



MOUNT MAGNET SOUTH NL

ACN 096 635 246

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2.00pm (WST)

DATE: Friday 28 November 2014

PLACE: Level 4, 130 Stirling Street, Perth (office of HLB Mann Judd)
Western Australia 6000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9213 8900.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2.00pm (WST) on Friday, 28 November 2014 at:

Level 4, 130 Stirling Street, Perth (office of HLB Mann Judd)
Western Australia 6000

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

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

In accordance with section 249L of the Corporations Act 2001, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company;
- a member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act 2001, each proxy may exercise half of the votes.

In accordance with section 250BA of the Corporations Act 2001, the Company specifies the following information for the purposes of receipt of proxy appointments:

Registered Office:	Level 1, 10 Outram Street West Perth, Western Australia 6005
Facsimile Number:	(61 8) 9213 8901
Email:	admin@mountmagnet.com.au
Postal Address:	P O Box 946 West Perth, Western Australia 6872

ATTENDANCE AND VOTING AT THE MEETING

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered as shareholders of the Company at 5pm (WST) on 26 November 2014.

If you are not the registered holder of shares at that time, you will not be entitled to vote at the Meeting.

Proxies

Each member entitled to vote at the Meeting has the right to appoint a proxy to attend and vote at the Meeting on his behalf. The member may specify the way in which the proxy is to vote on each resolution or may allow the proxy to vote at his discretion. The instrument appointing the proxy must be received by the Company at the address specified above at least 48 hours before the time notified for the Meeting (proxy forms can be lodged by facsimile).

The Meeting Chairman intends to vote all undirected proxies in favour of the (relevant) resolution(s).

A glossary of terms used in this document is as follows:

Annual General Meeting or **Meeting** means the meeting convened by the notice.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

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

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

Company means Mount Magnet South NL (ACN 096 635 246).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share by payment of the relevant exercise price on the terms and conditions under which the options were issued.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

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

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that an Annual General Meeting of Shareholders will be held at 2.00pm (WST) on Friday, 28 November 2014 at Level 4, 130 Stirling Street, Perth (office of HLB Mann Judd), Western Australia 6000.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

1) FINANCIAL STATEMENTS AND REPORTS

To receive and consider the financial report of the Company for the year ended 30th June 2014, together with the reports by the directors and auditors thereon.

2) RESOLUTION 1 –ADOPTION OF REMUNERATION REPORT

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

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

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusions

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

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report;
- (b) a Closely Related Party of such a member.

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

- (a) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (b) the Voter is the chair of the Meeting and the appointment of the chair as proxy:
 - (i) does not specify the way the proxy is to vote on the resolution; and
 - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

3) RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MARK PITT

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

"That Mr Mark Pitt, who retires in accordance with Article 67(1) of the Constitution of the Company and, being eligible, offers himself for re-election, be and is hereby re-elected as a director of the Company."

4) RESOLUTION 3—APPROVAL OF ISSUE OF OPTIONS

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 90,000,000 Options to Capital Investment Partners Pty Ltd (or its nominees) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by Capital Investment Partners Pty Ltd and any of its associates. However, the Company need not disregard a vote if 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 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.

5) RESOLUTION 4 – APPROVAL OF CONVERTIBLE NOTES ISSUE

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

"That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue to Mr David Brian Argyle of 133,333,333 convertible notes and the subsequent issue of up to 133,333,333 Shares upon conversion of the convertible notes on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by David Brian Argyle, and any of his associates. However, the Company will not disregard a vote if it is cast by the person as a proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form, or it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form to vote as the proxy decides.

6) RESOLUTION 5 – APPROVAL OF 10% PLACEMENT FACILITY

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

Voting Exclusion: The Company will disregard any votes cast on this special resolution by any person who may participate in the issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

GENERAL BUSINESS

To transact any other business which may lawfully be brought forward.

BY ORDER OF THE BOARD

**SUSMIT SHAH
COMPANY SECRETARY**

DATED: 28 OCTOBER 2014

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 2.00pm (WST) on Friday, 28 November 2014 at Level 4, 130 Stirling Street, Perth (office of HLB Mann Judd), Western Australia 6000.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the requirements of the Company's Constitution and the Corporations Act, the 2014 Annual Report will be tabled at the Meeting. Shareholders will have the opportunity of discussing the Annual Report and making comments and raising queries in relation to the Report.

