



## Notice of Annual General Meeting and Explanatory Statement

Date: Friday, 28 November 2014

Time: 10.30 am

Location: The Celtic Club, 48 Ord Street, West Perth

THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR  
ATTENTION.

IN IT YOU WILL FIND:

1. Notice of Annual General Meeting;
2. An Explanatory Statement containing information about the resolutions to be considered at the Annual General Meeting;
3. A Proxy Form (loose leaf). If you are unable to attend the Annual General Meeting, please consider completing the Proxy Form enclosed and returning it in accordance with the instructions set out on that form.

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of the Company will be held at The Celtic Club, 48 Ord Street, West Perth on Friday, 28 November 2014 at 10.30am.

## Business of the Meeting

### ORDINARY BUSINESS

#### ACCOUNTS AND REPORTS

To receive and consider the financial statements and the reports of the Directors and of the Auditor for the year ended 30 June 2014.

#### RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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

*"That the Remuneration Report for the year ended 30 June 2014 as set out in the Company's Annual Report for the year ended 30 June 2014 be adopted."*

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. The Chairman of the meeting intends to vote all available proxies in favour of Resolution 1.

#### Voting exclusion:

The Company will disregard any vote cast on Resolution 1 by, or on behalf of:

- (a) a member of the Key Management Personnel; and
- (b) a Closely Related Party of those persons.

However, a person (the **voter**) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above 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 Chairman and the appointment of the Chairman as proxy:
  - (i) does not specify the way the proxy is to vote on Resolution 1; and
  - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 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 THE HON. CHERYL EDWARDES AS A DIRECTOR

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

*"That The Hon. Cheryl Edwardes, who was appointed as a Director since the last annual general meeting to fill a casual vacancy, retires as a Director in accordance with article 13.5 of the Constitution, and being eligible, offers herself for re-election, be and is hereby re-elected as a Director."*

**RESOLUTION 3: RE-ELECTION OF MS FELICITY GOODING AS A DIRECTOR**

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

*"That Ms Felicity Gooding, who was appointed as a Director since the last annual general meeting to fill a casual vacancy, retires as a Director in accordance with article 13.5 of the Constitution, and being eligible, offers herself for re-election, be and is hereby re-elected as a Director."*

**RESOLUTION 4: RE-ELECTION OF MR JULIAN ROBIN TAPP AS A DIRECTOR**

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

*"That Mr Julian Robin Tapp, who retires as a Director in accordance with article 13.2 of the Constitution, and being eligible, offers himself for re-election, be and is hereby re-elected as a Director."*

**RESOLUTION 5: CONSOLIDATION OF SHARES**

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

*"That, for the purposes of section 254H of the Corporations Act, Listing Rule 7.20, Listing Rule 7.22, the Constitution and for all other purposes, Shareholders approve the consolidation of the issued capital of the Company on the basis that every 7 Shares will be consolidated into 1 Share with any fractional entitlements being rounded down to the nearest whole number with the consolidation to take effect on a date to be announced to ASX in accordance with the requirements of the Listing Rules."*

**RESOLUTION 6: ISSUE OF SHARES TO THE HON. CHERYL EDWARDES**

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

*"That for the purposes of ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 6,000,000 Shares (on a pre-Consolidation basis), and the grant of a limited recourse loan, to The Hon. Cheryl Edwards (or her nominee) under the EMA Employee Share Plan on the terms set out in the Explanatory Statement."*

**Voting exclusion:**

The Company will disregard any vote cast on Resolution 6 by or on behalf of Mrs Edwards or any associate of Mrs Edwards unless it is cast by:

- (a) a person as a proxy for a person entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 6 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this resolution is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

**RESOLUTION 7: ISSUE OF SHARES TO MR MICHAEL YOUNG**

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

*“That for the purposes of ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 5,000,000 Shares (on a pre-Consolidation basis), and the grant of a limited recourse loan, to Mr Michael Young (or his nominee) under the EMA Employee Share Plan on the terms set out in the Explanatory Statement.”*

**Voting exclusion:**

The Company will disregard any vote cast on Resolution 7 by or on behalf of Mr Young or any associate of Mr Young unless it is cast by:

- (a) a person as a proxy for a person entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 7 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this resolution is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

**RESOLUTION 8: ISSUE OF OPTIONS TO MR MICHAEL YOUNG**

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

*“That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 5,000,000 Options (on a pre-Consolidation basis) to Mr Michael Young (or his nominee) on the terms set out in the Explanatory Statement.”*

**Voting exclusion:**

The Company will disregard any vote cast on Resolution 8 by or on behalf of Mr Young or any associate of Mr Young unless it is cast by:

- (a) a person as a proxy for a person entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 8 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this resolution is connected directly or indirectly with remuneration of the Company's Key Management Personnel.

**RESOLUTION 9: ISSUE OF SHARES TO MR JULIAN TAPP**

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

*“That for the purposes of ASX Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 5,000,000 Shares (on a pre-Consolidation basis), and the grant of a limited recourse loan, to Mr Julian Tapp (or his nominee) under the EMA Employee Share Plan on the terms set out in the Explanatory Statement.”*

**Voting exclusion:**

The Company will disregard any vote cast on Resolution 9 by or on behalf of Mr Tapp or any associate of Mr Tapp unless it is cast by:

- (a) a person as a proxy for a person entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 9 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this resolution is connected directly or indirectly with remuneration of the Company's key management personnel.

**RESOLUTION 10: ISSUE OF OPTIONS TO MR JULIAN TAPP**

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

*“That for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve the issue of 5,000,000 Options (on a pre-Consolidation basis) to Mr Julian Tapp (or his nominee) on the terms set out in the Explanatory Statement.”*

**Voting exclusion:**

The Company will disregard any vote cast on Resolution 10 by or on behalf of Mr Tapp or any associate of Mr Tapp unless it is cast by:

- (a) a person as a proxy for a person entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person chairing the Meeting as a proxy for a person entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Further, a member of Key Management Personnel and their Closely Related Parties may not vote (and the Company will disregard any such vote) as a proxy on Resolution 10 if the appointment does not specify how the proxy is to vote unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if this resolution is connected directly or indirectly with remuneration of the Company's key management personnel.

## **SPECIAL BUSINESS**

### **RESOLUTION 11: APPROVAL OF ADDITIONAL PLACEMENT CAPACITY**

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

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

#### **Voting exclusion:**

The Company will disregard any votes cast on Resolution 11 by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in their capacity as a security holder, and any of their associates, unless:

- (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 12: CHANGE OF NAME**

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

*"That, with effect from the date that ASIC alters the details of the Company's registration in accordance with section 157 of the Corporations Act, the name of the Company be changed to Vimy Resources Limited."*

## **BY ORDER OF THE BOARD**



**Shane McBride**  
Company Secretary  
10 October 2014

# Important notes for Shareholders

These notes and Explanatory Statement form part of the Notice.

Shareholders should read this Notice and the Explanatory Statement carefully before deciding how to vote on the resolutions set out in the Notice.

## EXPLANATORY STATEMENT

The Explanatory Statement provides additional information on matters to be considered at the AGM and, together with the Proxy Form, forms part of the Notice and should be read in conjunction with it. Terms and abbreviations used in the Notice and the Explanatory Statement are defined in the Explanatory Statement.

## REQUIRED MAJORITIES

Resolutions 1 to 10 are **ordinary resolutions** and will be passed only if supported by a majority of the votes cast by Shareholders entitled to vote on the resolutions.

Resolutions 11 and 12 are **special resolution** and will be passed only if supported by at least 75% of the votes cast by Shareholders entitled to vote on the resolution.

## ENTITLEMENT TO VOTE

The Directors have determined a 'snapshot time' pursuant to regulation 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the AGM are those who are registered as Shareholders at **4pm (WST) on Wednesday, 26 November 2014**.

## HOW TO VOTE

You may vote by attending the Meeting in person or by proxy, attorney or authorised representative.

## VOTING IN PERSON

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

## APPOINTMENT OF PROXIES

A Shareholder who is entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote at the Meeting. A Shareholder entitled to cast two or more votes may appoint one or two proxies and may specify the proportion of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy may be, but need not be, a Shareholder and can be an individual or a body corporate. **YOUR PROXY FORM IS ENCLOSED (AS A LOOSELEAF) WITH THIS NOTICE.**

**VOTING BY PROXY**

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice as soon as possible in accordance with the instructions provided prior to **10.30am (WST) on Wednesday, 26 November 2014**, being not less than 48 hours prior to the commencement of the Meeting. Proxy forms received later than this time will be invalid.

When the Proxy Form is executed under a power of attorney, the power of attorney must be lodged in the same way as the Proxy Form.

Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the AGM in person.

**BODIES CORPORATE**

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

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

**ENQUIRIES**

*All enquiries in relation to the contents of the Notice should be directed  
to Mr Shane McBride on +61 (08) 9389 2700*



# Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the AGM to be held at The Celtic Club, 48 Ord Street, West Perth on Friday, 28 November 2014 at 10.30am.

You should read this Explanatory Statement in full before making any decision in relation to the Resolutions. If Shareholders are in doubt about what to do in relation to the Resolutions, they should consult a financial or other professional adviser.

There are ten Resolutions to be put in the Meeting. Certain voting exclusions are imposed by the Listing Rules and the Corporations Act in relation to the resolutions as detailed in the accompanying Notice.

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

## **1. ACCOUNTS AND REPORTS**

The Corporations Act requires the Company to lay before the AGM, the Financial Report, Directors' report (including the Remuneration Report) and the Auditor's Report for the financial year ended 30 June 2014.

No resolution is required for this item. This item of business is intended to provide an opportunity for Shareholders to raise questions on the reports of the Directors and the Auditor for the year ended 30 June 2014 and on the performance of the Company generally.

## **2. RESOLUTION 1: ADOPTION OF REMUNERATION REPORT**

The Remuneration Report is set out in the Company's 2014 Annual Report. The Remuneration Report:

- (a) explains the Board's policies in relation to the nature and level of remuneration paid to Directors and specified executives of the Company;
- (b) deals with the link between the Board's policies and the Company's performance;
- (c) sets out remuneration details for each Director and specified executive of the Company; and
- (d) makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM. Under section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. This item is included for advisory purposes only and any vote taken at the AGM does not bind the Directors or the Company.

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

The Board of Directors unanimously recommends that Shareholders vote in favour of Resolution 1.

