



**Cove Resources Limited
(Subject to Deed of Company Arrangement)
ACN 131 445 335**

Notice of Annual General Meeting

**Annual General Meeting to be held at
RSM Bird Cameron, 8 St Georges Terrace,
Perth, Western Australia
on 4 May 2015 commencing at 4.00pm (WST).**

Important

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

The Administrator is not responsible for the contents of the Notice or the Explanatory Statement. Each of those documents has been prepared by the Proponent. Accordingly, the Administrator, his servants, agents and employees do not make any representation or warranty (express or implied) as to the accuracy, reasonableness or completeness of the information contained in those documents and do not accept responsibility or liability for the accuracy of any information included, or any failure to include information in those documents.

CONTENTS

CONTENTS	2
LETTER TO SHAREHOLDERS.....	3
NOTICE OF GENERAL MEETING	5
EXPLANATORY STATEMENT	12
1. VOTING.....	13
2. RECAPITALISATION PROPOSAL	15
3. ANNUAL GENERAL MEETING	22
4. OTHER INFORMATION.....	49
5. DEFINITIONS.....	54
ANNEXURE A – TENEMENT SCHEDULE	57
ANNEXURE B – PRO FORMA STATEMENT OF FINANCIAL POSITION	58
ANNEXURE C – TERMS OF NEW OPTIONS AND BONUS OPTIONS.....	60
ANNEXURE D – VALUATION OF NEW OPTIONS AND BONUS OPTIONS.....	63
PROXY FORM	

LETTER TO SHAREHOLDERS

Dear Shareholder

On 17 January 2014, Bryan Hughes (**Administrator**) was appointed as administrator of Cove Resources Limited (**Company**) pursuant to section 436A of the Corporations Act by resolution of the directors of the Company.

The Company's securities had previously been voluntarily suspended from trading on the official list of ASX on 22 July 2013.

On 20 December 2013 (prior to the appointment of the Administrator), the Company entered into a reconstruction deed (**Reconstruction Deed**) with Cygnet Capital Pty Ltd (**Proponent**) for the reconstruction and recapitalisation of the Company.

Following his appointment, the Administrator called for proposals to recapitalise the Company with a view to seeking reinstatement to trading of its securities on ASX. The Administrator ultimately accepted the Reconstruction Deed put forward by the Proponent with some minor variations (**Reconstruction Proposal**).

On 24 February 2014, the Company obtained the approval of its creditors to enter into a Deed of Company Arrangement (**DOCA**) to facilitate acceptance of the Reconstruction Proposal. On 11 March 2015 the Company obtained approval of its creditors to vary the DOCA to facilitate acceptance of some further variations to the Reconstruction Proposal.

The Reconstruction Proposal from the Proponent can be summarised as follows:

- (a) all liabilities, contingent liabilities, obligations, warranties and long term commitments of the Company capable of being released by a deed of company arrangement will be released and compromised by the DOCA;
- (b) the Company will undertake the following capital raisings and issues of securities:
 - (i) an issue of 125,000,000 Shares to White Swan Nominees Pty Ltd (and/or its nominees) pursuant to the conversion of its Class A Convertible Notes;
 - (ii) an issue of 155,000,000 Shares to Exempt Investors pursuant to the conversion of their Class B Convertible Notes to raise \$310,000;
 - (iii) an issue of up to 600,000,000 Shares at an issue price of 0.0025 cents each to raise up to \$1,500,000, together with up to 300,000,000 free attaching Bonus Options on the basis of 1 Bonus Option for every 2 Shares issued exercisable at \$0.005 each expiring on 30 June 2019;
 - (iv) an issue of 250,000,000 New Options exercisable at \$0.005 each to Cygnet Capital Pty Ltd (and/or its nominees) expiring on 30 June 2019;
 - (v) an issue of 11,369,000 Shares to Mr Mark Whittle (and/or his nominees);
 - (vi) an issue of 36,000,000 Shares and 18,000,000 New Options exercisable at \$0.005 each to brokers and capital providers (and/or their nominees) expiring on 30 June 2019;

- (vii) an issue of 14,000,000 Shares and 7,000,000 New Options exercisable at \$0.005 each to Leydin Freyer Corporate Pty Ltd (and/or its nominees) expiring on 30 June 2019;
- (viii) an issue of 20,000,000 Shares and 10,000,000 New Options exercisable at \$0.005 each to Mr Winton Willesee (and/or his nominees) expiring on 30 June 2019;
- (ix) an issue of 4,000,000 Shares and 2,000,000 New Options exercisable \$0.005 each to Mr Greg Miles (and/or his nominees) expiring on 30 June 2019;
- (c) of the funds referred to above, \$180,000 will be made available to the creditors of the Company to be allocated to unsecured creditors (inclusive of priority employee claims and the Administrator's costs); and
- (d) following completion of all of the matters set out above, the DOCA will be terminated and the Company will seek reinstatement of its Shares to trading on ASX.

The Resolutions proposed in the attached Notice will enable the terms of the DOCA to be completed. If the Resolutions are passed and the proposed restructuring and recapitalisation is completed, the Company will seek reinstatement of its Shares to trading on ASX.

If any of Resolutions 3 to 11 are not passed by the Shareholders, the Company will remain subject to the DOCA, the trading suspension imposed by the ASX will remain in force and the Administrator will need to consider other alternatives, which is likely to include placing the Company into liquidation (in which event no return to Shareholders is anticipated).

The Administrator is not responsible for the contents of the Notice or the Explanatory Statement. Each of those documents has been prepared by the Proponent. Accordingly, the Administrator, his servants, agents and employees do not make any representation or warranty (express or implied) as to the information contained in those documents and do not accept any responsibility or liability for the accuracy of any information included, or any failure to include any information in those documents.

Yours faithfully



Bryan Hughes
Deed Administrator

27 March 2015

NOTICE OF GENERAL MEETING

Notice is given that an annual general meeting of the shareholders of Cove Resources Limited (Subject to Deed of Company Arrangement) ACN 131 445 335 (**Company**) will be held at RSM Bird Cameron, 8 St Georges Terrace, Perth, Western Australia on 4 May 2015, commencing at 4.00pm (WST).