Representatives from the Company's auditors, HLB Mann Judd, will be present to take shareholders' questions and comments about the conduct of the audit and the preparation and content of the audit report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on the Company's website at www.mountmagnet.com.au for you to download or read online.

2. RESOLUTION 1 –ADOPTION OF REMUNERATION REPORT

The Annual Report for the financial year ended 30 June 2014 contains a Remuneration Report, which forms part of the Directors' Report and sets out the remuneration policy for the Company and its controlled entities, and reports the remuneration arrangements in place for executive directors, senior management and non-executive directors.

The Corporations Act 2001 requires listed companies to put an annual non-binding resolution to shareholders to adopt the Remuneration Report. In line with the legislation, this vote will be advisory only, and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when considering the Company's remuneration policy.

If at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Meeting, and then again at the Company's 2015 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (Spill Resolution).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (Spill Meeting) within 90 days of the Company's 2015 annual general meeting. All of the Directors who were in office when the Company's 2015 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

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

Chairman authorised to exercise undirected proxies on remuneration related resolutions:

Where shareholders have appointed the Chairman of the Meeting as their proxy, the Chairman will vote in favour of Resolution 1 "Adoption of Remuneration Report" unless the shareholder has expressly indicated a different voting intention. This is so notwithstanding that the resolution is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

3. RESOLUTIONS 2– RE-ELECTION OF DIRECTOR

In accordance with the requirements of the Company's Constitution, ASX Listing Rules and the Corporations Act, Mr Pitt retires at this Meeting and, being eligible, offers himself for re-election. Details of his qualifications and experience are available in the Annual Report.

Mr Mark Pitt is a non-executive Director, who is considered to be an independent director. He was appointed on 26 October 2010.

Mark Pitt is a mining engineer who has been responsible for the development and expansion of a number of mining operations in a variety of commodities. He has held directorships and other senior management roles in several ASX listed mining companies. These include gold miners Doro Exploration NL, New Hampton Goldfields Limited and Perseverance Corporation Ltd and nickel and tin miner Metals Exploration Ltd. Mr Pitt's experience includes mine management, mine planning and permitting, feasibility studies and mine financing.

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

4. RESOLUTION 3 - APPROVAL OF ISSUE OF OPTIONS

4.1 General

The Company initially announced its intention to undertake a pro rata non-renounceable entitlement offer of Shares and Options to eligible shareholders ("Offer") on 10 September 2014 to raise a total of \$927,031. At the time of preparation of this Notice, Offer arrangements have been advanced and a provisional agreement has been reached with Capital Investment Partners Pty Ltd (CIP) for it to fully underwrite the Offer. The underwriting fee comprises a 6% fee, \$10,000 management fee and the issue of up to 90 million Options (at an issue price of \$0.00001 per Option).

CIP (or its nominees) will therefore have the right but not the obligation to subscribe for up to a total of 90 million options at an issue price of \$0.00001 for entering into an underwriting arrangement with the Company.

4.2 Specific information required by ASX Listing Rule 7.3 with respect to Resolution 3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Options:

- a) Up to 90,000,000 Options will be issued.
- b) The securities will be issued on a progressive basis soon after the Meeting but, in any event, no later than 3 months after the date of the Meeting;
- c) the Options will be issued at \$0.00001 each.
- d) the Options will be issued to Capital Investment Partners Pty Ltd (or its nominees), which is not a related party of the Company;
- e) The terms and conditions of the Options to be issued are set out in Schedule 1 to this Explanatory Statement; and
- f) the proceeds of the Option issue, though nominal, will supplement the Company's working capital.

A voting exclusion statement is included in the Notice.

5. RESOLUTION 4 – APPROVAL OF CONVERTIBLE NOTES ISSUE

5.1 General

The Company presently has on issue 66,666,667 convertible notes with a face value of \$1 million, which are convertible to 66,666,667 Shares (at an issue price of \$0.015 per Share). The convertible notes have a redemption date of 31 July 2015.

The Company has recently finalised arrangements with the noteholder (subject to completion of legal documentation), as a result of which the following key commercial terms have been agreed, subject

to completion of the Offer referred to in section 4.1 above, :

- (i) the Company will redeem existing convertible notes with a face value of \$200,000 leaving a balance of \$800,000 in existing convertible notes;
- (ii) existing convertible notes with a face value of \$800,000 (53,333,333 convertible notes) will be cancelled and the Company will instead, subject to Shareholder approval, issue 133,333,333 new convertible notes which can be converted to up to 133,333,333 Shares at an issue price of \$0.006 (being equivalent to the exercise price of the Options that are proposed to be included in the Offer referred to in section 4.1 above); and
- (iii) the new convertible notes (with a total face value of \$0.8 million) will have a redemption date of 31 July 2017 (compared to the 31 July 2015 redemption date for the existing notes).