**3. RESOLUTION 2: RE-ELECTION OF THE HON. CHERYL EDWARDES AS A DIRECTOR**

The Hon. Cheryl Edwardes was appointed as a Director on 26 May 2014 to fill a casual vacancy. Article 13.5 of the Constitution provides that a Director appointed to fill a casual vacancy must retire, and is eligible for re-election as a Director, at the next annual general meeting.

Mrs Edwardes retires in accordance with article 13.5 of the Constitution, and being eligible, offers herself for re-election as a Director.

The Hon. Cheryl Edwardes is one of Western Australia's leading businesswomen and a former minister with extensive experience and knowledge of WA's legal and regulatory environment relating to mining projects, environment, native title, heritage and land access. During her political career, Mrs Edwardes held a number of positions including as the WA Attorney General, the Minister for the Environment and the Minister for Labour Relations.

A lawyer by training, Mrs Edwardes currently works with Atlas Iron Limited in providing strategic advice. She also works with FTI Consulting where she assists clients with a range of complex statutory approvals required for resources and infrastructure projects.

Mrs Edwardes has also recently held the role of the Executive General Manager for External Affairs for Hancock Prospecting. She was also a special counsel at Minter Ellison in Perth where she practised in government relations, climate change, environmental regulation and environmental compliance. Mrs Edwardes has broad experience and networks within China's business community.

Each of the other Directors intends to vote in favour of Mrs Edwardes' re-election. If approved by Shareholders, the appointment will take effect from the end of the AGM.

The Board of Directors (other than Mrs Edwardes) unanimously recommends that Shareholders vote in favour of Resolution 2.

**4. RESOLUTION 3: RE-ELECTION OF MS FELICITY GOODING AS A DIRECTOR**

Ms Gooding was appointed as a Director on 17 July 2014 as part of the process for completion of the \$12 million placement to Forrest Family Investments Pty Ltd an Andrew Forrest entity within the Minderoo Group (FFI) conducted by the Company. Article 13.5 of the Constitution provides that a Director appointed to fill a casual vacancy must retire, and is eligible for re-election as a Director, at the next annual general meeting.

Ms Gooding retires in accordance with article 13.5 of the Constitution, and being eligible, offers herself for re-election as a Director.

Ms Gooding is the Chief Financial Officer of Minderoo, encompassing the philanthropic and private business holdings of Andrew and Nicola Forrest.

Ms Gooding is a Chartered Accountant with over 15 years' experience specialising in due diligence, mergers and acquisitions and equity and debt financing across various sectors in Washington DC, Singapore and London. Ms Gooding has held senior positions at PricewaterhouseCoopers, Diageo Plc and Fortescue Metals Group Ltd where she was instrumental in the raising of over \$5bn expansion financing. Prior to joining Minderoo, Ms Gooding was an executive at potash development company Sirius Minerals Plc.

Each of the other Directors intends to vote in favour of Ms Gooding's re-election. If approved by Shareholders, the appointment will take effect from the end of the AGM.

The Board of Directors (other than Ms Gooding) unanimously recommends that Shareholders vote in favour of Resolution 3.

<p><b>5. RESOLUTION 4: RE-ELECTION OF MR JULIAN ROBIN TAPP AS A DIRECTOR</b></p>
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Article 13.2 of the Constitution requires that one third of all the Directors shall retire from office at the annual general meeting each year, and that a Director retiring pursuant to this article is eligible for re-election. The Directors to retire are those that have been in office longest since their last election, in this case being Mr Julian Robin Tapp.

Mr Tapp retires in accordance with Article 13.2 of the Constitution, and being eligible, offers himself for re-election as a Director.

Mr Tapp commenced work at Fortescue Metals Group (**Fortescue**) at the beginning of 2004 at the beginning phase of Fortescue's development. He was quickly appointed as the head of government relations with the responsibility of overseeing the approval process for Fortescue's iron ore project. His last position was as the director of strategy. He is also currently a non-executive director with the Port Hedland Port Authority.

Each of the other Directors intends to vote in favour of Mr Tapp's re-election. If approved by Shareholders, the appointment will take effect from the end of the AGM.

The Board of Directors (other than Mr Tapp) unanimously recommends that Shareholders vote in favour of Resolution 4.

<p><b>6. RESOLUTION 5: CONSOLIDATION OF CAPITAL</b></p>
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**(a) Regulatory Requirements**

Section 254H of the Corporations Act enables a company to convert all or any of its shares into a smaller number of shares by a resolution passed at a general meeting. The conversion proposed by Resolution 5 is permitted under section 254H of the Corporations Act.

Listing Rule 7.20 provides that if an entity proposes to reorganise its capital, it must advise shareholders of certain matters, which are set out below.

**(b) Background**

Following the completion of the Company's recent placement to FFI and the conversion of all of its convertible notes to Shares, the Company has over 1.4 billion Shares on issue. This is an extremely large number of Shares to have on issue and it subjects the Company to a number of disadvantages including:

- (i) additional share price volatility arising from the fact that the minimum permissible share price movement permitted by ASX (being 0.1 cent) represents a higher proportion of the Company's Share price than it would if the Company had a greater Share price;
- (ii) that the Company has a far greater number of Shares on issue than comparable companies, meaning that its Share price is far lower for reasons other than valuation;
- (iii) negative perceptions associated with a low Share price; and

- (iv) administrative inconvenience.

The Directors believe that a consolidation of the Shares would assist in eliminating or mitigating these disadvantages and would establish a share price more appropriate for a listed entity of its size.

The Consolidation will not result in any change to the substantive rights and obligations of Shareholders. The Company's balance sheet and tax position will also remain unaltered as a result of the Consolidation.

(c) **Shares**

Resolution 5 seeks Shareholder approval for the issued capital of the Company to be altered by consolidating every 7 Shares into 1 Share (**Consolidation**). Any fractional entitlements as a result of holdings not being evenly divisible by 7 will be rounded down to the nearest whole number.

For example, if you currently hold 1,000 Shares, as a result of the Consolidation, you will hold 142 Shares.

At the date of this Explanatory Statement, the Company has 1,450,967,418 Shares on issue. The Consolidation will reduce the number of Shares on issue to approximately 207,281,060 Shares (before the issue of the Equity Raising Shares and Director Shares).

The pro-forma capital structure of the Company on completion of the Consolidation is as follows:

Shares	Number of Shares
Existing Shares	1,450,967,418
<b>Total issued share capital of the Company following the Consolidation</b>	<b>207,281,060*</b>

\* This does not take into consideration any of the Shares to be issued to Mrs Edwardes, Mr Young and Mr Tapp which are subject to Shareholder approval under Resolutions 6, 7 and 9.

(d) **Options**

The Company has a large number of Options on issue. In accordance with the terms and Listing Rule 7.22, these Options will be consolidated on the same basis as the Shares, that is, every 7 Options will be consolidated into 1 Option, and their exercise price amended in inverse proportion to the consolidation ratio.

The effect of the Consolidation on the number and exercise price of Options is set out below:

Options	Pre-Consolidation		Post-consolidation	
Expiry	Exercise Price	Number	Exercise Price	Number
30 June 2016	\$0.05	400,000,000	\$0.35	57,142,857
31 January 2017	\$0.18	1,075,000	\$1.26	153,571
14 June 2018	\$0.05	20,000,000	\$0.35	2,857,142

Options	Pre-Consolidation		Post-consolidation	
16 December 2018	\$0.22	61,000,000	\$1.54	8,714,285
16 December 2018	\$0.10	61,000,000	\$0.70	8,714,285

\* This does not take into consideration any of the Options to be issued to Mr Young and Mr Tapp which are subject to Shareholder approval under Resolutions 8 and 10.

(e) **Holding Statements**

From the date of Consolidation, all existing holding statements for Shares and Options will cease to have any effect, except as evidence of entitlement to a certain number of Shares and Options on a post-Consolidation basis. After the Consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders and Optionholders. It is the responsibility of each Shareholder and Optionholder to check the number of Shares and Options held prior to Consolidation.

(f) **Taxation implications**

Shareholders and Optionholders are advised to seek their own tax advice on the effect of the Consolidation and neither the Company nor the Directors (or the Company's advisers) accept any responsibility for the individual taxation implications arising from the Consolidation.

(g) **Indicative Timetable for Consolidation**

If Resolution 5 is passed, the Consolidation will take effect in accordance with the following timetable (as set out in the Listing Rules):

Event	Date	Business Day
Company announces Consolidation and dispatches Notice of Meeting		
Meeting	Friday, 28 November 2014	0
Company announces to ASX that Shareholders have approved the Consolidation	Friday, 28 November 2014	0
Last day for ASX trading of Shares on a pre-Consolidated basis Last day for Optionholder to lodge a notice of exercise of Options on a pre-Consolidated basis	Monday, 1 December 2014	1
Trading in Consolidated Shares will commence on a deferred settlement basis	Tuesday, 2 December 2014	2
Last day for the Company to register transfers on a pre-Consolidated basis Last day for the Company to issue Shares resulting from the exercise of Options on a pre-Consolidated	Thursday, 4 December 2014	4

Event	Date	Business Day
basis		
First day for Company to register Shares on a Consolidated basis First day for Company to issue holding statements for Shares and Options on a Consolidated basis	Friday, 5 December 2014	5
Dispatch of new holding statements for Consolidated Shares and Options Deferred settlement trading ends	Thursday, 11 December 2014	9
Normal T + 3 trading in Consolidated Shares start on ASX	Friday, 12 December 2014	10
Settlement of trades conducted on a deferred settlement basis and first settlement of trades conducted on the normal T + 3 basis	Wednesday, 17 December 2014	13

Subject to the Listing Rules, the above dates are indicative only and are subject to change without notice.

The Board of Directors unanimously recommends that Shareholders vote in favour of Resolution 5.

<b>7. RESOLUTION 6: ISSUE OF SHARES TO THE HON. CHERYL EDWARDES</b>
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(a) **Background**

As indicated in the Section for Resolution 2 above, the Company has recently appointed The Hon. Cheryl Edwardes as a director and Chairman of the Board of the Company.

Resolution 6 seeks Shareholder approval for the issue of 6,000,000 Shares (on a pre-consolidation basis (**Edwardes Shares**)), and the grant of a limited recourse loan, to Mrs Cheryl Edwardes or her nominee under the EMA Employee Share Plan. This equates to 857,142 Edwardes Shares on a post-Consolidation basis.