The Explanatory Statement that accompanies and forms part of this Notice of General Meeting describes the matters to be considered in more detail.

Business

Annual Reports

To receive and consider the Annual Reports of the Company for the financial years ended 30 June 2013 and 30 June 2014, each of which includes a Financial Report, a Directors' Report, a Remuneration Report and an Auditor's Report.

Resolutions 1(a) and 1(b) – Approval of Remuneration Reports

To consider and, if thought fit, to pass the following Resolutions as **advisory only resolutions**:

"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes:

- (a) the Remuneration Report for the financial year ended 30 June 2013 be adopted; and*
- (b) the Remuneration Report for the financial year ended 30 June 2014 be adopted."*

Note: The votes on these Resolutions are advisory only and do not bind the Directors or the Company.

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on these Resolutions:

- (a) by or on behalf of a member of Key Management Personnel as disclosed in the Remuneration Report;
- (b) by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- (c) as a proxy by a member of Key Management Personnel or a Closely Related Party,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman pursuant to an express authorisation to exercise the proxy.

Resolution 2 – Conditional Spill Resolution

Note: This Resolution is a conditional resolution and a contingent poll will be held. The Resolution will be deemed to have been withdrawn and the result of the contingent poll will not be valid if Resolution 1(a) or 1(b) passes on a majority of more than 75%. Please refer to the Explanatory Statement for further information.

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

*"Subject to Resolutions 1(a) and 1(b) not being passed by more than 75% of votes cast at the Annual General Meeting, that within 90 days of the date of this Meeting another general meeting of Shareholders (**Spill Meeting**) be held and those Directors*

prescribed by section 250V(1)(b) of the Corporations Act will cease to hold office immediately prior to the end of the Spill Meeting, and resolutions to appoint persons to fill those vacancies be put at the Spill Meeting.”

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution:

- (a) by or on behalf of a member of Key Management Personnel as disclosed in the Remuneration Report;
- (b) by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- (c) as a proxy by a member of Key Management Personnel or a Closely Related Party,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman pursuant to an express authorisation to exercise the proxy.

Resolutions 3(a) and 3(b) – Re-election of Directors

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

- (a) *“That, for all purposes, Greg Miles, who retires by rotation in accordance with clause 12.11 of the Constitution and who is eligible and offers himself for re-election, be re-elected as a Director.”*
- (b) *“That, for all purposes, Winton Willesee, who retires by rotation in accordance with clause 12.11 of the Constitution and who is eligible and offers himself for re-election, be re-elected as a Director.”*

Resolution 4 – Appointment of Erlyn Dale as a Director

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

“That, for all purposes, Erlyn Dale, who was appointed as Director by the Board pursuant to clause 12.17 of the Constitution and is eligible for election, be re-elected as a Director.”

Resolution 5 – Issue of Shares to White Swan Nominees Pty Ltd pursuant to the conversion of Class A Convertible Notes

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

“That, subject to all other Specified Resolutions being passed, in accordance with Listing Rule 7.1, and for all other purposes, approval is given for the issue of up to 125,000,000 Shares to White Swan Nominees Pty Ltd (and/or its nominees) pursuant to the conversion of the Class A Convertible Notes, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

In accordance with Listing Rule 14.11, 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 Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 6 – Issue of Shares to Exempt Investors pursuant to the conversion of Class B Convertible Notes

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

“That, subject to all other Specified Resolutions being passed, in accordance with Listing Rule 7.1, and for all other purposes, approval is given for the issue of up to 155,000,000 Shares to Exempt Investors pursuant to the conversion of the Class B Convertible Notes, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

In accordance with Listing Rule 14.11, 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 Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 7 – Issue of Shares and Bonus Options under the Prospectus

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

“That, subject to all other Specified Resolutions being passed, in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue of up to 600,000,000 Shares under the Prospectus at an issue price of \$0.0025 each together with up to 300,000,000 free attaching Bonus Options on the basis of 1 Bonus Option for every 2 Shares issued, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

In accordance with Listing Rule 14.11, 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 Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 8 – Issue of New Options to the Proponent

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

“That, subject to all other Specified Resolutions being passed, in accordance with Listing Rule 7.1, and for all other purposes, approval is given for the issue of 250,000,000 New Options to Cygnet Capital Pty Ltd (and/or its nominees), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

In accordance with Listing Rule 14.11, 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 Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 9 – Issue of Shares to the Priority Creditor

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

“That, subject to all other Specified Resolutions being passed, in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue of 11,369,000 Shares to Mark Whittle (and/or his nominees), on the terms and conditions set out in the Explanatory Memorandum.”

Voting exclusion statement

In accordance with Listing Rule 14.11, 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 Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 10 – Issue of Shares and New Options to brokers and capital providers

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

“That, subject to all other Specified Resolutions being passed, in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue of 36,000,000 Shares and 18,000,000 New Options to brokers and capital providers (and/or their nominees), on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

In accordance with Listing Rule 14.11, 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 Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or.
- (b) it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides:

Resolution 11 – Issue of Shares and New Options to the Non-Related Supplier

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

“That, subject to all other Specified Resolutions being passed, in accordance with Listing Rule 7.1, and for all other purposes, approval be given for the issue of 14,000,000 Shares and 7,000,000 New Options to Leydin Freyer Corporate Pty Ltd (and/or its nominees) on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

In accordance with Listing Rule 14.11, 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 Shareholder) if the Resolution is passed, and any associate of those persons.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair 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.

