



ABN 49 146 035 690

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date of Meeting

Tuesday, 18 November 2014

Time of Meeting

11.00 am (WST)

Place of Meeting

Botanical Two
Crown Perth
Great Eastern Highway
Burswood, Western Australia 6100

ANNUAL REPORT

The 2014 Annual Report is available from the Company's website
via the following link: www.audalia.com.au.

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Audalia Resources Limited (**Company** or **Audalia**) is to be held at Botanical Two, Crown Perth, Great Eastern Highway, Burswood, Western Australia 6100 on Tuesday, 18 November 2014 commencing at 11.00 am (WST).

The Explanatory Memorandum that accompanies and forms part of this Notice describes the matters to be considered at this meeting.

BUSINESS

Financial Report – Year Ended 30 June 2014

To receive and consider the financial report, the Remuneration Report and the reports of the Directors and of the Auditor for the financial year ended 30 June 2014.

Resolution 1 – Non-Binding Resolution to Adopt Remuneration Report

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

"To adopt the Remuneration Report as set out in the Annual Report for the year ended 30 June 2014."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement: The Company will disregard any votes cast on Resolution 1 (in any capacity, whether as proxy or as shareholders) by any of the following persons:

- a member of the Key Management Personnel as disclosed in the Remuneration Report; and
- a Closely Related Party (such as close family members and any controlled companies) of those persons.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution;; or
- the voter is the chair of the meeting and the appointment of the chair as proxy:
 - does not specify the way the proxy is to vote on this Resolution; and
 - expressly authorises the chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

Resolution 2 – Re-election of Director – Mr Andrew Kwa

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

"That Mr Andrew Kwa, who retires by rotation in accordance with clause 13.2 of the Company's Constitution, be re-elected as a Director of the Company."

EXPLANATORY MEMORANDUM

The Explanatory Memorandum is incorporated in and comprises part of this Notice. Shareholders are referred to the Glossary in the Explanatory Memorandum which contains definitions of capitalised terms used both in this Notice and the Explanatory Memorandum.

PROXIES

Please note that:

- A member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote on behalf of the member.
- A proxy need not be a member of the Company, but must be a natural person (not a corporation). A proxy may also be appointed by reference to an office held by the proxy (e.g. "the Company Secretary").
- Where more than one proxy is appointed, each proxy may be appointed to represent a specified proportion of the member's voting rights. If no such proportion is specified, each proxy may exercise half of the member's votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

VOTING ENTITLEMENTS

For the purposes of section 1074E(2) of the Corporations Act 2001 and regulation 7.11.37 of the Corporations Regulations 2001, the Company has determined that members holding ordinary shares as set out in the Company's share register at 5:00 p.m. (WST) on Friday, 14 November 2014 will be entitled to attend and vote at the Annual General Meeting.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company in advance of the meeting or handed in at the meeting when registering as a corporate representative.

BY ORDER OF THE BOARD



Karen Logan
Company Secretary

Dated: 17 October 2014

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide shareholders with material information to enable them to make an informed decision on the business to be conducted at the Annual General Meeting of Audalia Resources Limited (**Company** or **Audalia**).

The Directors recommend shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

Financial Statements and Report

Under the Corporations Act, the Directors of the Company must table the financial report, the directors' report and the auditor's report for Audalia for the year ended 30 June 2014 at the meeting.

These reports are set out in the 2014 Annual Report. Shareholders who elected to receive a printed copy of annual reports should have received the 2014 Annual Report with this Notice of Annual General Meeting. In accordance with section 314 (1AA)(c) of the Corporations Act, the Company advises the 2014 Annual Report is available from the Company's website (www.audalia.com.au).

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the financial report, the directors' report and the auditor's report and management of the Company.

The chair of the Meeting will allow reasonable opportunity for the Shareholders as a whole at the Meeting to ask the auditor or the auditor's representative questions relevant to:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor about the content of the auditor's report to be considered at the Meeting; and the conduct of the audit of the annual financial report to be considered at the Meeting, may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

Resolution 1 – Adoption of Remuneration Report

General

Under the Corporations Act, the Company is required to include, in the directors' report, a detailed Remuneration Report setting out the prescribed information in relation to the remuneration of Directors and executives of Audalia and the Company's remuneration practices.