The Company will grant a limited recourse loan to Mrs Edwardes or her nominee for the subscription of the Edwardes Shares (**Edwardes Limited Recourse Loan**). The Company will take a security over the Edwardes Shares until the Edwardes Limited Recourse Loan provided for the subscription price for those Edwardes Shares is repaid in full.

The grant of the Edwardes Shares will be a key component of Mrs Edwardes' remuneration package and will provide Mrs Edwardes with an added incentive in carrying out her duties as the non-executive Chairman of the Company.

The use of the Edwardes Shares as an incentive is important for the Company given the size of the Company, where the preservation of the Company's cash resources is paramount and the retention of high quality and well-credential non-executive directors is important to the ongoing development of the Company and the Company's Mulga Rock Project.

The Board (excluding Mrs Edwardes) is of the view that the remuneration for Mrs Edwardes, including the proposed issue of the Edwardes Shares and the grant of the Edwardes Limited Recourse Loan which are the subject of Resolution 6, is reasonable, having regard to the position of the Company and her duties and responsibilities as the non-executive Chairman of the Company as at the date of the Notice. These Edwardes Shares are intended to provide a long-term incentive and align Mrs Edwardes' interests with those of Shareholders in seeking to maximize the value of the Company.

Mrs Edwardes and her nominee (if any) will enter into a voluntary escrow agreement under which the Edwardes Shares will be escrowed for 2 years from the date of issue. If Mrs Edwardes is no longer a director the Company during the 2 year escrow period,, the Company will buy back the Edwardes Shares in accordance with the terms of the Edwardes Limited Recourse Loan.

**(b) Terms of the Edwardes Limited Recourse Loan**

The key terms of the Edwardes Limited Recourse Loan provided to Mrs Edwardes or her nominee under the EMA Employee Share Plan are as follows:

- (i) The Edwardes Limited Recourse Loan may only be applied towards the subscription price for the Edwardes Shares.
- (ii) The Edwardes Limited Recourse Loan will be interest free provided that if the Edwardes Limited Recourse Loan is not repaid by the repayment date set by the Board (see paragraph (v) below), the Edwardes Limited Recourse Loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance).
- (iii) By signing and returning an application for the Edwardes Limited Recourse Loan, Mrs Edwardes and her nominee (as the case may be):
  - (A) acknowledge and agree that the Edwardes Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of Mrs Edwardes (or her nominee) until the Edwardes Limited Recourse Loan is repaid in full to the Company; and
  - (B) authorises the Company (at its election) either to take such action in Mrs Edwardes' or her nominee's name or direct that Mrs Edwardes or her nominee take such action in relation to the Edwardes Shares as the Company considers appropriate which may include but is not limited to the Company undertaking a buy-back of the Edwardes Shares or selling the Edwardes Shares.
- (iv) The Company will take security over the Edwardes Shares until the Edwardes Limited Recourse Loan is repaid in full.
- (v) The Edwardes Limited Recourse Loan becomes repayable on the earliest of:
  - (A) the date which is 5 years after the grant date of the Edwardes Limited Recourse Loan;
  - (B) one month after Mrs Edwardes ceases to be a Director; and
  - (C) (by Mrs Edwardes' legal representative), six months after Mrs Edwardes ceases to be a Director due to her death,

being the **Repayment Date**.

- (vi) Notwithstanding paragraph (v) above, Mrs Edwardes or her nominee may repay all or part of the Edwardes Limited Recourse Loan at any time before the Repayment Date. The funds raised from the repayment of Edwardes Limited Recourse Loan will be used for general working capital purposes. However, if Mrs Edwardes ceases to be a Director during the voluntary escrow period (of 2 years from the issue date of the Edwardes Shares), the Company will buy back the Edwardes Shares in accordance with the terms of the Edwardes Limited Recourse Loan in full settlement of the Edwardes Limited Recourse Loan.
- (vii) The Edwardes Limited Recourse Loan will be limited recourse such that on the Repayment Date, Mrs Edwardes' repayment obligation under the Edwardes Limited Recourse Loan will be limited to the lesser of:
  - (A) the outstanding balance of the Edwardes Limited Recourse Loan; and
  - (B) the market value of the Edwardes Shares on that date.
- (viii) In addition, where Mrs Edwardes has elected for the Edwardes Shares to be bought back by the Company in full satisfaction of the Edwardes Limited Recourse Loan, the Company must accept the Edwardes Shares as full settlement of the repayment obligation under the Edwardes Limited Recourse Loan.

The key terms of the limited recourse loans granted to Mr Young or his nominee (which is subject to Shareholder approval under Resolution 7) and Mr Tapp or his nominee (which is subject to Shareholder approval under Resolution 9) will be the same as the Edwardes Limited Recourse Loan.

(c) **Regulatory information - Requirement for Shareholder Approval**

(i) **Listing Rule 10.14**

Listing Rule 10.14 requires the Company to seek Shareholder approval before issuing Shares to Directors under an incentive scheme such as EMA Employee Share Plan.

Once Shareholder approval is obtained under Listing Rule 10.14, the Company is entitled to rely on Listing Rule 10.12 Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, shareholder approval is not required under Listing Rule 7.1 for the Edwardes Shares.

(ii) **Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to related parties (which includes Directors) without Shareholder approval. The Shares to be issued, and the grant of the limited recourse loan, to Mrs Edwardes or her nominee will constitute financial benefits for the purposes of Chapter 2E of the Corporations Act. The issue of the Edwardes Shares and the grant of the Edwardes Limited Recourse Loan do not fall within any of the exceptions from shareholder approval under the Corporations Act. Accordingly, Resolution 6 seeks Shareholder approval for the issue of the Edwardes Shares and the grant of the Edwardes Limited Recourse Loan to Mrs Edwardes or her nominee under Chapter 2E of the Corporations Act.

(d) **Listing Rule 10.15**

The Company provides the following information under Listing Rule 10.15 in relation to the proposed issue of the Edwardes Shares:



- (i) The Company is issuing the Edwardes Shares to Mrs Cheryl Edwardes (or her nominee), the non-executive Chairman of the Company.
- (ii) The maximum number of Edwardes Shares to be issued to Ms Cheryl Edwardes (or her nominee) is 6,000,000 Shares (on a pre-Consolidation basis) which equates to a maximum number of 857,142 Shares on a post-Consolidation basis.
- (iii) The Company will be making the Edwardes Limited Recourse Loan under the EMA Employee Share Plan to Mrs Edwardes or her nominee in the amount required to acquire the Edwardes Shares. The terms of the Edwardes Limited Recourse Loan made under the EMA Employee Share Plan are set out in Section 7(b) above.
- (iv) The subscription price for each Edwardes Shares will be 99.9% of the closing share price of a Share on the issue date of the Edwardes Shares. The Company intends to lodge an announcement with ASX when the subscription price for each Edwardes Share has been determined. As the Company will be granting the Edwardes Limited Recourse Loan for the subscription of the Edwardes Shares, no funds will be raised from the issue of the Edwardes Shares. The Company will receive funds with the repayment of the Edwardes Limited Recourse Loan unless the Edwardes Limited Recourse Loan is satisfied by the Company buying back the Edwardes Shares in accordance with the terms of the Edwardes Limited Recourse Loan.
- (v) The Edwardes Shares will be issued to Mrs Edwardes (or her nominee) on 5 December 2014 and in any event, no later than one month after the date of the Meeting.
- (vi) The Edwardes Shares will rank equally with all other Shares on issue in the capital of the Company. Holders of Edwardes Shares will be entitled to exercise all voting rights attaching to the Shares and participate in dividends declared and paid by the Company in accordance with the Constitution.
- (vii) Since the Company obtained Shareholder approval for the EMA Employee Share Plan on 14 June 2013:
  - (A) Mr Young and Mr Tapp each received 10 million Shares under the EMA Employee Share Plan which was also approved by Shareholders on 14 June 2013.
  - (B) The acquisition price for each Share which they received under the EMA Employee Share Plan is \$0.0246753.

(e) **Chapter 2E of the Corporation Act**

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed issue of Edwardes Shares and the grant of the Edwardes Limited Recourse Loan to Mrs Edwardes (or her nominee):

- (i) Mrs Edwardes is a related party of the Company to whom approval of proposed Resolution 6 would permit financial benefits to be given to Mrs Edwardes (or her nominee).
- (ii) The nature of the financial benefit to be given to Mrs Edwardes (or her nominee) is:
  - (A) the issue of 6,000,000 Edwardes Shares (on a pre-Consolidation basis) which equates to a maximum number of 857,142 Shares on a post-Consolidation basis; and

- (B) the grant of the Edwardes Limited Recourse Loan on the terms set out in this Explanatory Statement.
- (iii) In respect of the proposed issue price of the Edwardes Shares, the last price which Shares in the Company traded on ASX on 7 October 2014 was \$0.072 (being the last practicable date prior to the date of finalising this Explanatory Statement). This would equate to \$0.504 on a post Consolidation basis.
- (iv) As at 9 October 2014 (being the last practicable date prior to the date of finalising this Explanatory Statement), Mrs Edwardes is not holding any securities in the Company. Upon Mrs Edwardes acquiring all the Edwardes Shares the subject of Resolution 6, she would hold approximately 0.41% of the Shares in the Company and the shareholding of Shareholders would be diluted by 0.41% (based on the number of Shares currently on issue).
- (v) If Mr Young and Mr Tapp exercise the Young Options and the Tapp Options (which are the subject of Resolutions 8 and 10), and with the issue of Shares to Mrs Edwardes, Mr Young and Mr Tapp (which are the subject of Resolutions 6, 7 and 9), the shareholding of existing Shareholders would be diluted by 1.76% (based on the number of Shares currently on issue).
- (vi) Mrs Edwardes' current remuneration package, before taking into account the proposed issue of the Edwardes Shares, is \$90,000 plus statutory superannuation.
- (vii) The primary purpose of the issue of the Edwardes Shares to Mrs Edwardes is not to raise capital but to form part of her remuneration package. As the Company will be granting the Edwardes Limited Recourse Loan for the subscription of the Edwardes Shares, no funds will be raised from the issue of the Edwardes Shares. The Company will receive funds with the repayment of the Edwardes Limited Recourse Loan unless the Edwardes Limited Recourse Loan is satisfied by the Company buying back the Edwardes Shares in accordance with the terms of Edwardes Limited Recourse Loan.
- (viii) There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Edwardes Shares and granting the Edwardes Limited Recourse Loan upon the proposed terms. As the Edwardes Limited Recourse Loan will be used to fund the subscription, and issue, of Edwardes Shares, there will be no reduction in the cash reserves of the Company.
- (f) **Fair value of the Edwardes Shares**

The indicative fair value of the Edwardes Shares is as follows:

Number of Edwardes Shares	Indicative Fair Value of Edwardes Shares
6,000,000	A\$432,000

The indicative fair value of A\$0.072 for Edwardes Share was calculated in a manner consistent with the principles described by AASB 2 (Share-based Payments). This is calculated on a pre-Consolidation basis. The valuation date was 9 October 2014 (being the last practicable date prior to the date of finalising this Explanatory Statement). The last price which Shares in the Company traded on ASX on 7 October 2014 was A\$0.072 per share. The share price fluctuated between a high of A\$0.091 and a low of A\$0.030 in the 12 months preceding the valuation date. It should be noted that the actual valuation can only be finalised once the Edwardes Shares have been issued.