5.2 Specific information required by ASX Listing Rule 7.3 with respect to Resolution 4

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the convertible notes and of Shares on conversion of the convertible notes:

- a) The principal terms of the Notes are as follows;
 - (i) 133,333,333 convertible notes with a value of \$0.006 each for a total face value of \$800,000;
 - (ii) Maturity date: 31 July 2017; and
 - (iii) Coupon rate: 5% per annum.
- b) The 133,333,333 convertible notes will be issued to Mr. David Brian Argyle who is not a related party of the Company (Mr Argyle also being the holder of the existing 66,666,667 convertible notes).
- c) the convertible notes will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue will occur on the same date.
- d) The convertible notes are unsecured and can be transferred, subject to the approval of the Directors of the Company.
- e) The convertible notes are convertible to up to 133,333,333 Shares at any time up to the maturity date referred to above at the sole discretion of the noteholder.
- f) the terms and conditions of the fully paid ordinary shares to be issued upon conversion of the convertible notes will be the same as the Shares in the Company already on issue and will from the date of issue rank equally in all respects with the Company's existing ordinary shares.
- g) The convertible notes issue will not raise any new funds and the issue is for the purposes explained above – renegotiated terms in relation to the \$1 million liability under the existing convertible notes held by Mr. David Brian Argyle.

A voting exclusion statement is included in the Notice.

In addition, the following key terms have been negotiated with the noteholder in relation to the new notes which may result in early redemption of part or all of the new convertible notes liability of \$800,000:

- i. If the Company's Kirkalocka Gold Project ("KGP") (comprising gold treatment plant and mineral tenements) is transferred into a private company for non-cash consideration, then the noteholder will receive equity capital for the value of \$400,000 in the private company thus reducing the convertible note liability to \$400,000;
- ii. If KGP is sold to a third party, the noteholder will receive up to \$400,000 of sale proceeds in priority to the Company receiving sale consideration thus reducing the convertible note liability by the repayment amount; or
- iii. If the Company acquires a new project or business that generates any earnings before interest and taxation ("EBIT") greater than \$1m at any time prior to the redemption date of the convertible notes (31 July 2017), then the noteholder will be paid 20% of EBIT against early redemption of the then remaining balance of the convertible note liability.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

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

6.1 Conditions of Approval

Approval under Listing Rule 7.1A is subject to the following:

- (a) Shareholder approval by way of Special Resolution at an AGM; and
- (b) the Company qualifying as an Eligible Entity. The Company is an Eligible Entity if the Company is outside the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company qualifies as an Eligible Entity.

6.2 Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. The Company, as at the date of the Notice, has on issue one (1) class of quoted Equity Securities, being fully paid ordinary shares (ASX: MUM).

6.3 Minimum Issue Price

The minimum price at which the Equity Securities may be issued for the purposes of Listing Rule 7.1A.3 is 75% of the volume weighted average price for Equity Securities in that particular class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within five (5) Trading Days of the date in paragraph (a), the date on which the Equity Securities are issued.

6.4 Risks associated with the Issue

The possible risks associated with an issue of Equity Securities under Listing Rule 7.1A.2 may include:

- the market price for Equity Securities in that class may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
- the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.

Listing Rule 7.3A.2 requires the Company to provide a table demonstrating the potential dilution effect based on three different assumed prices of the Company's Shares and three different numbers of Shares on issue in the Company (Variable 'A' in Listing Rule 7.1 and 7.1A). For convenience, we will refer to the latter as Variable 'A'.

Table A below shows the dilution of existing Shareholdings on the basis of the current market price of Shares and the total number of Shares (expected to be on issue upon (i) completion of the issue of a tranche 2 placement of 60 million shares for which approval was received at a Shareholders Meeting held on 21 October 2014 and (ii) completion of a proposed entitlement offer of 618,020,816 Shares assuming the entitlement offer is fully subscribed) for Variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table (*) also shows:

- two examples where Variable 'A' has increased by 50% and 100%. The number of ordinary Shares on issue may increase as a result of issues of ordinary Shares that do not require Shareholder approval 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 ordinary Shares has decreased by 50% and increased by 100% as against the current market price.

