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**STRATOS RESOURCES LIMITED****ACN 110 884 252****NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11.00am (WST)

**DATE:** 28 November 2014

**PLACE:** Level 1, 981 Wellington Street,  
West Perth WA 6005

*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, Piers Lewis, on (+61 8) 6555 2950.*

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## IMPORTANT INFORMATION

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### TIME AND PLACE OF MEETING

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (WST) on 28 November 2014 at:

Level 1, 981 Wellington Street, West Perth WA 6005.

### YOUR VOTE IS IMPORTANT

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

### VOTING ELIGIBILITY

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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 Shareholders at 4.00pm (WST) on 26 November 2014.

### VOTING IN PERSON

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

### VOTING BY PROXY

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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, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be

aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

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

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

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

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

### ***Transfer of non-chair proxy to chair in certain circumstances***

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

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

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

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

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##### 1. FINANCIAL STATEMENTS AND REPORTS

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

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##### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

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

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

**Voting Prohibition Statement:**

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

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

However, 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 this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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##### 3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

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

*"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement"*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution 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.

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**4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR JAMES THOMPSON**

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

*"That, for the purpose of clauses 13.2 of the Constitution and for all other purposes, Mr James Thompson, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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**5. RESOLUTION 4 – EXERCISE OF MANITOUWADGE OPTION**

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

*"That, for the purpose of good corporate governance the Board seeks Shareholder approval for the Company to be permitted to exercise the Manitouwadge Option subject to completion of due diligence to the satisfaction of the Board and otherwise on the terms and conditions in the Explanatory Statement."*

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**6. RESOLUTION 5 – EXERCISE OF HINTON NORTH OPTION**

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

*"That, for the purpose of good corporate governance the Board seeks Shareholder approval for the Company to be permitted to exercise the Hinton North Option subject to completion of due diligence to the satisfaction of the Board and otherwise on the terms and conditions in the Explanatory Statement."*

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**7. RESOLUTION 6 – ISSUE OF CONDITIONAL PERFORMANCE OPTIONS TO MR PIERS LEWIS**

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

*"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 3,000,000 Conditional Performance Options to Mr Piers Lewis (or his nominee) on the terms and conditions set out in Schedule 2 which includes the following performance hurdles that must be satisfied prior to being exercised:*

- (i) the Company exercises one or more of the options referred to in the ASX announcement dated 7 October 2014; and*
- (ii) the volume weighted average price of Shares traded on ASX over 20 consecutive trading days after the date of issue of the Conditional Performance Options is not less than 1.6 cents, and*

*otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Piers Lewis (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**8. RESOLUTION 7 – ISSUE OF CONDITIONAL PERFORMANCE OPTIONS TO MR NEIL HACKETT**

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

*"That, for the purpose ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 3,000,000 Conditional Performance Options to Mr Neil Hackett (or his nominee) on the terms and conditions set out in Schedule 2 which includes the following performance hurdles that must be satisfied prior to being exercised:*

- (i) the Company exercises one or more of the options referred to in the ASX announcement dated 7 October 2014; and*
- (ii) the volume weighted average price of Shares traded on ASX over 20 consecutive trading days after the date of issue of the Conditional Performance Options is not less than 1.6 cents, and*

*otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Neil Hackett (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 9. **RESOLUTION 8 – ISSUE OF CONDITIONAL PERFORMANCE OPTIONS TO MR JAMES THOMPSON**

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

*"That, for the purpose ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 15,000,000 Conditional Performance Options to Mr James Thompson (or his nominee) on the terms and conditions set out in Schedule 2 which includes the following performance hurdles that must be satisfied prior to being exercised:*

- (i) the Company exercises one or more of the options referred to in the ASX announcement dated 7 October 2014; and*
- (ii) the volume weighted average price of Shares traded on ASX over 20 consecutive trading days after the date of issue of the Conditional Performance Options is not less than 1.6 cents, and*

*otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr James Thompson (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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**10. RESOLUTION 9 – ISSUE OF CONDITIONAL PERFORMANCE OPTIONS TO UNRELATED PARTIES**

To consider and, if thought fit, to pass, with or without amendment, 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 9,000,000 Conditional Performance Options to unrelated parties on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any 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.