The Board of Directors (other than Mrs Edwardes who has a material personal interest in this Resolution) unanimously recommends that Shareholders vote in favour of Resolution 6.

<p><b>8. RESOLUTIONS 7 AND 8: ISSUE OF SHARES AND OPTIONS TO MR MICHAEL YOUNG</b></p>
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(a) **Background**

Resolution 7 seeks Shareholder approval for the issue of 5,000,000 Shares (on a pre-consolidation basis) (**Young Shares**) and the grant of a limited recourse loan, to Mr Michael Young or his nominee under the EMA Employee Share Plan. This equates to 714,285 Young Shares on a post-Consolidation basis.

The Company will grant a limited recourse loan to Mr Young or his nominee for the subscription of the Young Shares (**Young Limited Recourse Loan**). The Company will take a security over the Young Shares until the Young Limited Recourse Loan provided for the subscription price for those Young Shares is repaid in full. The key terms of the Young Limited Recourse Loan will be the same as the Edwardes Limited Recourse Loan, the terms of which are set out in Section 7(b) above.

Mr Young and his nominee (if any) will enter into a voluntary escrow agreement under which the Young Shares will be escrowed for 2 years from the date of issue. If Mr Young is no longer employed the Company during the 2 year escrow period, the Company will buy back the Young Shares in accordance with the terms of the Young Limited Recourse Loan.

Resolution 8 seeks Shareholder approval for the issue of 5,000,000 Options (on a pre-consolidation basis) (**Young Options**) to Mr Young. This equates to 714,285 Young Options on a post-Consolidation basis.

The Young Options will vest 2 years from the issue date of the Young Options provided that Mr Young is still employed by the Company on that date. The Young Options will only become exercisable after the Young Options have vested. If the Young Options vest, they will expire 5 years from their issue date. The Young Options will automatically lapse if Mr Young is no longer employed by the Company during the 2 year vesting period..

The grant of the Young Shares and Young Options (together the **Young Securities**) will be a key component of Mr Young's remuneration package and will provide Mr Young with an added incentive in carrying out his duties as the Managing Director of the Company.

The use of the Young Securities as an employment incentive is important for the Company given the size of the Company, where the preservation of the Company's cash resources is paramount and the ability to recruit and retain high quality and well-credential executives is important to the ongoing development of the Company and the Company's Mulga Rock Project.

The Board (excluding Mr Young) is of the view that the remuneration for Mr Young, including the proposed issue of the Young Securities and the grant of the Young Limited Recourse Loan, the subject of Resolutions 7 and 8, is reasonable, having regard to the position of the Company and his duties and responsibilities as the Managing Director of the Company. These Young Securities are intended to provide a long-term incentive and align Mr Young's interests with those of Shareholders in seeking to maximize the value of the Company.

(b) **Regulatory information - Requirement for Shareholder Approval**

(i) **Listing Rule 10.14**

As set out in Section 7(c)(i) above, Listing Rule 10.14 requires the Company to seek Shareholder approval before issuing Shares to Directors under the EMA Employee Share Plan.

Once Shareholder approval is obtained under Listing Rule 10.14 for the Young Shares, the Company is entitled to rely on Listing Rule 10.12 Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, Shareholder approval is not required under Listing Rule 7.1 for the Young Shares.

**(ii) Listing Rule 10.11**

Listing Rule 10.11 requires the Company to seek shareholder approval before issuing securities, ie the Young Options, to Directors, who are related parties of the Company.

Once approval is obtained under Listing Rule 10.11 for the Young Options, the Company is entitled to rely on Listing Rule 7.2 Exception 14 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 7.1. Accordingly, shareholder approval will not be required under Listing Rule 7.1 for the Young Options.

**(iii) Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to related parties (which includes Directors) without Shareholder approval. The securities to be issued to Mr Young (or his nominee) and the grant of the Young Limited Recourse Loan will constitute financial benefits for the purposes of Chapter 2E of the Corporations Act. The issue of the Young Securities and the grant of the Young Limited Recourse Loan do not fall within any of the exceptions from shareholder approval under the Corporations Act. Accordingly, Resolutions 7 and 8 seek Shareholder approval for the issue of the Young Securities and the grant of the Young Limited Recourse Loan to Mr Young or his nominee under Chapter 2E of the Corporations Act.

**(c) Listing Rules 10.13 and 10.15**

The Company provides the following information under Listing Rules 10.13 and 10.15 in relation to the proposed issue of the Young Securities:

- (i) The Company is issuing the Young Securities and granting the Young Limited Recourse Loan to Mr Young (or his nominee), the Managing Director of the Company.
- (ii) The maximum number of Young Securities to be issued to Mr Young (or his nominee) is:
  - (A) 5,000,000 Shares (on a pre-Consolidation basis) which equates to a maximum number of 714,285 Shares on a post-Consolidation basis; and
  - (B) 5,000,000 Options (on a pre-Consolidation basis) which equates to a maximum number of 714,285 Options on a post-Consolidation basis.
- (iii) The Company will be making the Young Limited Recourse Loan under the EMA Employee Share Plan to Mr Young or his nominee in the amount required to acquire the Young Shares. The terms of the Young Limited Recourse Loan will be the same as the terms of the Edwardes Limited Recourse Loan, the terms of which are set out in Section 7(b) above.
- (iv) The subscription price for each Young Share will be 99.9% of the closing share price of a Share on the issue date of the Young Shares. The Company intends to lodge an announcement with ASX when the subscription price for each Young Share has been determined. As the Company will be granting the Young Limited Recourse Loan for the subscription of the Young Shares, no funds will be raised from the issue of the Young Shares. The Company will receive funds with the repayment of the Young Limited Recourse Loan unless the Young Limited Recourse Loan is satisfied by the Company buying back the Young

Shares in accordance with the terms of the Young Limited Recourse Loan. The funds raised from the repayment of Young Limited Recourse Loan will be used for general working capital purposes.

- (v) The Young Securities will be issued to Mr Young (or his nominee) on 5 December 2014 and in any event, no later than one month after the date of the Meeting.
- (vi) The Young Shares will rank equally with all other Shares on issue in the capital of the Company. Holders of Young Shares will be entitled to exercise all voting rights attaching to the Shares and participate in dividends declared and paid by the Company in accordance with the Constitution.
- (vii) The Young Options will be issued, subject to Shareholder approval, with an exercise price which is 190% of the closing share price on ASX of a Share on the issue date of the Young Options (**Issue Date**). The Company intends to lodge an announcement with ASX when the exercise price of the Young Options has been determined. The Young Options will vest 2 years from the Issue Date provided that Mr Young is still employed by the Company on that date. The Young Options will only be exercisable after the Young Options have vested. Any Young Options which do not vest will automatically lapse and do not become exercisable. If the Young Options vest, they will expire 5 years from the Issue Date. The Young Options will automatically lapse if Mr Young is no longer employed by the Company during the 2 year vesting period. The terms of the Young Options are set out in Schedule A.
- (viii) As the Young Options will be issued for no consideration, no funds will be raised from the issue of the Young Options. The amount that would be raised by the exercise of all the Young Options by Mr Young is estimated to be \$685,000 (being an exercise price of \$0.137 (on a pre-Consolidation basis) which equates to an exercise price of \$0.959 (on a post-Consolidation basis). This is based on an exercise price of 190% of the closing share price of the Company on ASX (of \$0.072) as at 9 October 2014, being the last practicable date before finalising this Explanatory Statement for submission to ASX and ASIC). The funds raised from the exercise of the Young Options will be used for general working capital purposes.
- (ix) Since the Company obtained Shareholder approval for the EMA Employee Share Plan on 14 June 2013:
  - (A) Mr Young and Mr Tapp each received 10 million Shares under the EMA Employee Share Plan which was also approved by Shareholders on 14 June 2013.
  - (B) The acquisition price for each Share which they received under the EMA Employee Share Plan is \$0.0246753.

(d) **Chapter 2E of the Corporation Act**

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed issue of Young Securities and the grant of the Young Limited Recourse Loan to Mr Young or his nominee:

- (i) Mr Young is a related party of the Company to whom approval of proposed Resolutions 7 and 8 would permit financial benefits to be given to Mr Young.
- (ii) The nature of the financial benefit to be given to Mr Young (or his nominee) is:

- (A) the issue of a maximum number of 5,000,000 Shares (on a pre-Consolidation basis) which equates to a maximum number of 714,285 Shares on a post-Consolidation basis;
  - (B) the grant of the Young Limited Recourse Loan on the terms set out in this Explanatory Statement; and
  - (C) the issue of a maximum number of 5,000,000 Options (on a pre-Consolidation basis) which equates to a maximum number of 714,285 Options on a post-Consolidation basis.
- (iii) In respect of the proposed issue price of the Young Securities, the last price which Shares in the Company traded on ASX on 7 October 2014 was \$0.072 (being the last practicable date prior to the date of finalising this Explanatory Statement). This would equate to \$0.504 on a post Consolidation basis.
  - (iv) As at 9 October 2014 (being the last practicable date prior to the date of finalising this Explanatory Statement for submission to ASX and ASIC), Mr Young is holding 20 million Shares and 10 million Options with each Option having an exercise price of 5 cents and expiring on 14 June 2018. Should Mr Young exercise all of the Young Options and with the acquisition of all the Young Shares, he would hold approximately 2.06% of the Shares in the Company (assuming that Mr Young does not exercise any of his other Options) and the shareholding of Shareholders would be diluted by 0.68% (based on the number of Shares currently on issue).
  - (v) If Mr Young and Mr Tapp exercise the Young Options and the Tapp Options (which are the subject of Resolutions 8 and 10), and with the issue of Shares to Mrs Edwardes, Mr Young and Mr Tapp (which are the subject of Resolutions 6, 7 and 9), the shareholding of existing Shareholders would be diluted by 1.76% (based on the number of Shares currently on issue).
  - (vi) Mr Young' current remuneration package, before taking into account the proposed issue of the Young Securities is \$450,000 including statutory superannuation.
  - (vii) The primary purpose of the issue of the Young Securities to Mr Young is not to raise capital but to form part of his remuneration package. As the Company will be granting the Young Limited Recourse Loan for the subscription of the Young Shares, no funds will be raised from the issue of the Young Shares. The Company will receive funds with the repayment of the Young Limited Recourse Loan unless the Young Limited Recourse Loan is satisfied by the Company buying back the Young Shares in accordance with the terms of the Young Limited Recourse Loan. The Company will also raise no funds with the issue of the Young Options as the Young Options are being issued for no consideration.
  - (viii) The amount that would be raised by the exercise of all the Young Options by Mr Young is estimated to be \$685,000 (being an exercise price of \$0.137 (on a pre-Consolidation basis) which equates to an exercise price of \$0.959 (on a post-Consolidation basis)). This is based on an exercise price of 190% of the closing share price of the Company on ASX (of \$0.072) as at 9 October 2014, being the last practicable date before finalising this Explanatory Statement. The funds raised from the exercise of the Young Options will be used for general working capital purposes. Mr Young must contribute his own money to exercise the Young Options.
  - (ix) There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Young Securities upon the proposed terms. As the Young Limited

Recourse Loan will be used to fund the subscription of the Young Shares, there will be no reduction in the cash reserves of the Company.

(e) **Fair value of the Young Securities**

Under the Corporations Act, the Company is required to give a value to the Young Securities for the purposes of obtaining shareholder approval.

(i) **Young Shares**

The indicative fair value of the Young Shares is as follows:

Number of Young Shares	Indicative Fair Value of Young Shares
5,000,000	A\$360,000

The indicative fair value of A\$0.072 for Young Share was calculated in a manner consistent with the principles described by AASB 2 (Share-based Payments). This is calculated on a pre-Consolidation basis. The valuation date was 9 October 2014 (being the last practicable date prior to the date of finalising this Explanatory Statement). The last price which Shares in the Company traded on ASX on 7 October 2014 was A\$0.072 per share. The share price fluctuated between a high of A\$0.091 and a low of A\$0.030 in the 12 months preceding the valuation date. It should be noted that the actual valuation can only be finalised once the Young Shares have been issued.

(ii) **Young Options**

The Young Options will not be listed on any stock exchange and accordingly, there is no readily ascertainable market value of the Young Options. Accordingly, in such circumstances, ASIC has indicated that the value of options should be determined in accordance with accounting standard AASB 2 (Share Based Payments). The Board notes that the value of Young Options can vary significantly depending on the methodology used and the assumptions made and any one particular valuation methodology is not necessarily representative to the actual value of the Young Options. The Company has used the Black-Scholes valuation method in valuing the Young Options.

For accounting purposes, the valuation details for the Young Options are as follows:

Valuation Details	
Closing Share Price at 9 October 2014*	\$0.072
Volatility**	95%
Dividend yield**	0%
Expiry date***	5 December 2019
Exercise (strike) price** (on a pre-Consolidation basis)	\$0.137
Exercise (strike) price** (on a post-Consolidation basis)	\$0.959
Risk free rate**	3.09%
Value of a Young Option	\$0.046
Number of Young Options issued (on a pre-Consolidation basis)	5,000,000
Number of Young Options issued (on a post-Consolidation basis)	714,285

Valuation Details	
Total value of Young Options	\$230,000

\*This is a valuation reference point which is the last practicable date prior to the date of finalising this Explanatory Statement.

\*\*This input variable has been estimated based on available information as at 9 October 2014 which is the last practicable date prior to the date of finalising this Explanatory Statement.

\*\*\*This is an estimated expiry date, assuming the Young Options are granted on 5 December 2014, 5 Business Days after the date of the Meeting.

It is important to note that the above indicative value is considered to represent the theoretical value for the Young Options given the following inherent limitations of the Black-Scholes model:

- » as the Black-Scholes model calculates a value to the end of the option period rather than at any time during that period, the amount calculated represents a maximum theoretical value; and
- » the Black-Scholes model assumes that there is a liquid market for the Young Options. The Young Options will not be listed and are not transferable. Accordingly, any value inherent in the Young Options may be difficult to access without exercising the Young Options and so a marketability discount would generally be applicable.

Any change in the variables applied in the Black-Scholes Model between the date of valuation and the date the Young Options are granted would have an impact on their calculated value.

The Board of Directors (other than Mr Young who has a material personal interest in these Resolutions) unanimously recommends that Shareholders vote in favour of Resolutions 7 and 8.

## **9. RESOLUTIONS 9 AND 10: ISSUE OF SHARES AND OPTIONS TO MR JULIAN TAPP**

### **(a) Background**

Resolutions 9 seeks Shareholder approval for the issue of 5,000,000 Shares (**Tapp Shares**) (on a pre-Consolidation basis), and the grant of a limited recourse loan, to Mr Julian Tapp or his nominee which equates to 714,285 Tapp Shares on a post-Consolidation basis.

The Company will grant a limited recourse loan to Mr Tapp or his nominee for the subscription of the Tapp Shares (**Tapp Limited Recourse Loan**). The Company will take a security over the Tapp Shares until the Tapp Limited Recourse Loan provided for the subscription price for those Tapp Shares is repaid in full. The key terms of the Tapp Limited Recourse Loan will be the same as the Edwardes Limited Recourse Loan, the terms of which are set out in Section 7(b) above.

Mr Tapp and his nominee (if any) will enter into a voluntary escrow agreement under which the Tapp Shares will be escrowed for 2 years from the date of issue. If Mr Tapp is no longer employed by the Company during the 2 year escrow period, the Company will buy back the Tapp Shares in accordance with the terms of the Tapp Limited Recourse Loan.

Resolution 10 seeks Shareholder approval 5,000,000 Options (**Tapp Options**) (on a pre-Consolidation basis) to Mr Tapp or his nominee. This equates to 714,285 Tapp Options on a post-Consolidation basis.



The Tapp Options will vest 2 years from the issue date of the Tapp Options provided that Mr Tapp is still employed by the Company on that date. The Tapp Options will only be exercisable after the Tapp Options have vested. Any Tapp Options which do not vest will automatically lapse and do not become exercisable. If the Tapp Options vest, they will expire 5 years from their issue date. The Tapp Options will automatically lapse if Mr Tapp is no longer employed by the Company during the 2 year vesting period.

The grant of the Tapp Shares and Tapp Options (together the **Tapp Securities**) will be a key component of Mr Tapp's remuneration package and will provide Mr Tapp with an added incentive in carrying out his duties as the Chief Operating Officer and an executive Director of the Company.

The use of the Tapp Securities as an employment incentive is important for the Company given the size of the Company, where the preservation of the Company's cash resources is paramount and the ability to recruit and retain high quality and well-credential executives is important to the ongoing development of the Company and the Company's Mulga Rock Project.

The Board (excluding Mr Tapp) is of the view that the remuneration for Mr Tapp, including the proposed issue of the Tapp Securities and the grant of the Tapp Limited Recourse Loan, the subject of Resolutions 9 and 10, is reasonable, having regard to the position of the Company and his duties and responsibilities as the Chief Operating Officer and an executive Director of the Company as at the date of the Notice. These Tapp Securities are intended to provide a long-term incentive and align Mr Tapp's interests with those of Shareholders in seeking to maximize the value of the Company.

**(b) Regulatory information - Requirement for Shareholder Approval**

**(i) Listing Rule 10.14**

As set out in Section 7(c)(i) above, Listing Rule 10.14 requires the Company to seek Shareholder approval before issuing Shares to Directors under the EMA Employee Share Plan.

Once Shareholder approval is obtained under Listing Rule 10.14 for the Tapp Shares, the Company is entitled to rely on Listing Rule 10.12 Exception 4 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, shareholder approval is not required under Listing Rule 7.1 for the Tapp Shares.

**(ii) Listing Rule 10.11**

As set out in Section 8(b)(ii) above, Listing Rule 10.11 requires the Company to seek Shareholder approval before issuing securities, ie the Tapp Options, to directors, who are related parties of the Company.

Once approval is obtained pursuant to Listing Rule 10.11, the Company is entitled to rely on Listing Rule 7.2 Exception 14 as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 7.1. Accordingly, shareholder approval will not be required under Listing Rule 7.1 for the Tapp Options.

**(iii) Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to related parties (which includes Directors) without Shareholder approval. The securities to be issued to Mr Tapp (or his nominee) and the grant of the Tapp Limited Recourse Loan will constitute financial benefits for the purposes of Chapter 2E of the Corporations Act. The issue of the Tapp Securities and the grant of the Tapp Limited Resource Loan do not fall within any of the exceptions from

shareholder approval under the Corporations Act. Accordingly, Resolutions 9 and 10 seek Shareholder approval for the issue of the Tapp Securities and the grant of the Tapp Limited Recourse Loan under Chapter 2E of the Corporations Act.

