this Resolution by Mr Andrew McIlwain and any of his associates. However, the Company need not disregard a vote if it 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 it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form.

**RESOLUTION 6 - ISSUE OF INCENTIVE OPTIONS TO MR SIMON ANDREW**

To consider and if thought fit, to pass the following as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.14 and section 195 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves and authorise the grant and issue of 2,000,000 Options to Mr Simon Andrew pursuant to the Company's Incentive Option Scheme on the terms and conditions set out in the Explanatory Memorandum."*

The Company will disregard any votes cast on this Resolution by Mr Simon Andrew and any of his associates. However, the Company need not disregard a vote if it 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 it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form.

**RESOLUTION 7 - ISSUE OF INCENTIVE OPTIONS TO MR ROBERT BILLS**

To consider and if thought fit, to pass the following as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 10.14 and section 195 and Chapter 2E of the Corporations Act and for all other purposes, the Company approves and authorise the grant and issue of 5,000,000 Options to Mr Robert Bills pursuant to the Company's Incentive Option Scheme on the terms and conditions set out in the Explanatory Memorandum."*

The Company will disregard any votes cast on this Resolution by Mr Robert Bills and any of his associates. However, the Company need not disregard a vote if it 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 it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form.

**RESOLUTION 8 - APPROVAL OF 10% PLACEMENT FACILITY**

To consider and if thought fit, to pass the following as a special resolution:

*"That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum."*

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company need not disregard a vote if it 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 it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form.

**OTHER BUSINESS**

To transact any other business that may be legally brought before the meeting.

By order of the Board



**Trevor Verran**  
Company Secretary  
17 October 2014

## **INTRODUCTION**

This Explanatory Memorandum has been prepared for the information of Shareholders of Emmerson Resources Limited ("Company" or "Emmerson") in connection with the business to be conducted at the Annual General Meeting to be held at Tennant Creek Battery Hill and Mining Centre, Peko Road, Tennant Creek, Northern Territory on Thursday 20 November 2014 commencing at 4:00 pm (CST).

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

This Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

## **ANNUAL ACCOUNTS**

The Corporations Act requires the Financial Report and accompanying Directors' Report, Directors' Declaration and Audit Report for the year ended 30 June 2014 to be laid before the Meeting. No resolution will be required to be passed on this matter, however, shareholders will have an opportunity to ask questions and comment the reports at the AGM.

## **RESOLUTION 1 - RE-ELECTION OF MR ANDREW MCILWAIN**

The Company's Constitution requires that at the Annual General Meeting, one-third of the Directors shall retire from office. In accordance with this requirement Mr McIlwain retires and being eligible, has offered himself for re-election as a Director.

Mr McIlwain was appointed as a Director of the Company on 26 April 2007 and is the independent Non-Executive Chairman of the Company. Details of Mr McIlwain background and experience are set out in the Annual Report.

The Board (excluding Mr McIlwain) recommends that Shareholders vote in favour of Resolution 1. The Chairman of the meeting intends to vote undirected proxies in favour of Resolution 1.

## **RESOLUTION 2 - ADOPTION OF REMUNERATION REPORT**

Resolution 2 seeks shareholder approval for the adoption of the Remuneration Report for the year ended 30 June 2014.

Prior to voting on this Resolution there will be an opportunity for Shareholders to ask questions and comment about the Remuneration Report for the year ended 30 June 2014 which is included from page 16 to page 23 of the Directors Report of the Company's 2014 Annual Report. The vote on this Resolution is advisory only and will not bind the Directors or the Company.

However recent changes to the Corporations Act which came into effect on 1 July 2011 give Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (Two Strikes Rule).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Board takes seriously the need to ensure that executive remuneration achieves an appropriate balance between the interests of Shareholders and the need to attract and retain management who have the skills and expertise necessary to drive the company forward. Having had regard to a number of factors including the size

of the company, the nature of its operations, conditions in the executive employment market pertaining to its industry, and having obtained expert advice, the Board has confirmed its view that the Company's remuneration structure is reasonable and appropriate.

In early 2013, the non-executive directors agreed to reduce and subsequently suspend payment of their directors' fees from 1 September 2013 until the Company secured ongoing funding for its activities. Directors' fees were re-instated in June 2014 together with the back payment of suspended fees.

The Company has not received any adverse feedback in relation to its remuneration practices.