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**11. RESOLUTION 10 – CHANGE OF COMPANY NAME**

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

*“That, for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to Ardiden Limited”*

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**DATED: 30 OCTOBER 2014**

**BY ORDER OF THE BOARD**

**PIERS LEWIS  
COMPANY SECRETARY**



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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with section 317 of the Corporations Act, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2014 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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 its website at <http://stratosresources.com.au>.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

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

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

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

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

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

## 2.3 Previous voting results

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

## 2.4 Proxy voting restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

Proxy	Directions given	No directions given
Key Management Personnel <sup>1</sup>	Vote as directed	Unable to vote <sup>3</sup>
Chair <sup>2</sup>	Vote as directed	Able to vote at discretion of Proxy <sup>4</sup>
Other	Vote as directed	Able to vote at discretion of Proxy

Notes:

<sup>1</sup> Refers to Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member.

<sup>2</sup> Refers to the Chair (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report), or a Closely Related Party of such a member).

<sup>3</sup> Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

<sup>4</sup> The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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## 3. RESOLUTION 2 – APPROVAL OF 10% PLACEMENT CAPACITY

### 3.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue quoted Equity Securities up to 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 2, the number of quoted Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 3.2 below).

The effect of Resolution 2 will be to allow the Company to issue quoted Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under ASX Listing Rule 7.1.

Resolution 2 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 2 for it to be passed.

### 3.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue quoted Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of approximately \$2,251,586 based on the Shares on issue at 16 October 2014 and the last trading price of Shares on ASX prior to that date, being \$0.007 on 15 October 2014.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only 1 class of quoted Equity Securities on issue, being the Shares (ASX Code: SAT).

The exact number of quoted Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
  - (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
  - (c) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under ASX Listing Rules 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 Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

### 3.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 2:

#### (a) Minimum Price

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 (five) ASX trading days of the date in paragraph 3.3(a)(i), the date on which the Equity Securities are issued.

#### (b) Date of Issue

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

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

**(10% Placement Capacity Period).**

#### (c) Risk of voting dilution

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

If Resolution 2 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2) incorporating the assumptions listed below the table.

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

Number of Shares on Issue	Dilution			
		\$0.0035	\$0.007	\$0.014

(Variable "A" in Listing Rule 7.1A.2)	Issue Price (per Share)	(50% decrease in current issue price)	(Current issue price)	(100% increase in current issue price)
<b>321,655,107</b> (Current Variable A)	Shares issued – 10% voting dilution	32,165,511	32,165,511	32,165,511
	Funds Raised	\$112,579	\$225,159	\$450,317
<b>482,482,661</b> (50% increase in Variable A)*	Shares issued – 10% voting dilution	48,248,266	48,248,266	48,248,266
	Funds Raised	\$168,869	\$168,869	\$168,869
<b>643,310,214</b> (100% increase in Variable A)*	Shares issued – 10% voting dilution	64,331,021	64,331,021	64,331,021
	Funds Raised	\$225,159	\$450,317	\$900,634

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. The Current Variable A set out above is based on the number of Shares on issue on 16 October 2014, being 321,655,107.
2. The issue price set out above is the last trading price of Shares on ASX on 15 October 2014, being \$0.007.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. No Options are exercised into Shares before the date of issue of any Shares pursuant to ASX Listing Rule 7.1A.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to by reason of placements under the 10% Placement Capacity. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. 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%.

Shareholders should note that there is a risk that:

- (i) the market price for Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

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

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

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an

acquisition), continued exploration expenditure on the Company's Manitouwadge Graphite Project, Hinton North Coal Project and Yinchen Tin Project and general working capital; or

- (ii) as non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

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

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

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

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

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

The Company previously obtained Shareholder approval under ASX Listing Rule 7.1A at its annual general meeting held on 28 November 2013.

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 27 November 2013, the Company otherwise issued a total of 84,177,753 Shares and 14,244,441 Options which represents approximately 38.4% of the total diluted number of Equity Securities on issue in the Company on 27 November 2013, which was 256,227,257 (after

adjusting for the 20:1 consolidation approved on 3 September 2014 and expiry of a class of unquoted options during the previous 12 months).

Information relating to issues of Equity Securities by the Company in the 12 months prior to the date of this Meeting is set out in Schedule 1.

### **3.4 Voting Exclusion**

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 2.

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## **4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR JAMES THOMPSON**

### **4.1 Constitution requirements**

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election under clause 13.3 of the Constitution.

The Company currently has 3 Directors, accordingly 1 Director must retire.

Mr James Thompson is the Director who has been longest in office since his last election and therefore seeks re-election from Shareholders.

### **4.2 Mr James Thompson**

Mr Thompson has 20 years' experience in principal investment, private equity and investment banking. He has held senior positions in New York, Sydney, London, HK/China and Perth with organisations including Macquarie Bank, Quadrant Private Equity and KPMG.