Table A – Potential dilution effect on utilisation of 'Additional 10% Placement Capacity'(*)

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.001 50% decrease in issue price	\$0.002 Issue price	\$0.004 100% increase in issue price
Current Variable 'A' 1,296,041,632	10% Voting Dilution	129,604,163 shares	129,604,163 shares	129,604,163 shares
	Funds Raised	\$ 129,604	\$ 259,208	\$ 518,417
50% increase in current Variable 'A' 1,944,062,448	10% Voting Dilution	194,406,245 shares	194,406,245 shares	194,406,245 shares
	Funds Raised	\$ 194,406	\$ 388,812	\$ 777,625
100% increase in current Variable 'A' 2,592,083,264	10% Voting Dilution	259,208,326 shares	259,208,326 shares	259,208,326 shares
	Funds Raised	\$ 259,208	\$ 518,417	\$ 1,036,833

(*) Table A has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- No Listed Options, unlisted options and Performance Rights are exercised into Shares before the date of the issue of Equity Securities.
- 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 as the date of the Meeting.
- The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- The issue price of \$0.002, being the closing price of the Shares on ASX at the time of this Notice.

6.5 10% Placement Period

The date by which the Equity Securities may be issued pursuant to Listing Rule 7.1A.1 is the earlier of:

- the date that is 12 months after the date of the Meeting at which the approval is obtained;
- the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 or 11.2; or such longer period allowed by the ASX.

The approval pursuant to Listing Rule 7.1A will cease to be valid in the event that Shareholders approve 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).

6.6 The Purposes of Issue

The purposes for which the Company may issue Shares pursuant to Listing Rule 7.1A include the following:

- tenement holding costs and specific exploration activities
- Ongoing working capital, administration and corporate overheads

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

6.7 The Company's Allocation Policy

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 recipients of Shares will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the methods of raising funds that are available to the Company including but not limited to, rights issue or other issue in which existing Shareholders can participate;
- the effect of the issue of the Shares on the control of the Company;

- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, legal, financial and broking advisors (if applicable).

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

6.8 Shareholder Approval

The Company has previously obtained Shareholder approval under Listing Rule 7.1A (at the 2013 Annual General Meeting).

6.9 Equity Securities issued or expected to be issued in the 12 months prior to the Meeting

The Company has issued a total of 80,000,000 Shares in the 12 months preceding the date of this Notice. Following approvals received at a Shareholders meeting on 21 October 2014, the Company also expects to complete the issue of 60,000,000 Shares and 70,000,000 Options prior to the date of the Meeting. The issue of the 80m Shares together with the anticipated issue of 60m Shares represents, in aggregate, 26% of the Shares on issue at the commencement of the 12 month period.

The details of issues of all equity securities (quoted and unquoted) made in the 12 months preceding the date of this Notice are provided in Schedule 2.

6.10 Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- i. a list of the recipients of the Equity Securities and the number of Equity Securities issued to each recipient (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- ii. the information required by Listing Rule 3.10.5A for release to the market.

6.11 Board Recommendation

The Board recommends that Shareholders vote in favour of this Resolution.

A voting exclusion statement is included in this Notice.

SCHEDULE 1
TERMS AND CONDITIONS OF OPTIONS THE SUBJECT OF RESOLUTION 3

- (a) Each Option entitles the holder to subscribe for and be allotted one Share.
- (b) The Options may be exercisable at any time prior to 5:00pm WST on 31 December 2018 ("Expiry Date"). Options not exercised on or before the Expiry Date will automatically lapse.
- (c) The exercise price of each Option is \$0.006.
- (d) The Options may be exercised wholly or in part by completing an application form for Shares ("Notice of Exercise") delivered to the Company's share registry and received by it any time prior to the Expiry Date.
- (e) The Options are transferable and the Company will not apply to ASX to have the Options granted Official Quotation.
- (f) Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking paripassu with the then issued Shares. The Company will apply to ASX to have the Shares granted Official Quotation.
- (g) There will be no participating entitlement inherent in the Options to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, Option holders will be notified by the Company in accordance with the requirements of the Listing Rules.
- (h) There are no rights to a change in exercise price, or in the number of Shares over which the Options can be exercised, in the event of a bonus issue by the Company prior to the exercise of any Options.
- (i) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the Listing Rules.
- (j) Shares issued pursuant to the exercise of an Option will be issued not more than 14 days after the date of the Notice of Exercise.