Resolutions 12(a) and 12(b) – Issue of Shares and New Options to the Related Suppliers

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

“That, subject to all other Specified Resolutions being passed, in accordance with Listing Rule 10.11 and section 208 of the Corporations Act, and for all other purposes, approval be given for the issue of:

- (a) *20,000,000 Shares and 10,000,000 New Options to Winton Willesee (and/or his nominees); and*
- (b) *4,000,000 Shares and 2,000,000 New Options to Greg Miles (and/or his nominees),*

on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on these Resolutions by:

- (a) Winton Willesee and Greg Miles; and
- (b) any associate of Winton Willesee and Greg Miles.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 13 – Right for the Directors to participate in the Public Offer

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

“That, subject to all other Specified Resolutions being passed, in accordance with Listing Rule 10.11, and for all other purposes, approval be given for the issue of up to:

- (a) 10,000,000 Shares to Winton Willesee (and/or his nominees) at an issue price of \$0.0025 each together with up to 5,000,000 free attaching Bonus Options on the basis of 1 Bonus Option for every 2 Shares issued;*
- (b) 10,000,000 Shares to Greg Miles (and/or his nominees) at an issue price of \$0.0025 each together with up to 5,000,000 free attaching Bonus Options on the basis of 1 Bonus Option for every 2 Shares issued Greg Miles; and*
- (c) 10,000,000 Shares to Erlyn Dale (and/or her nominees) at an issue price of \$0.0025 each together with up to 5,000,000 free attaching Bonus Options on the basis of 1 Bonus Option for every 2 Shares issued,*

under the Public Offer, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement

In accordance with Listing Rule 14.11, the Company will disregard any votes cast on this Resolution by:

- (a) Winton Willesee, Greg Miles and Erlyn Dale; and
- (b) any associate of Winton Willesee, Greg Miles and Erlyn Dale.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chair as proxy for a person who is entitled to vote in accordance with a direction on the Proxy Form to vote as the proxy decides.

Resolution 14 – Approval of 10% Placement Facility

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

“That, for the purposes of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totaling 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 in the Explanatory Statement.”

Voting exclusion statement

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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.

By order of the Board

Winton Willesee

Chairman

Cove Resources Limited

(Subject to Deed of Company Arrangement)

27 March 2015

EXPLANATORY STATEMENT

Important information

This Explanatory Statement has been prepared for the information of the shareholders of Cove Resources Limited (Subject to Deed of Company Arrangement) ACN 131 445 335 (**Company**) in connection with Resolutions 1 to 14 to be considered at the Annual General Meeting to be held at RSM Bird Cameron, 8 St Georges Terrace, Perth, Western Australia on 4 May 2015 at 4.00pm (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting. Each Specified Resolution is subject to, and conditional on, each of the other Specified Resolutions being passed. Accordingly, the Specified Resolutions should be considered collectively as well as individually.

In considering the Resolutions, Shareholders should bear in mind the current financial circumstances of the Company. If the Specified Resolutions are passed and the Offers are completed, the Company will be in a position to seek reinstatement of its securities to quotation on the ASX. Reinstatement will be subject to compliance with the regulatory requirements of the Listing Rules and the Corporations Act.

If Shareholders reject the Specified Resolutions (and, therefore, the Recapitalisation Proposal), it is probable that the Company will proceed into liquidation. In those circumstances, it is unlikely that there will be any return to Shareholders. The Specified Resolutions are therefore important and will affect the future of the Company. Shareholders are urged to give careful consideration to the Notice and the contents of the Explanatory Statement.

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

Administrator

The Administrator is not responsible for the contents of the Notice or the Explanatory Statement. Each of those documents has been prepared by the Proponent. Accordingly, the Administrator, his servants, agents and employees do not make any representation or warranty (express or implied) as to the information contained in those documents and do not accept any responsibility or liability for the accuracy of any information included, or any failure to include any information in those documents.

Interpretation

Capitalised terms which are not otherwise defined in this Explanatory Statement have the meanings given to those terms in Section 5 of this Explanatory Statement.

References to "\$", "AUD", "dollars" and "cents" in this Explanatory Statement are references to Australian currency unless otherwise stated.

References to time in this Explanatory Statement relate to the time in Perth, Western Australia.

1. VOTING

1.1 Proxies

Please note that:

- a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- a proxy need not be a Shareholder;
- a Shareholder may appoint a body corporate or an individual as its proxy;
- a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- Shareholders 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, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

Members of the Key Management Personnel will not be able to vote as proxy on Resolutions 1(a), 1(b), 2, 12(a) and 12(b) unless the Shareholder directs them how to vote or, in the case of the Chair, unless the Shareholder expressly authorises him to do so. If a Shareholder intends to appoint a member of the Key Management Personnel (other than the Chair) as their proxy, the Shareholder should ensure that they direct the member of Key Management Personnel how to vote on Resolutions 1(a), 1(b), 2, 12(a) and 12(b).

If a Shareholder intends to appoint the Chair as their proxy for Resolutions 1(a), 1(b), 2, 12(a) and 12(b), Shareholders can direct the Chair how to vote by marking one of the boxes for Resolutions 1(a), 1(b), 2, 12(a) and 12(b) (for example, if the Shareholder wishes to vote 'for', 'against' or to 'abstain' from voting). If the Shareholder does not direct the Chair how to vote, then by submitting the Proxy Form, the Shareholder will be expressly authorising the Chair to exercise the proxy in respect of Resolutions 1(a), 1(b), 2, 12(a) and 12(b) even though it is connected to the remuneration of members of the Key Management Personnel.

To vote by proxy, please complete and sign the enclosed Proxy Form and send by:

- post to the Company at Suite 25, 145 Stirling Highway, Nedlands, Western Australia 6009;
- facsimile to the Company on +61 9389 3199; or

- email to the Company Secretary at erlyn@azc.com.au,

so that it is received by no later than 4.00pm (WST) on 2 May 2015. Proxy Forms received later than this time will be invalid.

1.2 Voting entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of Shareholders as at 4.00pm (WST) on 2 May 2015. Accordingly, transactions registered after that time will be disregarded in determining a Shareholder's entitlement to attend and vote at the Annual General Meeting.

2. RECAPITALISATION PROPOSAL

2.1 Background

The Company was registered in 4 June 2008 and listed on the ASX on 27 January 2011 with a focus on the exploration and evaluation of gold development opportunities including the Goongarrie Project in the Eastern Goldfields of Western Australia, and the evaluation of complementary investment and acquisition opportunities.