The 2013 remuneration report was adopted at the company's 2013 annual general meeting where over 98% of proxies received were in favour of the remuneration report for the 2013 financial year. The company received no questions at the 2013 annual general meeting in relation to its remuneration report and the Company's remuneration practices and report structure has not changed from the 2013 year.

The Board recommends that Shareholders vote in favour of Resolution 2. The Chairman intends to exercise all undirected proxies in favour of Resolution 2. 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 2, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

### **RESOLUTION 3 - RATIFICATION OF PRIOR ISSUE OF SHARES**

As announced to ASX on 12 June 2014, Emmerson entered into a farm-in and joint venture transaction with Evolution Mining Limited (Evolution). Under the terms of this transaction, Evolution will sole fund expenditure of \$15 million on exploration over the next three years to earn a 65% interest in Emmerson's tenement holdings at Tennant Creek with an option to sole fund a further \$10m over 2 years to earn an additional 10%.

In addition, Evolution agreed to subscribe for 49,144,000 Shares in the Company under a subscription agreement be held in escrow for 12 months from the date of issue at a price of \$0.0381 per share (the 20 day volume weighted average price) for a total cash consideration of \$1,872,386 resulting in Evolution holding 13% of the Company's issued capital after the issue of these shares.

Under the terms of the subscription agreement Evolution has a right to participate in every new issue of shares or other equity securities by the Company for a period of 3 years (other than issues under Emmerson's incentive options plan or performance rights plan) pro rata to the Evolution's ownership interest in the Company. Any securities issued under this right must be on terms no less favourable to Evolution than the most favourable terms offered to any other subscriber for the new issue.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 49,144,000 Shares. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Evolution is not a related party of the Company.

For the purposes of Listing Rules 7.4 and 7.5, the following information is provided to shareholders:

- (a) 49,144,000 Shares were allotted and issued on 7 July 2014 to be held in escrow for 12 months until 7 July 2015;
- (b) the issue price was \$0.0381 per share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Evolution Mining Limited; and
- (e) the funds raised from this issue will be used to provide working capital for the Company.

#### **RESOLUTION 4 - APPROVAL OF INCENTIVE OPTION SCHEME**

The Company has an Incentive Option Scheme ("Scheme") which was last approved at the Annual General Meeting held on 29 November 2010. Resolution 4 is a resolution which seeks shareholder approval in accordance with Exception 9 of Rule 7.2 of the ASX Listing Rules for the Company to issue securities under the Scheme without prior shareholder approval and in reliance on the exception to Listing Rule 7.1.

Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities, including options. The effect is that shareholder approval is required before the company may issue securities representing more than 15% of the capital of the company within a 12 month period. However, certain issues are exempt from the restrictions of Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue when the notice of meeting contains or is accompanied by certain prescribed information (set out below) (Exception 9 of Listing Rule 7.2).

In order to take advantage of the exemption from Listing Rule 7.1 and allow the Company flexibility to issue securities, shareholders are requested to approve the issue of securities under the Scheme as an exemption from Listing Rule 7.1. This approval will be effective for a period of 3 years from the date of the Resolution. It should be noted that Resolution 4 does not approve the issue of any Scheme Options to any Director of the Company. Scheme Options cannot be granted to Directors or their associates unless prior approval of shareholders is obtained in accordance with the Listing Rules.

The main purposes of the Scheme is to give an additional incentive to Directors and employees of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its Directors and employees for their efforts. Under the Company's current circumstances, the Directors consider that offering Options as incentives to employees are cost effective for the Company and provide appropriate incentivisation to the employee, as opposed to alternative forms of incentives such as cash bonuses or increased remuneration.

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Options under the Scheme.

If Scheme Options are exercised, it will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of Options exercised. It will also increase the number of Shares that are on issue by the number of Options exercised.

Resolution 4 seeks shareholder approval under Listing Rule 7.2 (Exception 9(b)), for the grant of Options under the Scheme (and the issue of fully paid ordinary shares in the capital of the Company on exercise of those Options) from time to time as an exception to Listing Rule 7.1 for a period of three years commencing on the date of the Meeting without being required to count those securities as part of, and without reducing, the number or securities which the Company can issue under its annual 15% limit. The impact is that for a period of three years the grant of Options, or issue of shares upon the exercise of Options, will be excluded from the number of securities used to determine the Company's annual 15% limit in each rolling 12 month period. In accordance with Exception 9 of Listing Rule 7.2, shareholders are provided with the following information.