(c) **Listing Rules 10.13 and 10.15**

The Company provides the following information under Listing Rules 10.13 and 10.15 in relation to the proposed issue of the Tapp Securities:

- (i) The Company is issuing the Tapp Securities and granting the Tapp Limited Recourse Loan to Mr Julian Tapp (or his nominee), the Chief Operating Officer and an executive Director of the Company.
- (ii) The maximum number of Tapp Securities to be issued to Mr Tapp (or his nominee) is:
  - (A) 5,000,000 Shares (on a pre-Consolidation basis) which equates to a maximum number of 714,285 Shares on a post-Consolidation basis; and
  - (B) 5,000,000 Options (on a pre-Consolidation basis) which equates to a maximum number of 714,285 Options on a post-Consolidation basis.
- (iii) The Company will be making the Tapp Limited Recourse Loan under the EMA Employee Share Plan to Mr Tapp or his nominee in the amount required to acquire the Tapp Shares. The terms of the Tapp Limited Recourse Loan will be the same as the terms of the Edwardes Limited Recourse Loan, the terms of which are set out in Section 7(b) above.
- (iv) The subscription price for each Tapp Share will be 99.9% of the closing share price of a Share on the issue date of the Tapp Shares. The Company intends to lodge an announcement with ASX when the subscription price for each Tapp Share has been determined. As the Company will be granting the Tapp Limited Recourse Loan for the subscription of the Tapp Shares, no funds will be raised from the issue of the Tapp Shares. The Company will receive funds with the repayment of the Tapp Limited Recourse Loan unless the Tapp Limited Recourse Loan is satisfied by the Company buying back the Tapp Shares in accordance with the terms of the Tapp Limited Recourse Loan. The funds raised from the repayment of Tapp Limited Recourse Loan will be used for general working capital purposes.
- (v) The Tapp Securities will be issued to Mr Tapp (or his nominee) on 5 December 2014 and in any event, no later than one month after the date of the Meeting.
- (vi) The Tapp Shares will rank equally with all other Shares on issue in the capital of the Company. Holders of Tapp Shares will be entitled to exercise all voting rights attaching to the Shares and participate in dividends declared and paid by the Company in accordance with the Constitution.
- (vii) The Tapp Options will be issued, subject to Shareholder approval, with an exercise price which is 190% of the closing share price on ASX of a Share on the issue date of the Tapp Options (**Issue Date**). The Company intends to lodge an announcement with ASX when the exercise price of the Tapp Options has been determined. The Tapp Options will vest 2 years from the Issue Date provided that Mr Tapp is still an employee of the Company on that date. The Tapp Options will only be exercisable after the Tapp Options have vested. Any Tapp Options which do not vest will automatically lapse and do not become exercisable. If the Tapp Options vest, they will expire 5 years from the Issue Date. The Tapp Options will

automatically lapse if Mr Tapp is no longer employed by the Company during the 2 year vesting period. The terms of the Tapp Options are set out in Schedule A.

- (viii) As the Tapp Options will be issued for no consideration, no funds will be raised from the issue of the Tapp Options. The amount that would be raised by the exercise of all the Tapp Options by Mr Tapp is estimated to be \$685,000 (being an exercise price of \$0.137 (on a pre-Consolidation basis) which equates to an exercise price of \$0.959 (on a post-Consolidation basis). This is based on an exercise price of 190% of the closing share price of the Company on ASX (of \$0.072) as at 9 October 2014, (being the last practicable date before finalising this Explanatory Statement for submission to ASX and ASIC). The funds raised from the exercise of the Tapp Options will be used for general working capital purposes.
- (ix) Since the Company obtained Shareholder approval for the EMA Employee Share Plan on 14 June 2013:
  - (A) Mr Young and Mr Tapp each received 10 million Shares under the EMA Employee Share Plan which was also approved by Shareholders on 14 June 2013.
  - (B) The acquisition price for each Share which they received under the EMA Employee Share Plan is \$0.0246753.

(d) **Chapter 2E of the Corporation Act**

In accordance with the requirements of Chapter 2E of the Corporations Act, and in particular, section 219 of the Corporations Act, the following information is provided to Shareholders to enable them to assess the proposed issue of Tapp Securities and the grant of the Tapp Limited Recourse Loan to Mr Tapp or his nominee:

- (i) Mr Tapp is a related party of the Company to whom approval of proposed Resolutions 9 and 10 would permit financial benefits to be given to Mr Tapp.
- (ii) The nature of the financial benefit to be given to Mr Tapp (or his nominee) is:
  - (A) the issue of a maximum number of 5,000,000 Shares (on a pre-Consolidation basis) which equates to a maximum number of 714,285 Shares on a post-Consolidation basis;
  - (B) the grant of the Tapp Limited Recourse Loan to acquire the Tapp Shares on the terms set out in this Explanatory Statement; and
  - (C) a maximum number of 5,000,000 Options (on a pre-Consolidation basis) which equates to a maximum number of 714,285 Options on a post-Consolidation basis.
- (iii) In respect of the proposed issue price of the Tapp Securities, the last price which Shares in the Company traded on ASX on 7 October 2014 was \$0.072 (being the last practicable date prior to the date of finalising this Explanatory Statement). This would equate to \$0.504 on a post Consolidation basis.
- (iv) As at 9 October 2014 (being the last practicable date prior to the date of finalising this Explanatory Statement), Mr Tapp is holding 20 million Shares and 10 million Options with each Option having an exercise price of 5 cents and expiring on 14 June 2018. Should Mr Tapp exercise all the Tapp Options and with the acquisition of all the Tapp Shares (assuming that Mr Tapp does not exercise any of his other Options), he would hold approximately

2.06% of the Shares in the Company and the shareholding of Shareholders would be diluted by 0.68% (based on the number of Shares currently on issue).

- (v) If Mr Young and Mr Tapp exercise the Young Options and the Tapp Options (which are the subject of Resolutions 8 and 10), and with the issue of Shares to Mrs Edwardes, Mr Young and Mr Tapp (which are the subject of Resolutions 6, 7 and 9), the shareholding of existing Shareholders would be diluted by 1.76% (based on the number of Shares currently on issue).
  - (vi) Mr Tapp' current remuneration package, before taking into account the proposed issue of the Tapp Securities is \$350,000 including statutory superannuation.
  - (vii) The primary purpose of the issue of the Tapp Securities to Mr Tapp is not to raise capital but to form part of his remuneration package. As the Company will be granting the Tapp Limited Recourse Loan for the subscription of the Tapp Shares, no funds will be raised from the issue of the Tapp Shares. The Company will receive funds with the repayment of the Tapp Limited Recourse Loan unless the Tapp Limited Recourse Loan is satisfied by the Company buying back the Tapp Shares in accordance with the terms of the Tapp Limited Recourse Loan. The Company will not raise any funds with the issue of the Tapp Options as the Tapp Options are being issued for no consideration.
  - (viii) The amount that would be raised by the exercise of all the Tapp Options by Mr Tapp is estimated to be \$685,000 (being an exercise price of \$0.137 (on a pre-Consolidation basis) which equates to an exercise price of \$0.959 (on a post-Consolidation basis). This is based on an exercise price of 190% the closing share price of the Company on ASX (of \$0.072) as at 9 October 2014, being the last practicable date before finalising this Explanatory Statement). The funds raised from the exercise of the Tapp Options will be used for general working capital purposes. Mr Tapp must contribute his own money to exercise the Tapp Options.
  - (ix) There are no significant opportunity costs to the Company or benefits foregone by the Company in issuing the Tapp Shares upon the proposed terms. As the Tapp Limited Recourse Loan will be used to fund the subscription of the Tapp Shares, there will be no reduction in the cash reserves of the Company.
- (e) **Fair value of the Tapp Securities**

Under the Corporations Act, the Company is required to give a value to the Tapp Securities for the purposes of obtaining shareholder approval.

(i) **Tapp Shares**

The indicative fair value of the Tapp Shares is as follows:

Number of Tapp Shares	Indicative Fair Value of Tapp Shares
5,000,000	A\$360,000

The indicative fair value of A\$0.072 for Tapp Share was calculated in a manner consistent with the principles described by AASB 2 (Share-based Payments). This is calculated on a pre-Consolidation basis. The valuation date was 9 October 2014 (being the last practicable date prior to the date of finalising this Explanatory Statement). The last price which Shares in the Company traded on ASX on 7 October 2014 was A\$0.072 per share. The share price fluctuated between a high of A\$0.091 and a low of A\$0.030 in the 12 months preceding the valuation date. It should be noted that the actual valuation can only be finalised once the Tapp Shares have been issued.

(ii) **Tapp Options**

The Tapp Options will not be listed on any stock exchange and accordingly, there is no readily ascertainable market value of the Tapp Options. Accordingly, in such circumstances as noted above, ASIC has indicated that value of options should be determined in accordance with accounting standard AASB 2 (Share Based Payments). The Board notes that the value of Tapp Options can vary significantly depending on the methodology used and the assumptions made and any one particular valuation methodology is not necessarily representative to the actual value of the Tapp Options. The Company has used the Black-Scholes valuation method in valuing the Tapp Options.

For accounting purposes, the valuation details for the Tapp Options are as follows:

<b>Valuation Details</b>	
Closing Share Price at 9 October 2014*	\$0.072
Volatility**	95%
Dividend yield**	0%
Expiry date***	5 December 2019
Exercise (strike) price** (on a pre-Consolidation basis)	\$0.137
Exercise (strike) price** (on a post-Consolidation basis)	\$0.959
Risk free rate**	3.09%
Value of a Tapp Option	\$0.046
Number of Tapp Options issued (on a pre-Consolidation basis)	5,000,000
Number of Tapp Options issued (on a post-Consolidation basis)	714,285
Total value of Tapp Options	\$230,000

\*This is a valuation reference point which is the last practicable date prior to the date of finalising this Explanatory Statement.

\*\*This input variable has been estimated based on available information as at 9 October 2014 which is the last practicable date prior to the date of finalising this Explanatory Statement.

\*\*\*This is an estimated expiry date, assuming the Tapp Options are granted on 5 December 2014, 5 Business Days after the date of the Meeting.

It is important to note that the above indicative value is considered to represent the theoretical value for the Tapp Options given the following inherent limitations of the Black-Scholes model:

- » as the Black-Scholes model calculates a value to the end of the option period rather than at any time during that period, the amount calculated represents a maximum theoretical value; and
- » the Black-Scholes model assumes that there is a liquid market for the Tapp Options. The Tapp Options will not be listed and are not transferable. Accordingly, any value inherent in the Tapp Options may be difficult to access without exercising the Tapp Options and so a marketability discount would generally be applicable.

Any change in the variables applied in the Black-Scholes Model between the date of valuation and the date the Tapp Options are granted would have an impact on their calculated value.

The Board of Directors (other than Mr Tapp who has a material personal interest in these Resolutions) unanimously recommends that Shareholders vote in favour of Resolutions 9 and 10.

<b>10. RESOLUTION 11: APPROVAL OF ADDITIONAL PLACEMENT CAPACITY</b>
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**(a) Background**

Listing Rule 7.1A allows eligible companies to seek Shareholder approval (by special resolution) to issue up to an additional 10% of the number of Equity Securities that it has on issue (at the time of its AGM) within 12 months from the date of the approval (**10% Placement Facility**). This 'standing approval' is in addition to the currently existing 15% placement capacity. 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 (which is detailed below).

**(b) Approval sought**

The Company is eligible to take advantage of Listing Rule 7.1A as it currently has a market capitalisation of less than \$300 million and is not included in the S&P/ASX 300 Index. Accordingly, the Company is seeking Shareholder approval under Listing Rule 7.1A to issue an additional number of Shares representing up to 10% of the Company's issued share capital. If approval is granted, this will provide the Company with additional fundraising flexibility to issue Equity Securities over the next 12 month period as required.