Following its listing, the Company completed the required drilling at the Goongarrie Project with successful results and, accordingly, earned an 70% interest in the Project.

On 2 July 2012, the Company entered into an agreement to acquire the Koivu Titanium Project located in Finland. The terms of the acquisition provided that the Company pay a staged consideration. Whilst the Company progressed the Koivu Project, the market for ilmenite declined significantly and ultimately the Company was not able to secure the funding it required to complete the acquisition of the Koivu Project.

On 22 July 2013, the securities of the Company were suspended from official quotation on the Official List of the ASX at the request of the Company.

On 17 January 2014, Bryan Hughes was appointed as administrator of the Company pursuant to section 436A of the Corporations Act by resolution of the directors of the Company.

On 20 December 2013 (prior to the appointment of the Administrator), the Company entered into a reconstruction deed (**Reconstruction Deed**) with Cygnet Capital Pty Ltd (**Proponent**) for the reconstruction and recapitalisation of the Company.

Following his appointment, the Administrator called for proposals to recapitalise the Company with a view to seeking reinstatement to trading of the Company's securities on ASX. The Administrator ultimately accepted the proposal put forward by the Proponent in the Reconstruction Deed with some minor variations.

On 24 February 2014, the Company obtained the approval of its creditors to enter into a DOCA to facilitate acceptance of the Reconstruction Proposal. On 11 March 2015, the Company obtained approval of its creditors to vary the DOCA to facilitate acceptance of some further variations to the Reconstruction Proposal.

2.2 Recapitalisation Proposal

The Reconstruction Deed sets out the process for the Company's proposed reconstruction and recapitalisation. Under the Recapitalisation Proposal, and subject to Shareholders approving the Specified Resolutions, it is proposed that:

- the Company will raise (or has raised) up to \$1,810,000 (before costs) via the following capital raisings:
 - \$310,000 from the issue of Class B Convertible Notes, pursuant to which it is proposed that up to 155,000,000 Shares will be issued to Exempt Investors;

- up to \$1,500,000 from the issue of 600,000,000 Shares and 300,000,000 Bonus Options pursuant to the Public Offer under the Prospectus;
- the Company will make the following payments:
 - the issue of 250,000,000 New Options to the Proponent in accordance with the Reconstruction Deed;
 - the issue of 11,369,000 Shares to the Priority Creditor in accordance with the DOCA;
 - the issue of 38,000,000 Shares and 19,000,000 New Options to various suppliers in consideration of services provided to the Company;
 - \$180,000 in cash to the Deed Administrator for distribution by the Deed Administrator in accordance with the DOCA;
- the DOCA will be fully effectuated, the Deed Administrator will retire and the Company will be fully released and discharged from all creditor claims capable of being released by a DOCA; and
- the Company's securities will be reinstated to trading on the ASX.

As part of the Recapitalisation Proposal, the Company has restructured its Board with Garry Hemming ceasing to be a Director, and Erlyn Dale joining Winton Willesee and Greg Miles on the Board.

In addition, the Company raised \$250,000 from the issue of Class A Convertible Notes, pursuant to which it is proposed that 125,000,000 Shares will be issued to White Swan Nominees Pty Ltd. These funds were raised in 2013 – prior to the Company entering administration – and were applied towards working capital.

2.3 Business model

The Company's business model is to enhance Shareholder wealth by undertaking exploration work programs on mineral projects it holds while continuing to evaluate additional exploration projects both within Australia and overseas. These projects may be in commodities other than gold and copper.

The Company currently has interests in the following projects which it intends to explore and evaluate in line with its business model:

- **Goongarrie Gold Project**

The Goongarrie Gold Project is comprised of a series of Prospecting Licences detailed in Appendix A. The project covers the historic Goongarrie gold mining centre situated in the Eastern Goldfields of Western Australia, approximately 90 kms north-northwest of Kalgoorlie.

- **Quartz Circle VMS Project**

The Quartz Circle VMS Project is comprised of a suite of tenures detailed in Appendix A. The project is located approximately 200 kms km south-east of Port Hedland in the Pilbara region of Western Australia.

A complete schedule of the Company's mining tenements is set out in Annexure A.

Upon being reinstated to trading on the ASX, the Company will seek to explore and, potentially, develop its tenements. In addition to exploring and evaluating the potential of its existing tenements, once reinstated the Company will actively pursue new exploration and other projects by way of acquisition and investment.

2.4 Indicative timetable

Set out in the table is the expected timing for completion of the Recapitalisation Proposal and the matters contemplated by the Resolutions, subject to compliance with all regulatory requirements. These dates are indicative only and are subject to change. The Directors reserve the right to amend the timetable without notice.

Event	Anticipated date
Prospectus lodged with ASIC	13 April 2015
Opening of the Offers	20 April 2015
Annual General Meeting to approve the Resolutions	4 May 2015
Closing of the Offers	11 May 2015
Completion of the Recapitalisation Proposal Issue of securities pursuant to the Offers Payments to creditors in accordance with the DOCA DOCA terminated fully effectuated	22 May 2015
Expected date for the Company's securities to be reinstated to quotation on ASX	29 May 2015

2.5 Proposed use of funds

Assuming full subscription under the Public Offer, the Company intends to use the \$1,810,000 raised under the Recapitalisation Proposal as follows:

Use of funds	Amount	%
Payment to the Deed Administrator	\$180,000	10%
Costs associated with the Recapitalisation Proposal	\$310,000	17%
Review and evaluation of existing tenements (Year One)	\$265,000	35%
Review and evaluation of new assets and projects	\$80,000	4%
Corporate overheads (12 months)	\$320,000	18%
Working capital	\$655,000*	16%
Total	\$1,810,000	100%

Note: ASX requires that the Company has available at least \$1,000,000 in cash, net of liabilities, immediately prior to Reinstatement. If the Company decides to accept less than the full \$1,500,000 pursuant to the Public Offer, but is still in a position to satisfy ASX's conditions to Reinstatement, then the amount appropriated to working capital will be reduced.