A summary of the significant terms of the Incentive Option Scheme are as follows:

- (a) **Purpose:** The purpose of the Scheme is to encourage participation by Eligible Participants in the Company through Share ownership and to attract, motivate and retain Eligible Participants.
- (b) **Eligible Participant:** means a full or part time employee or a director of the Company or an Associated Body Corporate, whom the directors determine is entitled to participate in the Scheme.
- (c) **Offers:** The Board, acting in its absolute discretion, may offer Options to any Eligible Participant from time to time as determined by the Board and in exercising that discretion, may have regard to some or all of the following:
- the Eligible Participant's length of service;
  - the contribution made by the Eligible Participant;
  - the potential contribution of the Eligible Participant; or
  - any other matter the Board considers relevant; and

impose conditions, including performance-related conditions, on the right of an Eligible Participant to exercise any Option granted.

- (d) **Options:** Options are granted for no consideration. Options will not be quoted on the ASX. Shares issued pursuant to the exercise of Options rank pari passu with all ordinary issued shares of the Company.
- (e) **Exercise Price:** is to be determined by the Board for each Offer and otherwise in accordance with the ASX Listing Rules.
- (f) **Vesting Conditions:** The Board determines vesting conditions for each Offer
- (g) **Exercising Options:** Options can be exercised at any time after the Options have vested and prior to the Option expiry date by notice to the Company Secretary in the prescribed form.
- (h) **Lapsing of Options:** Options lapse if they are not exercised by the Option expiry date. Unless otherwise determined by the Board, where the Eligible Participant ceases their employment or directorship with the Company or an Associated Body Corporate, the Eligible Participant has 60 days in which to exercise any vested Options or until the Option expiry date, whichever is earlier.
- (i) **Renunciation:** Upon receipt of an Offer, an Eligible Participant may, by notice in writing to the Board, nominate an Associate of that Eligible Participant (Nominee) in whose favour the Eligible Participant wishes to renounce the Offer. The Board may, in its discretion, resolve not to allow a renunciation of an Offer in favour of a Nominee without giving any reason for that decision. If the Board resolves to allow a renunciation of an Offer in favour of a Nominee, the Eligible Participant will procure that the permitted Nominee accepts the Offer made to that Eligible Participant and that both the Eligible Participant and the Nominee agree to be bound by the Rules.
- (j) **New Issues:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (k) **Rights Issues:** If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) no adjustment will be made to the Option Exercise Price.
- (l) **Bonus Issues:** In the event of a bonus issue of Shares being made pro rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the Option.



(m) **Trigger Event:** means the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act; or the announcement of a takeover bid or receipt by the Company of a bidder's statement in respect of the Company; or the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

Notwithstanding the Rules of the Scheme, upon the occurrence of a Trigger Event, the Directors may determine:

- i) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
- ii) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

No securities have been issued under the Scheme since the date of the last approval.

#### **RESOLUTIONS 5, 6 AND 7 - ISSUE OF INCENTIVE OPTIONS TO ANDREW MCILWAIN, SIMON ANDREW and ROBERT BILLS**

Resolutions 5, 6 and 7 seek shareholder approval to grant and issue a total of 9,000,000 Options to Messrs Andrew McIlwain, Simon Andrew and Robert Bills (Related Parties) pursuant to the Company's Incentive Option Scheme, on the terms and conditions set out in Annexure A to the Explanatory Memorandum accompanying this Notice of Meeting.

Resolutions 5, 6 and 7 seek Shareholder approval to allow the Company to grant the following unlisted Options to Directors at no cost and at an exercise price of a 50% premium to volume weighted average price (VWAP) of the Company's Shares as traded on ASX for the 5 days to the date of this Meeting:

|                 | <b>Resolution<br/>Number</b> | <b>Number of<br/>Options</b> | <b>Expiry<br/>Date</b> |
|-----------------|------------------------------|------------------------------|------------------------|
| Andrew McIlwain | 5                            | 2,000,000                    | 31/12/2017             |
| Simon Andrew    | 6                            | 2,000,000                    | 31/12/2017             |
| Robert Bills    | 7                            | 5,000,000                    | 31/12/2017             |
| <b>Total</b>    |                              | <u>9,000,000</u>             |                        |

Shareholder approval for the grant and issue of the Options the subject of Resolutions 5, 6 and 7 is required by ASX Listing Rule 10.14 and Chapter 2E of the Corporations Act.