Mr Thompson is a qualified chartered accountant, admitted legal practitioner, Fellow of FINSIA and holds a Bachelor of Commerce and Bachelor of Laws. He has been a director of various private and public companies and is currently a director of RZJ Capital Management LLC. He was a director of Sprint Energy Limited (ASX: SPS) and Modun Resources Ltd (ASX: MOU).

No other directorships in listed companies in the last 3 years other than those mentioned above. Mr James Thompson was last elected by Shareholders on 27 September 2012.

### **4.3 Board recommendation**

The Board (other than Mr James Thompson) recommends Shareholders vote in favour of Resolution 3. Mr James Thompson declines to make a recommendation

to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution.

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## 5. RESOLUTIONS 4 AND 5 – EXERCISE OF PROJECT OPTIONS

### 5.1 Background

On 7 October 2014 the Company announced to ASX it had entered into the following agreements (**Option Agreements**):

- (a) an exclusive option to acquire a 100% interest in a graphite project located in Ontario, Canada (**Manitouwadge Project**); and
- (b) an exclusive option to acquire a 100% interest in a thermal coal project located in Alberta, Canada (**Hinton North Project**),

(together the **Projects** and each a **Project**).

The Company is not required to seek Shareholder approval under the Corporations Act or the ASX Listing Rules to complete the acquisition of either or both Projects, however, the Board has determined it appropriate to seek a mandate from Shareholders to proceed with exercising one or both of the Project Options.

The Board will also not proceed with the acquisition of either or both of the Projects unless it is satisfied with the results of due diligence investigations on the Projects. The determination of the satisfaction of the due diligence process will be retained by the Board.

### 5.2 Option Agreements

The material terms of the Option Agreements are as follows:

- (a) (**Conditions precedent**): Exercise of the option granted to the Company in each Option Agreement is conditional upon the satisfaction or waiver of the following conditions precedent:
  - (i) the Company completing due diligence in relation to the relevant Project to the absolute satisfaction of the Company; and
  - (ii) the Company receiving all necessary shareholder approvals and any other required regulatory or third party approvals to complete the acquisition of the relevant Project.
- (b) (**Consideration**): The consideration payable by the Company to complete the acquisition of the Projects is as follows:
  - (i) Manitouwadge Project:
    - (A) Deposit (non-refundable): C\$10,000 (already paid);
    - (B) Minimum expenditure: C\$15,200 to advance exploration of the project and reimburse property taxes during the option period; and
    - (C) Final payment: C\$149,000 on or before 7 March 2015.
  - (ii) Hinton North Project:
    - (A) Deposit (non-refundable): C\$20,000 (already paid);



- (B) First instalment: C\$200,000 on or before 6 January 2015;
  - (C) Second instalment: C\$400,000 on or before 6 January 2016; and
  - (D) Third instalment: C\$400,000 on or before 6 January 2017.
- (c) **(Royalty):** The Company is obligated to pay the following royalties if it acquires the relevant Project:
- (i) Manitouwadge Project: 2% gross production.  
  
This royalty can be reduced to 1% gross production by the payment of C\$250,000.
  - (ii) Hilton North Project: C\$0.15 per tonne for the first 20,000,000 tonnes of coal produced.  
  
This royalty can be purchased at any time by the Company by the payment of C\$1,000,000.  
  
The Hilton North Project is also the subject of an existing 5% net profit royalty. It is intended that this royalty be cancelled upon payment of the third instalment of the consideration for this Option Agreement.

### 5.3 Details of the Projects

#### Manitouwadge Graphite Project

The Manitouwadge Project is located approximately 30 - 40 kilometres northeast of the town of Manitouwadge, Ontario. Manitouwadge is the location of the former Geco Mine which was owned and operated by Noranda Inc (now part of Xstrata) from 1954 to 1995. The town of Manitouwadge is situated at the north end of Highway 614, 331 kilometres east of Thunder Bay and 378 kilometres west of Sault Ste. Marie, north-western Ontario. Access to the property is obtained by logging roads leading north from Manitouwadge.