The above table is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

*Assumes all Shares and New Options issued under Resolution 10 and no cash fees paid.

2.6 Pro forma capital structure

Assuming the Resolutions are passed and implemented, and the Offers are fully subscribed, the pro forma capital structure of the Company is as follows:

Capital structure	Pre-completion	Post-completion
Existing Shares	65,422,861	65,422,861
Shares issued under Public Offer	-	600,000,000
Shares issued pursuant to Class A Convertible Notes	-	125,000,000
Shares issued pursuant to Class B Convertible Notes	-	155,000,000
Shares issued to Priority Creditor	-	11,369,000
Shares issued to suppliers	-	38,000,000
Shares issued to brokers and capital providers ¹	-	36,000,000
Total Shares	65,422,861	1,030,791,861
Existing Options	-	-
Bonus Options ²	-	300,000,000
New Options ²	-	287,000,000
Fully diluted Share capital	65,422,861	1,617,791,861

Notes:

1. These Shares, together with up to 18,000,000 New Options, will only be issued to the extent that brokers and capital providers agree to accept securities instead of cash in payment of capital raisings fees in relation to the Public Offer. Please see Section 3.13 for further information.
2. New Options and Bonus Options have the same terms and conditions. Each Option has an exercise price of \$0.005 and an expiry date of 30 June 2019. See Annexure C for full terms of the Options.

2.7 Pro forma statement of financial position

Assuming the Resolutions are passed and implemented, and the Offers are fully subscribed, the pro forma statement of financial position of the Company is set out in Annexure B.

2.8 ASX Reinstatement

The Company was admitted to the official list of ASX on 27 January 2011. However, trading in the Company's Shares has been suspended since suspended on 22 July 2013. For the purposes of completing the Recapitalisation Proposal, the Company

will apply to ASX for reinstatement of its securities to quotation on ASX. Reinstatement to quotation is at the discretion of ASX and will be subject to the Company complying with ASX's conditions to Reinstatement, as well as the Listing Rules and Corporations Act generally.

2.9 Advantages of the Recapitalisation Proposal

The Directors are of the view that the following non-exhaustive list of advantages of the Recapitalisation Proposal may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) The Company is currently subject to a deed of company arrangement. If the DOCA is not fully effectuated in accordance with the terms of the DOCA then it is probable that the Company will be placed into liquidation. In those circumstances, it is unlikely that there will be any return to Shareholders. Completion of the Recapitalisation Proposal will give the Company an opportunity to avoid liquidation and continue operating.
- (b) By completing the Recapitalisation Proposal, the Company will be fully released from all claims of creditors capable of being released by a DOCA and the DOCA will be terminated. Upon termination of the DOCA, control of the Company will pass back to the Board and the Company will be in a position to continue operating, which it intends to do so in accordance with its business model set out in Section 2.3.
- (c) By completing the Recapitalisation Proposal, the Company's securities will be reinstated to quotation on the ASX which will give Shareholders an opportunity to trade their Shares for value.
- (d) The Recapitalisation Proposal will significantly strengthen the Company's balance sheet by providing the Company with approximately \$1,500,000 (before costs) in capital and removing the liabilities owing to creditors. A stronger balance sheet will make the Company more attractive to investors which may improve the Company's ability to raise further funds as and when required via equity and debt markets.
- (e) The funds raised will provide the Company with sufficient capital moving forward to effectively evaluate its assets and new assets with a view to increasing the value of Shares.
- (f) A larger market capitalisation and enhanced Shareholder base resulting from the Recapitalisation Proposal may provide a more liquid market for the Company's Shares than what existed prior to the Company entering administration.

2.10 Potential disadvantages of the Recapitalisation Proposal

The Directors are of the view that the following non-exhaustive list of disadvantages of the Recapitalisation Proposal may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) Shareholders would suffer some dilution insofar as assuming that the Offers are fully subscribed, the Recapitalisation Proposal will result in Shareholders' interests in the Company being diluted by approximately 95.6%. This will in turn reduce the respective voting power of each existing Shareholder.

- (b) Shareholders may believe that there is a possibility for a superior proposal to emerge in the foreseeable future to recapitalise and re-list the Company. As at the date of this Notice, no superior proposal has been received by the Company. If the Recapitalisation Proposal is unsuccessful and the DOCA does not complete then the Company would likely either be placed into liquidation with no return to Shareholders, or subject to another deed of company arrangement proposal. While it is possible that a superior proposal would emerge, at the date of this Notice, the Directors have no reason to believe that a superior proposal is likely to be forthcoming.

3. ANNUAL GENERAL MEETING

3.1 Action to be taken by Shareholders

In order to proceed with the Recapitalisation Proposal, the Company must convene an annual general meeting of Shareholders for the purposes of passing the Resolutions in accordance with the requirements of the Listing Rules and Corporations Act.

The Resolutions are set out at the front of this booklet. Existing Shareholders are encouraged to attend the Annual General Meeting and vote in favour of each of the Resolutions other than Resolution 2.

If a Shareholder is not able to attend and vote at the Annual General Meeting, the Shareholder is encouraged to complete the Proxy Form at the back of this booklet and return it to the Company in accordance with the instructions by no later than 4.00pm (WST) on 2 May 2015.

3.2 Resolutions

Each Specified Resolution is subject to and conditional on each of the other Specified Resolutions being passed. Accordingly, the Specified Resolutions should be considered collectively as well as individually.

Certain voting restrictions are imposed in relation to the Resolutions as detailed beneath each Resolution in the Notice where applicable.

An explanation of each Resolution is set out in this section 3.

3.3 Annual Reports

The Annual Reports of the Company for the financial years ended 30 June 2013 and 30 June 2014, each of which includes a Financial Report, a Directors' Report, a Remuneration Report and an Auditor's Report, will be laid before the Annual General Meeting.

There is no requirement for Shareholders to approve these Reports. However, the Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments about these Reports and the management of the Company.