#### **Purpose of the Options**

The grant of the Options is designed to incentivize the recipients and align the Board and management in the setting and achievement of the Company's objectives and participating in the future growth and prosperity of the Company through share ownership.

Under the Company's current circumstances, the Directors consider that the incentives to the Directors noted above, represented by the issue of the Options are a cost effective and efficient reward and incentive for the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation to Directors. Andrew McIlwain and Simon Andrew are Non-Executive Directors of the Company. The Company acknowledges the issue of Options to Non-Executive Directors is contrary to recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However the Directors are of the view that at this stage of the Company's development it is far better for Directors of the Company to be compensated by way

of securities in the Company, rather than by way of cash to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.

The number of Options to be issued to each of the Directors has been determined based on a number of factors including:

- (a) the role of each Director, in particular their specialist assistance to management;
- (b) continuity of senior management. The Directors have acquired substantial and extensive knowledge regarding the development of the Company's projects. The retention of the current Board with the knowledge possessed by each of them will be critical to the successful development of the Company's projects;
- (c) market standards. The Directors have generally reviewed a selection of comparable companies to determine market conditions generally and consider the proposed number of Options to be issued will ensure that the overall remuneration those persons are in line with market standards; and
- (d) alignment of interests. The Directors consider that it is in the interests of shareholders to align the interests of Directors and shareholders by encouraging Directors to have an equity holding in the Company. However, the Directors consider that similarly to other shareholders, this interest should arise through direct investment by the Directors in the Company. In this regard, if shareholders approve the grant and issue of the Options under Resolutions 5 to 7 and those Options granted are subsequently exercised by the Directors prior to the expiry date, the Directors will have invested into the Company an amount equivalent to the exercise price multiplied by the number of Options exercised.

The Directors have determined an exercise price of a 50% premium to VWAP of the Company's Shares as traded on ASX for the 5 days to the date of this Meeting in light of the recent price of Shares and current market practices. In the last three months before the date of lodgment of this Notice with ASIC, the highest price of Shares was \$0.05 on 21 July 2014 and the lowest price was \$0.035 on 30 September 2014. The latest closing price prior to lodgment of this Notice with ASIC was \$0.036 on 3 October 2014.

### **Related Party Transactions**

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

- i) the giving of the financial benefit falls within one of the nominated exceptions in Chapter 2E; or
- ii) shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

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

Resolutions 5 to 7 provide for the grant of Options to Directors of the Company which is a financial benefit for the purposes of Chapter 2E of the Corporations Act and, therefore, requires prior shareholder approval.

In accordance with Chapter 2E of the Corporations Act, the following information is provided to shareholders:

- (a) the Related Parties are Messrs Andrew McIlwain, Simon Andrew and Robert Bills and they are related parties by virtue of each being a Director of the Company.
- (b) If Resolutions 5 to 7 are passed by shareholders it will permit the giving the following financial benefit to the Directors:

|                 | <b>Resolution<br/>Number</b> | <b>Number of<br/>Options</b> | <b>Expiry Date</b> | <b>Consideration</b> | <b>Exercise<br/>Price</b> |
|-----------------|------------------------------|------------------------------|--------------------|----------------------|---------------------------|
| Andrew McIlwain | 5                            | 2,000,000                    | 31/12/2017         | nil                  | Note 1                    |
| Simon Andrew    | 6                            | 2,000,000                    | 31/12/2017         | nil                  | Note 1                    |
| Robert Bills    | 7                            | 5,000,000                    | 31/12/2017         | nil                  | Note 1                    |
| <b>Total</b>    |                              | <u>9,000,000</u>             |                    |                      |                           |

Note 1 - the exercise price is a 50% premium to VWAP of the Company's Shares as traded on ASX for the 5 days to the date of this Meeting.

- (c) The nature of the financial benefit proposed to be given is the grant of Options in the Company for no consideration on the terms and conditions set out in Annexure A to this Explanatory Memorandum. The purpose of the issue is to give each of the Directors an incentive to provide dedicated and ongoing commitment to the Company. The Directors consider the issue of the Options is appropriate having regard to the skills, ability and contribution of the Directors (both now and in the future) to the Company.
- (d) The value of the financial benefit and the amounts to be paid by the Directors in the event the Options are exercised will depend upon the exercise price which is dependent on the VWAP of the Company's Shares as traded on ASX for the 5 days to the date of this Meeting.