The project consists of 17 staked claims covering 3,400Ha, 11 of which are centred around the Thomas Lake AEM occurrence and 6 of which are centred around other AEM conductors in the area. The Manitouwadge Graphite Property has numerous positive elements, including:

- a favourable geological environment consisting of recrystallized meta-sedimentary rocks of the Quentico Subprovince in the Archean Superior Province of Ontario. Sedimentary rocks metamorphosed at high temperatures are a common host to most flake graphite deposits.
- the staked claims are targeted to the occurrence of numerous AEM "conductors", some of which are associated with aeromagnetic lows, and which are priority targets for highly conductive minerals like graphite.
- a known, but little worked, flake graphite showing (Thomas Lake Road occurrence).
- three zones of graphitic mineralization up to 12 meters wide coincident with HLEM conductors up to 1.6 kilometres in strike length, with the vendor advising that initial grab samples varied between 0.12% and 6.17% C in graphite have been taken from the property.

- Horizontal Loop Electromagnetic ("HLEM") has also been undertaken which confirmed these anomalies and historical trenching at site confirmed the presence of graphite coincident with three of the conductors.
- A particle size analysis performed on graphite concentrates after flotation and gravity concentration of a 2 kg grab sample indicated that 16.2% of the graphite concentrate reported to the +425µm size fraction (jumbo flake obtained without gravity or flotation concentration), 10.3% of the graphite reported to the -425 to +300µm (jumbo) and 29% of the graphite reported to the -300 to +180µm (large) size fraction and 11.1% of the graphite reported to the -180 to +150µm (medium) size fraction.

For further information, please see the ASX announcement dated 7 October 2014

### **Hinton North Project**

The Hinton North Project is located in west central Alberta, some 7 km north and across the Athabasca River from the town of Hinton, approximately 300 km west of Edmonton, Alberta. There are numerous operating mines in the area (the nearest mine is 25kms to the north east) and the major east-west rail line is 10kms south of the project which links to the West Coast ports of Vancouver and Prince Rupert.

The project is located 10kms from open access rail and is in the heart of the coal and energy market of Alberta, 3 hours west of Edmonton. The market for coal in the area includes domestic coal consumption with potential for export via rail transport to the West Coast (British Columbia) ports of Vancouver and Prince Rupert to the key coal consumers in Japan, South Korea and China. The company believes there may be an opportunity to rework some of the historical mining studies undertaken on the project with a view to applying new and improved mining technology (eg. Replacing large expensive open pit plans with the use of high wall miners to target higher grade seams) to lower capital expenditure and operating expenditure requirements. The project has had 7,000m of historic drilling.

For further information, please see the ASX announcement dated 7 October 2014

## **5.4 Proposed actions prior to exercise of the Project Options**

The current focus is on reviewing historical work undertaken on the properties and confirming geological prospectivity and validity of legal tenure prior to any option exercise.

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## **6. RESOLUTIONS 6 TO 8 – ISSUE OF CONDITIONAL PERFORMANCE OPTIONS TO DIRECTORS**

### **6.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 21,000,000 Conditional Performance Options (**Related Party Conditional Performance Options**) to Messrs Lewis, Hackett and Thompson (**Related Parties**) (or their nominees) on the terms and conditions set out below.

### **6.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Related Party Conditional Performance Options constitutes giving a financial benefit and Messrs Lewis, Hackett and Thompson are each a related party of the Company by virtue of being a Director.

### **6.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

### **6.4 Exceptions to requirement for Shareholder approval**

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 either do not apply in the current circumstances or due to the involvement of all Directors there is insufficient representation at Board level for a determination to be made. Accordingly, Shareholder approval is sought for the issue of the Related Party Conditional Performance Options to the Related Parties (or their nominees).

The Directors (other than in respect of the Resolution to which they are to receive Related Party Conditional Performance Options) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Related Party Conditional Performance Options because the issue is a form of remuneration for the Related Parties which is considered reasonable in the circumstances of the Company and the relevant Related Party including taking into consideration the responsibilities involved in the office of the Related Party as a Director.

It is the view of the Company that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval pursuant to ASX Listing Rule 10.11 is sought for the issue of the Related Party Conditional Performance Options to the Related Parties (or their nominees).