A presentative of the Company's Auditor is anticipated to be in attendance to respond to any questions raised of the Auditor of on the Auditor's Report in accordance with section 250T of the Corporations Act.

3.4 Resolutions 1(a) and 1(b): Approval of Remuneration Reports

Section 249L(2) of the Corporations Act requires a company to inform Shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting. Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report adopted be put to the vote. Resolutions 1(a) and 1(b) seek this approval.

In accordance with section 250R(3) of the Corporations Act, Shareholders should note that Resolutions 1(a) and 1(b) are "advisory only" Resolutions which do not bind the Directors or the Company.

Following consideration of the Remuneration Reports for the financial years ended 30 June 2013 and 30 June 2014, the Chair, in accordance with section 250SA of the Corporations Act, must give Shareholders a reasonable opportunity to ask questions about, or make comments on, Remuneration Reports.

If at least 25% of the votes cast on a resolution for the adoption of a Remuneration Report are voted against at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general meeting a resolution proposing that another general meeting be held within 90 days, at which all of the Company's Directors (other than the Managing Director) would go up for re-election.

As the Company is effectively convening its annual general meetings for the financial years ended 30 June 2013 and 30 June 2014 at the upcoming Annual General Meeting, if at least 25% of the votes cast on both Resolutions 1(a) and Resolution 1(b) are voted against adoption of the Remuneration Reports, then Resolution 2 will become activated and Shareholders will be asked to vote on Resolution 2 to determine whether a Spill Meeting is required to vote on the appointment of the Directors (other than the Managing Director).

Please see Section 3.5 for further information on Resolution 2 and a Spill Meeting.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 1(a) and 1(b).

3.5 Resolution 2: Conditional Spill Resolution

Resolution 2 is a conditional resolution and a contingent poll will be held. The Resolution will be deemed to have been withdrawn and the result of the contingent poll will not be valid if Resolution 1(a) or 1(b) passes on a majority of more than 75%. If more than 50% of Shareholders vote in favour of Resolution 2, the Company must convene an extraordinary general meeting (**Spill Meeting**) within 90 days of the Annual General Meeting. At the Spill Meeting Winton Willesee and Greg Miles will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Voting exclusions apply to Resolutions 1(a), 1(b) and 2 as set out in the Notice. These voting exclusions will not apply to the Spill Meeting and all Shareholders will be entitled to vote on the Director appointments at the Spill Meeting.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote against Resolution 2.

3.6 Resolutions 3(a) and 3(b): Re-election of Directors

In accordance with clause 12.11 of the Constitution, at every annual general meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Winton Willesee and Greg Miles both retire by rotation at this Annual General Meeting and, being eligible, offer themselves for re-election. Brief backgrounds on Mr Willesee and Mr Miles are set out below.

Winton Willesee

Non-Executive Chairman

Winton Willesee is an experienced company director. Mr Willesee brings a broad range of skills and experience in strategy, company development, corporate governance, company public listings, merger and acquisition transactions and corporate finance.

Mr Willesee has considerable experience with ASX listed and other companies over a broad range of industries having been involved with many successful ventures from early stage through to large capital development projects. Mr Willesee has fulfilled and continues to fulfil the role of chairman and/or director of a number of listed companies.

Mr Willesee holds formal qualifications in economics, finance, accounting, education and governance. He is a Fellow of the Financial Services Institute of Australasia, a Member of the Australian Institute of Company Directors, a Member of CPA Australia and a Chartered Secretary.

Greg Miles

Non-Executive Director

Mr Miles is a geologist having graduated from the Australian National University in Canberra. He has extensive experience in the exploration and delineation of mineral resources in a wide variety of commodities and provinces and has lead successful teams in the discovery of new gold, iron ore and base metal resources, primarily in Western Australia. Highlights include the discovery and development of the 40Mt Mount Caudan Iron Ore Deposit, Parker Range Project and exploration and development of gold resources at West Kalgoorlie Project.

Mr Miles is a member of the Australian Institute of Geoscientists and Australian Institute of Company Directors.

Directors' recommendations

The Directors (other than Mr Willesee who has a material personal interest in the outcome of Resolution 3(a)) unanimously recommend that Shareholders vote for Resolution 3(a). The Directors (other than Mr Miles who has a material personal interest in the outcome of Resolution 3(b)) unanimously recommend that Shareholders vote for Resolution 3(b).

3.7 Resolution 4: Appointment of Erlyn Dale as a Director

On 23 February 2015, Erlyn Dale was appointed as a Director in accordance with clause 12.16 of the Constitution. Under this clause, the Board may at any time appoint a person to be a Director to fill a casual vacancy, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Any Director appointed under clause 12.16 of the Constitution holds office only until the next annual general meeting and is then eligible for re-election under clause 12.17.1 of the Constitution.

Erlyn Dale, having not been elected at an annual general meeting previously, and being eligible, offers herself for re-election. A brief background on Ms Dale is set out below.

Erlyn Dale

Non-Executive Director

Erlyn Dale has a broad range of experience in corporate governance and company compliance having been involved with several ASX listed companies. Ms Dale holds a Bachelor of Commerce (Accounting and Finance) and is currently completing further governance qualifications.

Directors' recommendations

The Directors (other than Ms Dale who has a material personal interest in the outcome of Resolution 4) unanimously recommend that Shareholders vote for Resolution 4.

3.8 Resolution 5: Issue of Shares to White Swan Nominees Pty Ltd pursuant to the conversion of Class A Convertible Notes

Subject to the passing of all other Specified Resolutions, Resolution 5 is an ordinary resolution which seeks approval to the issue of up to 125,000,000 to White Swan Nominees Pty Ltd (and/or its nominees) pursuant to the conversion of the Class A Convertible Notes.

The Class A Convertible Notes were issued in accordance with a convertible note agreement pursuant to which White Swan Nominees Pty Ltd has advanced the sum of \$250,000 to the Company. A summary of the terms of the Class A Convertible Notes is set out in Section 4.5.