SCHEDULE 2
EQUITY SECURITIES ISSUED OR ANTICIPATED TO BE ISSUED IN THE 12
MONTHSPRECEDING THE ANNUAL GENERAL MEETING

Date(s) of Issue	18-Sep-14	Anticipated placement issue prior to date of the Meeting	Anticipated entitlement issue prior to date of the Meeting
Number issued (or to be issued)	80,000,000	60,000,000 and 70,000,000 ¹	618,020,816 and 309,010,408
Class	Ordinary shares	Ordinary shares and Options ² respectively	Ordinary shares and Options ² respectively
Summary of terms	1st tranche placement of shares (under LR 7.1 15% capacity)	2nd tranche placement of shares and attaching options as well as attaching options for 1st tranche participants	Non-renounceable entitlement offer on the basis of 1 Share for every 1 Share held with 1 free attaching option for every 2 Shares subscribed
Names of persons who received securities or basis on which those persons was determined	Sophisticated investors and clients of Capital Investment Partners Pty Ltd	Sophisticated investors and clients of Capital Investment Partners Pty Ltd	Eligible Shareholders on the record date
Price	\$0.0015 per Share with one attaching Option for every 2 Shares subscribed	\$0.0015 per Share with one attaching Option for every 2 Shares subscribed	\$0.0015 per Share with one attaching Option for every 2 Shares subscribed
Discount to Market (if any)	63% discount to 5 day market VWAP at the time of making the announcement on 10 September 2014	63% discount to 5 day market VWAP at the time of making the announcement on 10 September 2014	63% discount to 5 day market VWAP at the time of making the announcement on 10 September 2014
Total cash consideration received	\$120,000	\$90,000	\$927,031
Amount of cash consideration spent	25%	n/a	n/a
Use of cash consideration (%)	Funds to supplement the Company's working capital and to be used towards funding tenement holding costs, administration and corporate overheads	Funds to supplement the Company's working capital and to be used towards funding tenement holding costs, administration and corporate overheads	Exploration and evaluation expenditure, including on new project opportunities, Corporate overheads, administration costs and general working capital and Underwriting and capital raising fees in relation to the Offer
Intended use for remaining amount of cash (if any)	As above	n/a	n/a

¹Approval for issue of 60m Shares and 70m Options was received at a Shareholders meeting on 21 October 2014 and the issue is expected to be completed prior to the date of the Annual General Meeting.

² The Options are exercisable at \$0.006 on or before 31 December 2018.

END

Completed Proxy can be lodged:

BY MAIL: Level 1, 10 Outram Street
West Perth, WA 6005
Or

PO Box 946, West Perth, WA 6872

BY FAX: (61 8) 9213 8901

EMAIL: admin@mountmagnet.com.au

For your vote to be effective, the completed proxy form must be received by 2pm (Perth time), Wednesday, 26 November 2014

How to complete the Proxy Form

1 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

2 Votes on Items of Business

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

3 Appointment of a Second Proxy

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

To appoint a second proxy you must:

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

4 Signing Instructions

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

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

Joint Holding: where the holding is in more than one name, all of the security holders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

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

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above no later than 48 hours before the time of the General Meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

STEP 1 **APPOINTMENT OF PROXY**

I/We being a member/s of **Mount Magnet South NL** and entitled to attend and vote hereby appoint

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

OR

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding your own name) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Mount Magnet South NL to be held on 28 November 2014 and at any adjournment of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 marking the appropriate box below under **VOTING DIRECTIONS (STEP 2)**.

STEP 2 **VOTING DIRECTIONS TO YOUR PROXY**

PLEASE MARK ☒ TO INDICATE YOUR DIRECTIONS

For Against Abstain*

Resolution 1 – Adoption of Remuneration Report

☐ ☐ ☐

Resolution 2 – Re-election of Director, Mark Pitt

☐ ☐ ☐

Resolution 3 – Approval for Issue of Options

☐ ☐ ☐

Resolution 4 – Approval of Convertible Notes Issue

☐ ☐ ☐

Resolution 5 – Approval of 10% Replacement Facility

☐ ☐ ☐

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business

* 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.

SIGN

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

Individual or Securityholder 1

Sole Director and
Sole Company Secretary
Dated: __/__/2014

Securityholder 2

Director

Securityholder 3

Director/Company Secretary