If the eligibility criteria are not met by the Company on the date of the Annual General Meeting, then the resolution will be withdrawn.

**(c) Description of Listing Rule 7.1A**

**(i) 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.

**(ii) Equity securities**

Any Equity Securities under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice, has on issue one class of quoted Equity Securities, being Shares.

**(iii) 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:

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

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

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
- (D) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**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.

**(iv) 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 being submitted to ASX and ASIC, the Company has on issue 1,450,967,418 Shares. Therefore the Company will have a capacity to issue:

» on a pre-Consolidation basis:

- (A) 217,645,113 Equity Securities under Listing Rule 7.1; and
- (B) 145,096,742 Equity Securities under Listing Rule 7.1A, subject to the Shareholder approval being granted under this Resolution.

» on a post-Consolidation basis:

- (C) 31,092,159 Equity Securities under Listing Rule 7.1; and
- (D) 20,728,106 Equity Securities under Listing Rule 7.1A, subject to the Shareholder approval being granted under this Resolution.

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 described above).

**(v) Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the Volume Weighted Average Price (**VWAP**) of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

» the date on which the price at which the Equity Securities are to be issued is agreed; or

- » if the Equity Securities are not issued within 5 Trading Days of the date in the above paragraph, the date on which the Equity Securities are issued.

**(vi) 10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- » the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- » the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

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

**(vii) Listing Rule 7.1A**

The effect of Resolution 11 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 11 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

**(d) Regulatory information**

Listing Rule 7.3A requires the following information to be provided in relation to the approval for the issue of the Equity Securities.

- (i) The issue price of each Equity Security must not be less than 75% of the VWAP of the Shares calculated over the 15 Trading Days immediately before:
  - (A) the date on which the price of each Equity Security is agreed; or
  - (B) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the Equity Securities are issued.
- (ii) If Resolution 11 is approved by Shareholders and the Company issues the Equity Securities under the 10% Placement Facility, there is a risk that existing Shareholders' interests in the Company will be diluted (both from a voting and an economic perspective) by the issue of the Equity Securities as not all Shareholders may be able to subscribe for Equity Securities. There is also a risk that:
  - (A) the market price for the Equity Securities may be significantly lower on the date they are issued than on the date of the approval of this resolution at the Meeting; and
  - (B) the Equity Securities may be issued at a price that is at a discount (of up to a maximum of 25%) to the market price of the Shares on the date that they are issued.

The table below sets out, for illustrative purposes only, the dilutionary effect that the issue of the Equity Securities would have on the Company's existing share capital structure under three different scenarios as required by ASX Listing Rule 7.3A.2.



The table also shows:

- two examples where the issued share capital of the Company has increased, by 50% and 100%. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- two examples of where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price.

The table below is prepared on a post-Consolidation basis.

POST CONSOLIDATION BASIS						
Issued Share Capital	50% decrease in market price \$0.252		Market price \$50.4		100% increase in market price \$1.008	
	10% Voting Dilution	Capital raised (at 75% of market price)	10% Voting Dilution	Capital raised (at 75% of market price)	10% Voting Dilution	Capital raised (at 75% of market price)
Present share capital 207,281,060 Shares	20,728,106	\$3,917,612	20,728,106	\$7,835,224	20,728,106	\$15,670,448
50% increase in share capital 310,921,590 Shares	31,092,159	\$5,876,418	31,092,159	\$11,752,836	31,092,159	\$23,505,672
100% increase in share capital 414,562,120 Shares	41,456,212	\$7,835,224	41,456,212	\$15,670,448	41,456,212	\$31,340,896

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- 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%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
- The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

- (E) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes options, it is assumed that those options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (F) The Market price is \$0.0504, being the closing price of the Shares of \$0.072 on the ASX on 9 October 2014, multiplied by 7 to adjust for the Consolidation proposed in Resolution 5.
- (iii) The Company will only issue the Equity Securities during the 10% Placement Period. Any approval obtained from Shareholders under this Resolution 11 to issue the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (being a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (being the disposal of the Company's main undertaking).
- (iv) The Company has not yet determined whether it will issue any Equity Securities. As mentioned above, the sole purpose in seeking Shareholder approval under this resolution is to maintain maximum flexibility around the management of its capital requirements. Possible uses of funds could include for working capital purposes or to fund acquisitions either through:
  - (A) cash consideration. In such circumstances, the Company intends to use the funds raised towards exploration and development of its existing projects and general working capital; or
  - (B) non-cash consideration for the acquisition of new mineral exploration opportunities. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

- (v) As stated above, as Company has not yet determined whether it will issue any Equity Securities. 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 subscribers of the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
  - (A) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing Shareholders can participate;
  - (B) the effect of the issue of the Equity Securities on the control of the Company;
  - (C) the financial situation and solvency of the Company; and
  - (D) advice from corporate, financial and broking advisors (if available).

The subscribers under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing 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 resource assets or investments, it is possible that the subscribers under the 10% Placement Facility may include vendors of the new resource assets or investments.

- (vi) The Company has previously obtained approval for the additional placement capacity under Listing Rule 7.1A in its annual general meeting held on 30 November 2012. However, the

Company did not obtain shareholder approval under Listing Rule 7.1A in the annual general meeting held last year on 27 November 2013.

- (vii) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder to participate in an issue of Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.
- (viii) The Board of Directors unanimously recommends that Shareholders vote in favour of Resolution 11.

<b>11. RESOLUTION 12: CHANGE OF NAME</b>
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Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

The Company proposes to change its name to assist in rebadging the Company.

Resolution 12 seeks Shareholder approval for the Company to change its name to Vimy Resources Ltd. If Resolution 12 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 12 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

The Board of Directors unanimously recommends that Shareholders vote in favour of Resolution 12.

## DEFINITIONS

In this Explanatory Statement and Notice:

**'10% Placement Facility'** has the meaning provided in Section 10.

**'10% Placement Period'** has the meaning provided in Section 10.

**'2014 Annual Report'** means the annual report of the Company for the year ended 30 June 2014.

**'AGM'** or **'Annual General Meeting'** or **'Meeting'** mean the annual general meeting of the Shareholders of the Company convened by the Notice.

**'ASIC'** means Australian Securities and Investments Commission.

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

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

**'Auditor'** means the auditor of the Company.

**'Board'** means the board of Directors.

**'Closely Related Party'** of a member of 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 dealings with the Company;
- (e) an entity the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

**'Company'** means Energy and Minerals Australia Limited ACN 120 178 949.

**'Consolidation'** has the meaning given in Section 6.

**'Constitution'** means the Constitution of the Company in effect immediately prior to and during the AGM.

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

**'Director'** means a director of the Company.

**'Director Options'** means the Young Options and the Tapp Options.

**'Edwardes Shares'** means the Shares proposed to be issued to Mrs Edwardes or her nominee pursuant to Shareholder approval under Resolution 6.

**'EMA Employee Share Plan'** means the loan funded share plan of the Company which was approved by Shareholders on 14 June 2013.

**'Equity Securities'** has the same meaning as in the Listing Rules.

**'Explanatory Statement'** means the explanatory statement accompanying the Notice.

**'Key Management Personnel'** means the key personnel as disclosed in the Remuneration Report.

**'Notice'** means this notice of AGM.

**'Option'** means an option in the capital of the Company.

**'Optionholder'** means a holder of an Option.

**'Proxy Form'** means the proxy form attached to the Notice.

**'Remuneration Report'** means the remuneration report of the Company for the year ended 30 June 2014 as set out in the 2014 Annual Report.

**'Resolution'** means a resolution to be considered at the Meeting as contained in the Notice.

**'Section'** means a section of this Explanatory Statement.

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

**'Shareholder'** means a holder of Shares.

**'Tapp Options'** means the Options proposed to be issued to Mr Tapp or his nominee pursuant to Shareholder approval under Resolution 10.

**'Tapp Shares'** means the Shares proposed to be issued to Mr Tapp or his nominee pursuant to Shareholder approval under Resolution 9.

**'Trading Day'** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**'Young Options'** means the Options proposed to be issued to Mr Young or his nominee pursuant to Shareholder approval under Resolution 10.

**'Young Shares'** means the Shares proposed to be issued to Mr Young or his nominee pursuant to Shareholder approval under Resolution 7.

## **SCHEDULE A - SUMMARY OF THE TERMS OF DIRECTOR OPTIONS**

1. The Director Options are issued free of payment.
2. Each Director Option entitles the holder (**Director Option Holder**) to subscribe for and be issue one Share (**Option Share**).
3. The exercise price for each Director Option (which is payable immediately on exercise) is 190% of the closing share price of a Share on ASX on the issue date of the Director Options (**Exercise Price**).
4. The Director Options will vest 2 years after their issue date provided that the employee who was originally offered the Director Option is still employed by the Company on that vesting date. The Director Options will only be exercisable after the Director Options have vested. Any Director Options that do not vest and do not become exercisable will automatically lapse.
5. The Director Options will immediately lapse if the employee originally offered the Director Option leaves the Company for any reason.
6. The Director Options will expire 5 years from the date of issue (**Expiry Date**).
7. Any Director Options which have not been exercised on or before 5.00pm WST on the Expiry Date lapse automatically.
8. The Director Options are not transferable.
9. The Company will not apply to ASX for quotation of the Director Options.
10. Director Options may only be exercised by notice in writing (**Exercise Notice**) to the registered office of the Company. The Exercise Notice must specify the number of Director Options being exercised. The Director Options can only be exercised once during a six month period in a tranche of not less than 2,500,000 Director Options. The Director Option Holder must pay to the Company the Exercise Price in respect of each Director Option Share specified in the Exercise Notice by:
  - (a) electronic funds transfer into an account nominated by the Company; or
  - (b) bank cheque.
11. The Exercise Notice only becomes effective when the Company has received cleared funds for the full amount of the Exercise Price specified under the Exercise Notice.
12. Subject to clause 14, within 5 Business Days after the Exercise Notice becomes effective, the Company must:
  - (a) issue to the Director Option Holder one Director Option Share for each Director Option exercised by the Director Option Holder (**Option Exercise Date**);
  - (b) deliver to the Director Option Holder a holding statement setting out the number of Director Option Shares which has been issued to the Director Option Holder;
  - (c) apply to ASX for quotation of all Director Option Shares issued pursuant to the Exercise Notice and give to ASX an Appendix 3B in relation to these Director Option Shares; and
  - (d) issue (if applicable) a new holding statement for the balance of the Director Options held by the Director Option Holder.