The Options are not to be quoted on ASX and as such have no actual market value. The Options are capable of being converted to shares in the Company by the payment of the exercise price and accordingly have a value at the date of grant. If the Company's shares are trading at a higher price than the exercise price at the time of exercise, the effect will be to give an immediate financial benefit to the Director who has exercised his Options.

The value of the Options using the Black and Scholes option pricing model is \$0.016 per Option using the following material assumptions in valuing the Options:

- share price of \$0.04 per share;
- VWAP at date of meeting of \$0.04 per share;
- option exercise price of \$0.06 per Option (50% premium to VWAP);
- risk free interest rate of 2.5%; and
- volatility factor of 75%.

Accordingly under the above assumptions, the value of the Options to be issued and the amounts to be paid by the Directors in the event the Options are exercised are as follows:

|                 | <b>Number of<br/>Options</b> | <b>Value per<br/>Option</b> | <b>Total value<br/>of Options</b> | <b>Exercise<br/>price per<br/>Option</b> | <b>Total<br/>amount to<br/>be paid on<br/>exercise of<br/>Options</b> |
|-----------------|------------------------------|-----------------------------|-----------------------------------|--|---|
| Andrew McIlwain | 2,000,000                    | \$0.016                     | \$32,000                          | \$0.06                                   | \$120,000   |
| Simon Andrew    | 2,000,000                    | \$0.016                     | \$32,000                          | \$0.06                                   | \$120,000   |
| Robert Bills    | 5,000,000                    | \$0.016                     | \$80,000                          | \$0.06                                   | \$300,000   |
| <b>Total</b>    | <b>9,000,000</b>             |                             | <b>\$144,000</b>                  |  | <b>\$540,000</b>  |

- (e) As at the date of this Notice, the Directors hold the following relevant interests in the securities of the Company representing 2.97% of the current issued capital of the Company on a fully diluted basis:

|                 | <b>Ordinary<br/>shares</b> | <b>Unlisted<br/>rights</b> | <b>Total<br/>Securities</b> |
|-----------------|----------------------------|----------------------------|-----------------------------|
| Andrew McIlwain | 1,334,927                  | -                          | 1,334,927                   |
| Simon Andrew    | 5,181,484                  | -                          | 5,181,484                   |
| Robert Bills    | 3,246,225                  | 1,500,000                  | 4,746,225                   |
| <b>Total</b>    | <b>9,762,636</b>           | <b>1,500,000</b>           | <b>11,262,636</b>           |

- (f) If Shareholders approve all Resolutions contained in this Notice, the Directors will hold the following relevant interests in the securities in the Company representing 5.22% of the issued capital of the Company on a fully diluted basis:

|                 | <b>Ordinary<br/>shares</b> | <b>Unlisted<br/>rights</b> | <b>Unlisted<br/>Options</b> | <b>Total<br/>Securities</b> |
|-----------------|----------------------------|----------------------------|-----------------------------|-----------------------------|
| Andrew McIlwain | 1,334,927                  | -                          | 2,000,000                   | 3,334,927                   |
| Simon Andrew    | 5,181,484                  | -                          | 2,000,000                   | 7,181,484                   |
| Robert Bills    | 3,246,225                  | 1,500,000                  | 5,000,000                   | 9,746,225                   |
| <b>Total</b>    | <b>9,762,636</b>           | <b>1,500,000</b>           | <b>9,000,000</b>            | <b>20,262,636</b>           |

- (g) If Shareholders approve all Resolutions contained in this Notice, the capital structure of the Company would be as follows with relevant interests in securities held by Directors representing 5.22% of the issued capital of the Company on a fully diluted basis:

|   | <b>Total</b>       | <b>Held by Directors</b> | <b>% Held by Directors</b> |
|---|--------------------|--------------------------|----------------------------|
| Shares currently on issue                               | 376,842,704        | 9,762,636                | 2.59%                      |
| Rights currently on issue                               | 2,162,500          | 1,500,000                | 69.36%                     |
| Total securities currently on issue                     | 379,005,204        | 11,262,636               | 2.97%                      |
| Proposed Options under resolutions 5 to 7               | 9,000,000          | 9,000,000                | 100.00%                    |
| <b>Total securities after issue of proposed Options</b> | <b>388,005,204</b> | <b>20,262,636</b>        | <b>5.22%</b>               |

If all of the Options granted to Directors as proposed are exercised, the effect would be to dilute the shareholding of existing shareholders by 2.25% on a fully diluted basis based on the number of securities on issue as at the date of the notice.