### **6.5 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Related Party Conditional Performance Options:

- (a) the related parties are Messrs Lewis, Hackett and Thompson and they are each a related party of the Company by virtue of being a Director;
- (b) the Related Party Conditional Performance Options will be issued to:
  - (i) Mr Piers Lewis (or his nominee) in respect of Resolution 6;
  - (ii) Mr Neil Hackett (or his nominee) in respect of Resolution 7; and
  - (iii) Mr James Thompson (or his nominee) in respect of Resolution 8;
- (c) the maximum number of Related Party Conditional Performance Options to be issued to the Related Parties (or their nominees) is:

- (i) 3,000,000 Related Party Conditional Performance Options to Mr Piers Lewis (or his nominee);
  - (ii) 3,000,000 Related Party Conditional Performance Options to Mr Neil Hackett (or his nominee); and
  - (iii) 15,000,000 Related Party Conditional Performance Options to Mr James Thompson (or his nominee);
- (d) the Related Party Conditional Performance Options will be issued no later than 1 month 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);
- (e) the Related Party Conditional Performance Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (f) the Related Party Conditional Performance Options will be issued on the terms and conditions set out in Schedule 2 which includes the following performance hurdles that must be satisfied prior to being exercised:
- (iii) the Company exercises one or more of the options referred to in the ASX announcement dated 7 October 2014; and
  - (iv) the volume weighted average price of Shares traded on ASX over 20 consecutive trading days after the date of issue of the Related Party Conditional Performance Options is not less than 1.6 cents; and
- (g) no funds will be raised from the issue of the Related Party Conditional Performance Shares as the issue is being made to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Conditional Performance Options to the Related Parties (or their nominees) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Securities to the Related Parties (or their nominees) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **7. RESOLUTION 9 – ISSUE OF CONDITIONAL PERFORMANCE OPTIONS TO UNRELATED PARTIES**

### **7.1 General**

Resolution 9 seeks Shareholder approval for the issue of up to 9,000,000 Conditional Performance Options in consideration for services to be provided to the Company by consultants and advisers.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 9 will be to allow the Company to issue the Conditional Performance Options pursuant to Resolution 9 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **7.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the maximum number of Conditional Performance Options to be issued is 9,000,000;
- (b) the Conditional Performance Options 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 issue of the Conditional Performance Options will occur [on the same date/progressively];
- (c) the Conditional Performance Options will be issued for nil cash consideration in satisfaction of services to be provided to the Company by consultants and advisers;
- (d) the Conditional Performance Options will be issued to consultants and advisers to be engaged by the Company. No recipient of Performance Shares pursuant to Resolution 9 will be a related party of the Company;
- (e) the Conditional Performance Options will be issued on the terms and conditions set out in Schedule 2 which includes the following performance hurdles that must be satisfied prior to being exercised:
  - (i) the Company exercises one or more of the options referred to in the ASX announcement dated 7 October 2014; and
  - (ii) the volume weighted average price of Shares traded on ASX over 20 consecutive trading days after the date of issue of the Conditional Performance Options is not less than 1.6 cents; and
- (f) no funds will be raised from the issue of the Conditional Performance Options the subject of Resolution 9 as they are being issued in consideration for services to be provided to the Company by consultants and advisers.

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## **8. RESOLUTION 10 – CHANGE OF COMPANY NAME**

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.

Resolution 10 seeks the approval of Shareholders for the Company to change its name to Artiden Limited.

If Resolution 10 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 10 is passed, the Company will lodge a copy of the special resolution with ASIC following the Meeting in order to effect the change.

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## GLOSSARY

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**10% Placement Capacity** has the meaning given in Section 3.1.

**\$** means Australian dollars.

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

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**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 ASX declares is not a business day.

**Chair** means the chair of the Meeting.

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

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

**Company** means Stratos Resources Limited (ACN 110 884 252).

**Conditional Performance Option** means an option to acquire a Share on the terms and conditions set out in Schedule 2.

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the A&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

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

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

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

**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.

**Optionholder** means a holder of an Option or a Conditional Performance Option as the context requires.

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

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

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

**Section** means a section of the Explanatory Statement.

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

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

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

## SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 28 NOVEMBER 2013

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 05/12/2013 Appendix 3B – 05/12/2013	110,000,000 (pre 20:1 consolidation)	Unquoted Options <sup>2</sup>	Directors and consultants to the Company as approved at the 2013 annual general meeting	No issue price (nil cash Consideration) – no discount  Discount also not applicable as security is unquoted	Consideration: Services provided to the Company. Current value <sup>6</sup> = \$2,630
Issue – 04/09/2014 Appendix 3B – 05/09/2014	284,888,766 (pre 20:1 consolidation)  284,888,766 (pre 20:1 consolidation)	Convertible Notes <sup>3</sup>  Unquoted Options <sup>2</sup>	Lenders to the Company (both related and unrelated) as as approved at the general meeting on 3 September 2014	\$0.001  Nil (free attaching)  Discount not applicable as each class of security is unquoted	Conversion of loans and accrued interest amounting to approximately \$285,000
Issue – 16/09/2014 Appendix 3B – 16/09/2014	56,977,753	Shares <sup>4</sup>	Convertible Note Holders	\$0.005 (Discount not applicable – 25% premium)	Conversion of convertible notes with an aggregate principal of \$285,000
Issue – 09/10/2014 Appendix 3B – 09/10/2014	21,200,000  6,000,000	Shares <sup>4</sup>  Shares <sup>4</sup>	Applicants under the Share Purchase Plan  Sophisticated investors	\$0.005 (16.7% discount)  \$0.005 (16.7% discount)	Amount raised = \$136,000 Amount spent = \$30,000 Use of funds Working Capital (\$10,000 on Directors fees, \$10,000 on audit fees, \$10,000 on administration costs)  Amount remaining = \$[insert] Proposed use of remaining funds <sup>5</sup> Working capital (\$10,000 on Directors fees, \$16,000 on administration costs), review of Hinton North and Manitouwadge Projects (\$40,000 for each Project)

### Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded on the date of issue of the relevant Equity Securities.
2. Unquoted Options, exercisable at \$0.001 each (\$0.03 post consolidation), on or before 30 November 2015. The full terms and conditions were disclosed in the notice of meeting announced to ASX on 29 October 2013.
3. Convertible Notes with a maturity of 30 September 2014. The full terms and conditions were disclosed in the notice of meeting announced to ASX on 30 July 2014.
4. Fully paid ordinary shares in the capital of the Company, ASX Code: SAT (terms are set out in the Constitution).



5. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
6. The value of Unquoted Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

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## SCHEDULE 2 – TERMS AND CONDITIONS OF CONDITIONAL PERFORMANCE OPTIONS

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(b) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(c) **Exercise Price and Expiry Date**

Subject to paragraphs (j) and (l), the amount payable upon exercise of each Option will be \$0.005 (**Exercise Price**).

(d) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on that date which is 3 years after the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(e) **Exercise Period**

The Options are exercisable at any time on and from that date on which the following performance hurdles are satisfied:

- (i) the Company exercises one or more of the options referred to in the ASX announcement dated 7 October 2014; and
- (ii) the volume weighted average price of Shares traded on ASX over 20 consecutive trading days after the date of issue of the Options is not less than 1.6 cents,

until the Expiry Date (**Exercise Period**).

(f) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(g) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(h) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (h)(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(i) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Adjustment for rights issue**

In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(m) **No adjustment for bonus issues of Shares**

In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the Options, an Option does not confer the right to a change in the number of underlying securities over which the Option can be exercised.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## PROXY FORM

**APPOINTMENT OF PROXY  
STRATOS RESOURCES LIMITED  
ACN 110 884 252**

### ANNUAL GENERAL MEETING

I/We

of

being a Shareholder entitled to attend and vote at the Meeting, hereby

appoint

Name of proxy

OR

☐

the Chair as my/our proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 11.00am (WST), on 28 November 2014 at Level 1, 981 Wellington Street, West Perth, Western Australia, and at any adjournment thereof.

### AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 4 to 9 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 4 to 9 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

### CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

#### Voting on business of the Meeting

Resolution 1 – Adoption of Remuneration Report  
Resolution 2 – Approval of 10% Placement Capacity  
Resolution 3 – Re-election of Director – James Thompson  
Resolution 4 – Exercise of Manitouwadge Option  
Resolution 5 – Exercise of Hinton North Option  
Resolution 6 – Issue of Conditional Performance Options to Mr Piers Lewis  
Resolution 7 – Issue of Conditional Performance Options to Mr Neil Hackett  
Resolution 8 – Issue of Conditional Performance Options to Mr James Thompson  
Resolution 9 – Issue of Conditional Performance Options to unrelated parties  
Resolution 10 – Change of Company name

**FOR** **AGAINST** **ABSTAIN**

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

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

#### Signature of Shareholder(s):

**Individual or Shareholder 1**

Sole Director/Company Secretary

**Shareholder 2**

Director

**Shareholder 3**

Director/Company Secretary

**Date:**

**Contact name:**

**Contact ph (daytime):**

**E-mail address:**

**Consent for contact by e-mail  
in relation to this Proxy Form:**

YES ☐ NO ☐

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## Instructions for completing Proxy Form

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1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(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 should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Stratos Resources Limited, Level 1, 981 Wellington Street, West Perth WA 6005; or
  - (b) facsimile to the Company on facsimile number +61 8 9321 3102; or
  - (c) email to the Company at [piers@stratosresources.com.au](mailto:piers@stratosresources.com.au),so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**