13. Subject to clause 14, the Company will as soon as reasonably practicable following the issue of any Director Option Shares, but in any event within 5 Business Days after the issue of the Director Option Shares, lodge a notice with ASX which complies with the requirements in section 708A(6) of the Corporations Act (**Cleansing Notice**). If the Company is unable to issue a Cleansing Notice, in which case:
  - (a) within 20 Business Days after the Option Issue Date, the Company will comply with the criteria in "Case 2" of section 708A of the Corporations Act and issue a prospectus under Chapter 6D of the Corporations Act; or
  - (b) until the Company has issued a prospectus under paragraph 13(a) above, the holder of the Director Option Shares may only transfer its Director Option Shares to a person that comes within section 708(8), (10) or (11) of the Corporations Act.
14. If the Company, acting in good faith, reasonably forms the view that complying with its obligations under clauses 12 and 13 would require the Company to disclose commercially sensitive information that would not otherwise be required to be disclosed under the Listing Rules:
  - (a) the Company must, within 5 Business Days of receiving the Exercise Notice, notify that Director Option Holder that it has formed that view;
  - (b) clauses 12 and 13 will not apply in respect of the potential issue of the relevant Director Option Shares;
  - (c) the Director Option Holder must, within 2 Business Days of receiving the notification from the Company, by notice in writing to the Company, withdraw the relevant Exercise Notice; and
  - (d) the Director Option Holder may resubmit another Exercise Notice\ one month following the withdrawal of an Exercise Notice.

However, the Company will not be entitled to rely on this clause 14 in the last three months before the Expiry Date.
15. All Director Option Shares will rank equally in all respects with other existing Shares.
16. If there is a Bonus Issue to Shareholders, the number of Shares over which the Director Option is exercisable will be increased by the number of Shares which the Option Holder would have received if the Director Option had been exercised before the Record Date for the Bonus Issue.
17. In the event of a Pro Rata Issue (except a Bonus Issue) of Shares by the Company, the Exercise Price for each Director Option will be adjusted in accordance with Listing Rule 6.22.2 of the Listing Rules.
18. If any reorganisation (including consolidation, subdivision, reduction, return or cancellation) of the issued capital of the Company occurs before the expiry of any Director Options, the number of Director Options to which the Director Option Holder is entitled, the Exercise Price of the Director Options, or both, must be reorganised in accordance with the Listing Rules.
19. A Director Option does not confer the right to participate in new issues of capital offered to Shareholders (**Rights Entitlement**) during the term of the Director Options without exercising the Director Options. However, the Company will send a notice to the Director Option Holder informing them of the new issues of capital in accordance with the Listing Rules.

20. A Director Option Holder may only participate in new issues of securities to Shareholders if the Director Option has been exercised before the Record Date for determining entitlement to the issue. For the avoidance of doubt, no option term or condition will limit any rights that the Director Option Holder may have in its capacity as a Shareholder.
21. The Company will, in accordance with the Listing Rules, send notice to the Director Option Holder stating the name of the Director Option Holder, the number of Director Options held and the number of Director Option Shares to be issued on exercise of the Director Options, the Exercise Price, the due date for payment, and the consequences of non-payment.
22. The Director Options do not provide any entitlement to dividends paid to Shareholders.
23. The Director Options do not entitle the Director Option Holder to vote at any meeting of Shareholders.
24. Subject to the Listing Rules, the Corporations Act and the Constitution, the terms and conditions of Director Options applicable to the Director Option Holder may be varied at any time by written agreement between the Company and the Director Option Holder.
25. In this Schedule 1, the expressions Bonus Issue, Pro Rata Issue and Record Date have the meaning given in the Listing Rules.
26. These terms and conditions of the Director Options are governed by the laws of Western Australia.



## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**REGISTERED OFFICE:**  
GROUND FLOOR  
10 RICHARDSON STREET  
WEST PERTH WA 6005

### ENERGY AND MINERALS AUSTRALIA LIMITED

ABN: 56 120 178 949

**SHARE REGISTRY:**  
Security Transfer Registrars Pty Ltd

**All Correspondence to:**  
**PO BOX 535, APPLECROSS WA 6953**  
770 Canning Highway,  
APPLECROSS WA 6153  
T: (08) 9315 2333  
F: (08) 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

«HOLDER\_NAME\_\_\_\_\_»  
«ADDRESS\_LINE\_1\_\_\_\_\_»  
«ADDRESS\_LINE\_2\_\_\_\_\_»  
«ADDRESS\_LINE\_3\_\_\_\_\_»  
«ADDRESS\_LINE\_4\_\_\_\_\_»  
«ADDRESS\_LINE\_5\_\_\_\_\_»

ASX Code: **EMA**

Holder Number: \_\_\_\_\_

#### SECTION A: Appointment of Proxy

I/We being a member(s) of Energy and Minerals Australia Limited and entitled to attend and vote hereby appoint:



OR

**The Chairperson  
of the Meeting  
(mark with an "X")**

Name of the person you are appointing if this person is **someone other than** the Chairperson of the Meeting

or failing attendance at the Meeting of the person/body corporate named above, or if no person/body corporate is named, the Chairperson 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 (or if no directions have been given, to the extent permitted by law, as the Proxy sees fit) at the general meeting (**Meeting**) of Energy and Minerals Australia Limited to be held The Celtic Club, 48 Ord Street, West Perth on Friday, 28 November 2014 at 10.30 am WST and at any adjournment of that Meeting.

#### Important note:

**The Chairperson of the Meeting intends to vote undirected proxies in favour of each Resolution.** If the Chairperson of the Meeting is your proxy (or becomes your proxy by default), by signing and returning this form you expressly authorise the Chairperson of the Meeting to exercise your proxy on **Resolutions 1, 6, 7, 8, 9 and 10** even though **Resolutions 1, 6, 7, 8, 9 and 10** are connected with the remuneration of a member of key management personnel. If you appoint the Chairperson of the Meeting as your proxy you can direct the Chairperson of the Meeting to vote for or against or abstain from voting on **Resolutions 1, 6, 7, 8, 9 and 10** by marking the appropriate box in **Section B** below.

#### SECTION B: Voting Directions to Your Proxy

Please mark with "X" in the box to indicate your voting directions to your Proxy:

##### ORDINARY RESOLUTIONS

	For	Against	Abstain*
1. ADOPTION OF REMUNERATION REPORT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. RE-ELECTION OF THE HON. CHERYL EDWARDES AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. RE-ELECTION OF MS FELICITY GOODING AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. RE-ELECTION OF MR JULIAN ROBIN TAPP AS A DIRECTOR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. CONSOLIDATION OF SHARES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. ISSUE OF SHARES TO THE HON. CHERYL EDWARDES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. ISSUE OF SHARES TO MR MICHAEL YOUNG	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8.

ISSUE OF OPTIONS TO MR MICHAEL YOUNG

☐

☐

☐
9.

ISSUE OF SHARES TO MR JULIAN TAPP

☐

☐

☐
10.

ISSUE OF OPTIONS TO MR JULIAN TAPP

☐

☐

☐

SPECIAL RESOLUTIONS

11.

APPROVAL OF ADDITIONAL PLACEMENT CAPACITY

☐

☐

☐
12.

CHANGE OF NAME

☐

☐

☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.  
\* 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.

SECTION C: Please Sign Below

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

Individual or Security Holder 1

Sole Director and Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director / Company Secretary

My/Our contact details in case of enquiries are:

Contact Name

Telephone Number

( )

Shareholders are entitled to appoint up to two (2) Proxies to attend the Meeting and vote on their behalf. Proxies do not need to be Shareholders of the Company.

If you wish to appoint two (2) Proxies, please phone Security Transfer Registrars on +61 8 9315 2333 to obtain your second proxy form. Both forms must be completed with the nominated amount (number/percentage) clearly printed on each of the forms. If you do not specify the nominated amount, each Proxy may exercise half of your voting rights.

**PLEASE RETURN BOTH OF THE FORMS TOGETHER**

## NOTES

### 1. Name and Address

This is the name and address on the Share Register of Energy and Minerals Australia Limited. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

### 2. Appointment of a Proxy

If you wish to appoint the Chairperson of the Meeting as your Proxy please mark 'X' in the first box in Section A.

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the Meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of Energy and Minerals Australia Limited.

### 3. Directing your Proxy how to vote

To direct the Proxy how to vote place an 'X' in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

### 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 (08) 9315 2333 or you may photocopy 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 of your votes; and

(b) Return both forms in the same envelope.

### 5. Important Note: The key management personnel (KMP) of Energy and Minerals Australia Limited (which includes each of the Directors) will not be able to vote as your proxy on **Resolutions 1, 6, 7, 8, 9 and 10** unless you tell them how to vote or, if the Chairperson of the Meeting is your proxy, you expressly authorise him to vote even though **Resolutions 1, 6, 7, 8, 9, and 10** are connected with the remuneration of the KMP and you tick the box in Section A relating to **Resolutions 1, 6, 7, 8, 9, and 10**. If you intend to appoint a member of the KMP as your proxy, you can direct them to vote for or against

or to abstain from voting on **Resolutions 1, 6, 7, 8, 9 and 10** by marking the appropriate box on the Proxy Form.

### 6. Signing Instructions

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

**Joint Holding:** where the holding is in more than one name all of the Shareholders must 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 (Cth)) does not have a company secretary, a sole director may sign alone. Otherwise this form must be signed by a director jointly with either another director or company secretary. Please indicate the office held in the appropriate place.

If a representative of a company Shareholder is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the Meeting or at the registration desk on the day of the Meeting. A form of the certificate may be obtained from the Company's Share Registry.

### Lodgement of Proxy

This proxy form (and any power of attorney under which it is signed) must be received by Security Transfer Registrars no later than on **Wednesday, 26 November 2014 at 10.30 am WST**, being 48 hours before the time for holding the Meeting. Any proxy form received after that time will not be valid for the scheduled Meeting. The contact details of Security Transfer are as follows:

By mail: **Security Transfer Registrars Pty Ltd**  
**PO Box 535**  
**Applecross WA 6953**

By hand: Suite 1, 770 Canning Highway  
Applecross WA 6153

By fax: + 61 8 9315 2233

By email: **registrar@securitytransfer.com.au**