The Company is seeking the approval of Shareholders to Resolution 5 for the purposes of Listing Rule 7.1.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 5 seeks approval for the issue of up to 125,000,000 for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 5 is approved, the Shares issued pursuant to Resolution 5 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 5:

(a) **Maximum number of securities the entity is to issue**

The maximum number of securities that may be issued pursuant to Resolution 5 is 125,000,000 Shares.

(b) **Date by which the entity will issue the securities**

It is intended that the Shares will be issued via a separate offer under the Prospectus. Accordingly, it is proposed that the Shares will be issued in accordance with the timetable set out in Section 2.4. In any event, however, the Shares will be issued no later than 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) **Issue price of the securities**

The Class A Convertible Notes are convertible into Shares at a conversion price of \$0.002 per Share, giving each Share a deemed issue price of \$0.002.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares will be issued to White Swan Nominees Pty Ltd (and/or its nominees). None of the Shares will be issued to related parties of the Company.

(e) **Terms of the securities**

The key terms of the Class A Convertible Notes are set out in Section 4.5.

Shares issued upon any conversion of the Class A Convertible Notes will rank equally in all respects with the Shares on issue at the time.

(f) **Intended use of the funds raised**

Funds raised from the issue of the Class A Convertible Notes were applied towards working capital requirements of the Company prior to the appointment of the Administrator.

Directors' recommendations

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

3.9 Resolution 6: Issue of Shares to Exempt Investors pursuant to the conversion of Class B Convertible Notes

Subject to the passing of all other Specified Resolutions, Resolution 6 is an ordinary resolution which seeks approval to the issue of up to 155,000,000 Shares to Exempt Investors pursuant to the conversion of the Class B Convertible Notes.

The Class B Convertible Notes were issued in accordance with convertible note agreements pursuant to which the Exempt Investors have advanced the sum of \$310,000 to the Company. A summary of the terms of the Class B Convertible Notes is set out in Section 4.5.

The Company is seeking the approval of Shareholders to Resolution 6 for the purposes of Listing Rule 7.1.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 6 seeks approval for the issue of up to 155,000,000 for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 6 is approved, the Shares issued pursuant to Resolution 6 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 6:

(a) **Maximum number of securities the entity is to issue**

The maximum number of securities that may be issued pursuant to Resolution 6 is 155,000,000 Shares.

(b) **Date by which the entity will issue the securities**

It is intended that the Shares will be issued via a separate offer under the Prospectus. Accordingly, it is proposed that the Shares will be issued in accordance with the timetable set out in Section 2.4. In any event, however, the Shares will be issued no later than 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) **Issue price of the securities**

The Class B Convertible Notes are convertible into Shares at a conversion price of \$0.002 per Share, giving each Share a deemed issue price of \$0.002.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares will be issued to Exempt Investors. None of the Shares will be issued to related parties of the Company.

(e) **Terms of the securities**

The key terms of the Class B Convertible Notes are set out in Section 4.5.

Shares issued upon any conversion of the Class B Convertible Notes will rank equally in all respects with the Shares on issue at the time.

(f) Intended use of the funds raised

Funds raised from the issue of the Class B Convertible Notes have been or will be used in accordance with the table set out in Section 2.5.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

3.10 Resolution 7: Issue of Shares and Bonus Options under the Prospectus

Subject to the passing of all other Specified Resolutions, Resolution 7 is an ordinary resolution which seeks approval for the issue of up to 600,000,000 Shares at an issue price of \$0.0025 each together with up to 300,000,000 free attaching Bonus Options on the basis of 1 Bonus Option for every 2 Shares issued to raise \$1,500,000 (before costs). The issue will be made by way of an offer to the public under the Prospectus

Funds raised under the Public Offer will be used in accordance with the table set out in Section 2.5.

The Company is seeking the approval of Shareholders to Resolution 7 for the purposes of Listing Rule 7.1.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 7 seeks approval for the issue of up to 600,000,000 Shares and 300,000,000 Bonus Options for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 7 is approved, the Shares and Bonus Options issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 7:

(a) **Maximum number of securities the entity is to issue**

The maximum number of securities that may be issued pursuant to Resolution 7 is 600,000,000 Shares and 300,000,000 Bonus Options.

(b) **Date by which the entity will issue the securities**

The Shares and Bonus Options will be issued via the Public Offer under the Prospectus. Accordingly, it is proposed that the Shares and Bonus Options will be issued in accordance with the timetable set out in Section 2.4. In any event, however, the Shares will be issued no later than 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) **Issue price of the securities**

Each Share has an issue price of \$0.0025. The Bonus Options are free attaching and, therefore, have an issue price of nil.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares will be issued to members of the public. No Shares will be issued to related parties of the Company except to the extent permitted pursuant to Resolution 11.

(e) **Terms of the securities**

The Shares issued will rank equally in all respects with existing Shares on issue.

The terms of the Bonus Options are set out in Annexure C. Shares issued upon any exercise of the Bonus Options will rank equally in all respects with the Shares on issue at the time.

(f) **Intended use of the funds raised**

Funds raised from the issue of the Shares will be used in accordance with the table set out in Section 2.5.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7.

3.11 Resolution 8: Issue of New Options to the Proponent

Subject to the passing of all other Specified Resolutions, Resolution 8 is an ordinary resolution which seeks approval to the issue of 250,000,000 New Options to Cygnet Capital Pty Ltd (and/or its nominees) pursuant in part to the Reconstruction Deed.

Cygnet Capital Pty Ltd has acted as the proponent to the Company's recapitalisation and the issue of New Options pursuant to Resolution 8 is in partial consideration of the Proponent's services. A summary of the terms of the Reconstruction Deed is set out in Section 4.5.

The Company is seeking the approval of Shareholders to Resolution 8 for the purposes of Listing Rule 7.1.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 88 seeks approval for the issue of up to 250,000,000 New Options for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 8 is approved, the New Options issued pursuant to Resolution 8 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 8:

(a) **Maximum number of securities the entity is to issue**

The maximum number of securities that may be issued pursuant to Resolution 8 is 250,000,000 New Options.