- (h) During the last 12 months before the date of lodgment of this Notice with ASIC, the highest trading price of the Company's shares on the ASX was \$0.054 on 19 February 2014 and the lowest trading price of the Shares was \$0.03 on 31 March and 1 April 2014. The volume weighted average price of the Company's shares on the ASX over the 5 days before the date of lodgment of this Notice with ASIC was \$0.035. On 3 October 2014, the last trading day before this Notice was lodged with ASIC, the Shares closed at a price of \$0.036 per share.
- (i) The Directors' current salary or directors' fees per annum (including superannuation where applicable) and the total financial benefit to be received by them as a result of the grant of Options the subject of Resolutions 5 to 7 are as follows:

|                 | <b>Salary, fees &amp; superannuation</b> | <b>Value of Options (refer (d) above)</b> | <b>Total Financial Benefit</b> |
|-----------------|--|---|--------------------------------|
| Andrew McIlwain | \$73,912                                 | \$32,000                                  | \$105,912                      |
| Simon Andrew    | \$35,478                                 | \$32,000                                  | \$67,478                       |
| Robert Bills    | \$393,300                                | \$80,000                                  | \$473,300                      |
| <b>Total</b>    | <b>\$502,690</b>                         | <b>\$144,000</b>                          | <b>\$646,690</b>               |

Under Australian Accounting Standards, the Company is required to recognise the value of options as an expense in profit or loss with a corresponding adjustment to equity.

- (j) The Directors do not consider that there are any opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options under Resolutions 5 to 7.
- (k) In respect of Resolution 5, all Directors recommend that shareholders vote in favour of Resolution 5, save for Andrew McIlwain who has an interest in the outcome of Resolution 5 and declines to make a recommendation in respect of it.
- (l) In respect of Resolution 6, all Directors recommend that shareholders vote in favour of Resolution 6, save for Simon Andrew who has an interest in the outcome of Resolution 6 and declines to make a recommendation in respect of it.
- (m) In respect of Resolution 7, all Directors recommend that shareholders vote in favour of Resolution 7, save for Robert Bills who has an interest in the outcome of Resolution 7 and declines to make a recommendation in respect of it.
- (n) 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 benefit contemplated by the proposed resolution.

**Listing Rule 10.14**

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

Separate approval pursuant to ASX Listing Rule 7.1 is not required to approve the proposed issue of Options to Directors as approval is being obtained under Listing Rule 10.14. Shareholders should note that the issue of Options to Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

For the purposes of Listing Rules 10.14, the following information is provided to shareholders:

- (a) the Options will be granted to the Directors as noted above.
- (b) the maximum number of Options to be granted pursuant to Resolutions 5 to 7 is 9,000,000 as follows:
  - 2,000,000 Options to Andrew McIlwain;
  - 2,000,000 Options to Simon Andrew; and
  - 5,000,000 Options to Robert Bill.
- (c) the Options will be granted for no cash consideration, accordingly no funds will be raised.
- (d) Mr Andrew McIlwain was issued 2,500,000 Options under the Scheme at an exercise price of \$0.50 for no consideration as approved by Shareholders on 25 November 2009 all of which lapsed unexercised on the expiry date of 24 November 2012.

Mr Simon Andrew was issued 1,500,000 Options under the Scheme at an exercise price of \$0.50 for no consideration as approved by Shareholders on 25 November 2009 all of which lapsed unexercised on the expiry date of 24 November 2012.

No securities have been issued under the Scheme since it was last approved at the Annual General Meeting held on 29 November 2010.
- (e) All Directors of the Company (being Andrew McIlwain, Simon Andrew and Rob Bills) and any person who is in the full-time or part-time employment of the Company are entitled to participate in the Scheme.
- (f) The Company will not provide any loan in relation to the acquisition of Options under the Scheme.
- (g) Details of any securities issued under the Scheme will be published in each annual report relating to the period in which securities have been issued and that approval for the issue of securities was obtained under Listing Rule 10.14.
- (h) Any additional persons (to whom Listing Rule 10.14 applies) who become entitled to participate in the Scheme after approval of this Resolution and who are not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
- (i) the terms and conditions of the Options are set out in Annexure A to this Explanatory Memorandum.
- (j) the Options will be allotted and granted on one date which will be no later than one month after the date of this Meeting.