Shareholders will be given reasonable opportunity at the meeting to ask questions and make comments on the Remuneration Report.

The Remuneration Report is required to be submitted for adoption by a resolution of shareholders at the meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Voting Consequences

Under the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

Previous Voting Results

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, no Spill Resolution will be proposed at this Annual General Meeting.

Proxy Voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member).

You ***do not*** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

If you appoint any other person as your proxy

You ***do not*** need to direct your proxy how to vote on this Resolution, and you ***do not*** need to mark any further acknowledgement on the Proxy Form.

Board recommendation

As all Directors are excluded from voting on this Resolution, no recommendation is made.

Voting intention

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 1.

Resolution 2 – Re-election of Director – Mr Andrew Kwa

Clause 13.2 of the Constitution requires that at every annual general meeting, one-third of the Directors for the time being, or if their number is not a multiple of 3, then such number as is appropriate to ensure that no director other than Managing Director holds office for more than 3 years, shall retire from office. A retiring director is eligible for re-election.

Mr Kwa retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election.

Mr Kwa has a bachelor of Computer Science degree from Teesside University in the UK. He worked as a Systems Analyst and IT Consultant for several years both in Malaysia and Australia. Mr Kwa has extensive financial and project management experience. He is currently a consultant in a substantial property development firm in Western Australia.

Board recommendation

The Board (other than Mr Kwa) recommends shareholders vote in favour of the Resolution.

Voting intention

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 2.

DEFINITIONS

\$ means an Australian dollar.

Annual General Meeting means the annual general meeting the subject of this Notice.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

ASX Listing Rules and **Listing Rules** mean the official listing rules of ASX.

Board means the board of directors of the Company.

Closely Related Parties has the meaning given to that term in the Corporations Act.

Company or **Audalia** means Audalia Resources Limited (ACN 146 035 690).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company and **Directors** means the directors of the Company.

Explanatory Memorandum means this explanatory memorandum accompanying the Notice of Annual General Meeting.

Key Management Personnel has the meaning given to that term in the Australian Accounting Standards.

Notice or **Notice of Meeting** means the notice of annual general meeting accompanying this Explanatory Memorandum.

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

Shareholder means a shareholder of the Company.

WST means Western Standard Time.

PROXY FORM

MR SAM SAMPLE
UNIT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE WA 6060

1. Appointment of Proxy

I/We being a member/s of Audalia Resources Limited hereby appoint

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or, failing the individual or body corporate named, or if no individual or body corporate 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, as the proxy sees fit) at the Annual General Meeting of Audalia Resources Limited to be held at Botanical Two, Crown Perth, Great Eastern Highway, Burswood, Western Australia 6100 at 11.00 am (WST) on Tuesday, 18 November 2014 and at any adjournment of that meeting.

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

Chairman authorised to exercise proxies on remuneration-related matters: If I/we appoint the Chairman of the Meeting as my/our proxy (or the Chairman of the Meeting becomes your proxy by default), I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy in respect of Item 1 even though that item is connected directly or indirectly with the remuneration of a member of key management personnel of Audalia Resources Limited, which includes the Chairman. I/we acknowledge that if the Chairman of the Meeting is my/our proxy and I/we have not marked any of the boxes opposite Item 1, the Chairman of the Meeting intends to vote my/our proxy in favour of Item 1.

You can direct the Chairman how to vote by marking the boxes in Section 2 below (for example if you wish to vote against or abstain from voting).

2. Items of Business

Please mark ☒ to indicate your voting directions.

	FOR	AGAINST	ABSTAIN
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director – Mr Andrew Kwa	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE NOTE: If you mark the **Abstain** box for an 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.

3. Signature of Securityholder(s)

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

Individual or Securityholder 1

Individual/ Sole Director and
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/ Company Secretary

Contact Name

Contact Daytime Telephone

Date

HOW TO COMPLETE THE PROXY FORM

1. Appointment of Proxy

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

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

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Section 1.

A proxy need not be a securityholder of the Company.

2. Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with your directions. 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.

3. Signing Instructions

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

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

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

Power of Attorney: If you have not previously lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

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 no later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged by posting, delivery or facsimile to Audalia Resources Limited:-

PO Box 354
West Perth, WA 6872

Fax: (08) 9321 0721

Attending the Meeting

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