## **RESOLUTION 8 - APPROVAL OF 10% PLACEMENT FACILITY**

### **General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of 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.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below).

The Directors of the Company believe that Resolution 8 is in the best interests of the Company and unanimously recommend that shareholders vote in favour of this Resolution.

Resolution 8 is a special resolution. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote at the Meeting must be in favour of Resolution 8 for it to be passed.

### **Listing Rule 7.1A**

#### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

#### **(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company currently has only one quoted class of Equity Securities on issue, being the Shares (ASX Code: ERM).

#### **(c) Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

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

Where:

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the previous 12 months;
- plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rule 7.1 and 7.4; and
- less the number of Shares cancelled in the previous 12 months.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

**(d) Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 376,842,704 Shares and therefore has a capacity to issue:

- 56,526,405 Equity Securities under Listing Rule 7.1; and
- subject to shareholder approval being sought under this Resolution, 37,684,270 Equity Securities under Listing Rule 7.1A.

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

**Specific information required by Listing Rule 7.3A**

**(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in (a)(i) above, the date on which the Equity Securities are issued.

**(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Facility commencing on the date of the Meeting and expiring on the first to occur of the following:

- i) 12 months after the date of this Meeting; and
- ii) the date of approval by shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

or such longer period if allowed by ASX (10% Placement Facility Period).

**(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of shareholders who do not receive any Shares under the issue.

If Resolution 8 is approved by shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Facility, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the closing price of the Shares on ASX on 3 October 2014 and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

| Number of Shares on Issue          | Dilution                   |   |                            |   |
|------------------------------------|----------------------------|---|----------------------------|---|
|                                    | Issue Price<br>(per Share) | \$0.018<br><br>50% decrease<br>in Issue Price | \$0.036<br><br>Issue Price | \$0.072<br><br>100%<br>increase in<br>Issue Price |
| <b>376,842,704 (Current)</b>       | <b>Shares issued</b>       | 37,684,270                                    | 37,684,270                 | 37,684,270  |
|                                    | <b>Funds raised</b>        | \$678,316                                     | \$1,356,633                | \$2,713,267                                       |
| <b>565,264,056 (50% increase)</b>  | <b>Shares issued</b>       | 56,526,405                                    | 56,526,405                 | 56,526,405  |
|                                    | <b>Funds raised</b>        | \$1,017,475                                   | \$2,034,950                | \$4,069,901                                       |
| <b>753,685,408 (100% increase)</b> | <b>Shares issued</b>       | 75,368,540                                    | 75,368,540                 | 75,368,540  |
|                                    | <b>Funds raised</b>        | \$1,356,633                                   | \$2,713,267                | \$5,426,534                                       |

The table above uses the following assumptions:

- i) The issue price set out above is the closing price of the Shares on the ASX on 3 October 2014.
- ii) The Company issues the maximum possible number of Equity Securities under the 10% Placement Facility.
- iii) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- iv) The calculations above do not show the dilution that any one particular shareholder will be subject to. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- v) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
- vi) shareholders should note that there is a risk that:
  - the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
  - the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Facility**

The Company may issue Equity Securities under the 10% Placement Facility for the following purposes:

- i) as cash consideration, in which case the Company intends to use funds raised to fund:
  - the ongoing exploration and evaluation programmes;
  - the evaluation and acquisition of new opportunities; and
  - the corporate and administrative activities of the Company and to provide working capital and meet the costs of the issue; or
- ii) as non-cash consideration for the acquisition of new resources assets and investments, where the Company identifies such resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.



**(e) Allocation under the 10% Placement Facility**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- ii) the effect of the issue of the Equity Securities on the control of the Company;
- iii) the financial situation and solvency of the Company; and
- iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources assets or investments.

**(f) Previous Approval under ASX Listing Rule 7.1A**

The Company has not previously obtained approval under ASX Listing Rule 7.1A.

**Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing shareholders will be excluded from voting on Resolution 8.

DATED this 17 October 2014

**BY ORDER OF THE BOARD**

## **GLOSSARY OF TERMS**

In this Explanatory Memorandum and accompanying Notice of Meeting the following words and expressions have the following meanings:

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

**"Annual Report"** means the Company's Annual Report for the year ended 30 June 2012 containing the Financial Report, the Directors' Report and the Auditors Report.

**"ASIC"** means Australian Securities & Investments Commission.

**"Associate"** has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

**"ASX"** means ASX Limited;

**"Auditor's Report"** means the Auditor's Report on the Financial Report.

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

**"Business Day"** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**"Closely Related Party"** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

**"Company" or "Emmerson"** means Emmerson Resources Limited (ABN 53 117 086 745);

**"Constitution"** means the constitution of the Company.

**"Corporations Act 2001"** means Australian Corporations Act 2001 (Cth);

**"Directors"** mean the directors of Emmerson Resources Limited from time to time.

**"Directors' Report"** means the annual Directors' Report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

**"Equity Securities"** includes a Share, a Right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**"Explanatory Memorandum"** means the information attached to the Notice of Meeting which provides information to Shareholders about the resolutions contained in the Notice of Meeting;

**"Key Management Personnel"** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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

**"Notice of Meeting"** or **"Notice"** means this notice of meeting including the Explanatory Memorandum and the Proxy Form;

**"Option"** means an option to acquire a Share.

**"Proxy Form"** means the proxy form accompanying this Notice.

**"Remuneration Report"** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2013.

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

**"Rights"** means rights to acquire Shares;

**"Scheme"** means the Company's employee incentive option scheme;

**"Share"** means ordinary fully paid share in the Company;

**"Shareholder"** means a registered holder of a Share.

**"WST"** means Australian Western Standard Time;

**ANNEXURE A**

**TERMS AND CONDITIONS OF OPTIONS**

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Option holder the right to subscribe for one Share.
- (b) There are no vesting conditions attached to the Options.
- (c) The Options will expire at 5:00 pm (WST) on 31 December 2017 (Expiry Date). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) The amount payable upon exercise of each Option will be equal a 50% premium to volume weighted average price (VWAP) of the Company's Shares as traded on ASX for the 5 days to the date of this Meeting (Exercise Price).
- (e) The Options held by each Option holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (f) An Option holder 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;
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) 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.
- (i) The Options are not transferable.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (k) 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.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (n) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

# PROXY FORM



ABN 53 117 086 745

## Lodge your vote:

### Mail to:

Emmerson Resources Limited  
PO Box 1573  
West Perth WA 6872

or

### Fax to:

Within Australia (08) 9381 5375  
Outside Australia +61 8 9381 5375

or

### Scan and email to:

admin@emmersonresources.com.au

## Appointment of Proxy

I/We being a member/s of Emmerson Resources Limited 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 **is someone  
other than** the Chairman of the Meeting

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Emmerson Resources Limited to be held at Tennant Creek Battery Hill and Mining Centre, Peko Road, Tennant Creek, Northern Territory on Thursday 20 November 2014 commencing at 4:00 pm (CST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 2, 4, 5, 6 and 7 (except where I/we have indicated a different voting intention below) even though Resolutions 2, 4, 5, 6 and 7 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairman.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each Resolution.**

## Voting directions to your proxy – please mark X to indicate your directions

|                     |  | For                      | Against                  | Abstain*                 |
|---------------------|--|--------------------------|--------------------------|--------------------------|
| <b>Resolution 1</b> | Re-Election of Mr Andrew Mcilwain as a Director  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 2</b> | Adoption of Remuneration Report                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 3</b> | Ratification of Prior Issue of Shares            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 4</b> | Approval of Incentive Option Scheme              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 5</b> | Issue of Incentive Options to Mr Andrew Mcilwain | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 6</b> | Issue of Incentive Options to Mr Simon Andrew    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 7</b> | Issue of Incentive Options to Mr Robert Bills    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <b>Resolution 8</b> | Approval of 10% Placement Facility               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

**PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions overleaf.

Individual or Securityholder 1

Sole Director and Sole Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

# How to complete the Proxy Form

## 1. Your Name and Address

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

## 2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

## 3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

## 4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's share registry or you may copy this form.

To appoint a second proxy you must:

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

## 5. Signing Instructions

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

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the securityholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

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

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting at 4:00 pm (CST) on Thursday 20 November 2014. Any Proxy Form received after that time will not be valid for the scheduled meeting.

## Proxy form may be lodged by:

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| <b>Mail to:</b><br>Emmerson Resources Limited<br>PO Box 1573<br>West Perth WA 6872 | <b>Fax to:</b><br>Within Australia (08) 9381 5375<br>Outside Australia +61 8 9381 5375 | <b>Scan and email to:</b><br>admin@emmersonresources.com.au |
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