(b) **Date by which the entity will issue the securities**

It is intended that the New Options will be issued via a separate offer under the Prospectus. Accordingly, it is proposed that the New Options will be issued in accordance with the timetable set out in Section 2.4. In any event, however, the New Options will be issued no later than 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) **Issue price of the securities**

The New Options will be issued as partial consideration for services provided by the Proponent to the Company and, therefore, have an issue price of nil.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The New Options will be issued to Cygnet Capital Pty Ltd (and/or its nominees). None of the New Options will be issued to related parties of the Company.

(e) **Terms of the securities**

The terms of the New Options are set out in Annexure C. Shares issued upon any exercise of the New Options will rank equally in all respects with the Shares on issue at the time.

(f) **Intended use of the funds raised**

No funds will be raised from the issue of the New Options as they are being issued as partial consideration for services provided by the Proponent to the Company in connection with the Recapitalisation Proposal.

The proceeds from any future exercise of the New Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the New Options at the discretion of the Board.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

3.12 Resolution 9: Issue of Shares to the Priority Creditor

Subject to the passing of all other Specified Resolutions, Resolution 9 is an ordinary resolution which seeks approval to the issue of 11,369,000 Shares to Mark Whittle (and/or his nominees) pursuant to the DOCA.

The Priority Creditor is the former exploration manager of the Company. The issue of Shares pursuant to Resolution 9 is in partial satisfaction of wages owing to the Priority Creditor. A summary of the terms of the DOCA is set out in Section 4.5.

The Company is seeking the approval of Shareholders to Resolution 5 for the purposes of Listing Rule 7.1.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 9 seeks approval for the issue of 11,369,000 Shares for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 9 is approved, the Shares issued pursuant to Resolution 8 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 9:

(a) **Maximum number of securities the entity is to issue**

The maximum number of securities that may be issued pursuant to Resolution 9 is 11,369,000 Shares.

(b) **Date by which the entity will issue the securities**

It is intended that the Shares will be issued via a separate offer under the Prospectus. Accordingly, it is proposed that the Shares will be issued in accordance with the timetable set out in Section 2.4. In any event, however, the Shares will be issued no later than 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) **Issue price of the securities**

The Shares will be issued in satisfaction of \$28,422.50 in wages owing by the Company to the Priority Creditor. Therefore, the Shares have an implied issue price of \$0.0025 each.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares will be issued to Mark Whittle (and/or his nominees). None of the Shares will be issued to related parties of the Company.

(e) **Terms of the securities**

The Shares issued will rank equally in all respects with existing Shares on issue.

(f) **Intended use of the funds raised**

No funds will be raised from the issue of the Shares as they are being issued in partial satisfaction of wages owing by the Company to the Priority Creditor.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 9.

3.13 Resolution 10: Issue of Shares and New Options to brokers and capital providers

Subject to the passing of all other Specified Resolutions, Resolution 10 is an ordinary resolution which seeks approval to the issue of 36,000,000 Shares and 18,000,000 New Options to brokers and capital providers (and/or their nominees).

Various brokers and capital providers will be engaged by the Company to support the Public Offer. Under the terms of any agreements for such services, it is proposed that each broker/capital provider will receive capital raising fees equal to 6% of the funds it raises under the Public Offer (i.e. up to \$90,000 in total). The Company would like to offer each broker/capital provider the option of instead taking some or all of its capital raising fee in the form of securities on the basis of 1 Share for every

\$0.0025 payable to the relevant broker/capital provider, plus 1 New Option for every 2 Shares issued to the broker/capital provider.

Although the brokers/capital providers may ultimately decide to take their capital raising fees in cash, the Company is nevertheless seeking Shareholder approval for the issue of securities to give the Company the flexibility to issue the securities if so elected by the relevant brokers/capital providers. The Directors consider that an issue of securities instead of paying cash is preferable as it will enable the Company to preserve its much needed cash reserves.

The Company is seeking the approval of Shareholders to Resolution 10 for the purposes of Listing Rule 7.1.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 10 seeks approval for the issue of up to 36,000,000 Shares and 18,000,000 New Options for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 10 is approved, the Shares and New Options issued will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 10:

(a) Maximum number of securities the entity is to issue

The maximum number of securities that may be issued pursuant to Resolution 10 is 36,000,000 Shares and 18,000,000 New Options.

(b) Date by which the entity will issue the securities

It is intended that the Shares and New Options would be issued via a separate offer under the Prospectus. Accordingly, it is proposed that the Shares and New Options will be issued in accordance with the timetable set out in Section 2.4. In any event, however, the Shares and New Options will be issued no later than 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) Issue price of the securities

The Shares would be issued in satisfaction of up to \$90,000 that would otherwise be payable by the Company to various brokers and capital providers for capital raising fees in relation to the Public Offer. Therefore, the

Shares have an implied issue price of \$0.0025 each. The New Options are free attaching and, therefore, have an issue price of nil.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares and New Options would be issued to brokers or capital providers (and/or their nominees). None of the Shares or New Options would be issued to related parties of the Company.

(e) **Terms of the securities**

Any Shares issued would rank equally in all respects with existing Shares on issue.

The terms of the New Options are set out in Annexure C. Shares issued upon any exercise of the New Options would rank equally in all respects with the Shares on issue at the time.

(f) **Intended use of the funds raised**

No funds would be raised from the issue of the Shares and New Options as they would be issued in satisfaction of up to \$90,000 payable by the Company to brokers and capital providers for capital raising fees in relation to the Public Offer. Cash retained by the Company as a result of issuing securities to the brokers and capital providers in payment of their capital raising fees will be applied towards meeting working capital requirements of the Company.

The proceeds from any future exercise of the New Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the New Options at the discretion of the Board.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 10.

3.14 Resolution 11: Issue of Shares and New Options to the Non-Related Supplier

Subject to the passing of all other Specified Resolutions, Resolution 11 is an ordinary resolution which seeks approval to the issue of 14,000,000 Shares and 7,000,000 New Options to Leydin Freyer Corporate Pty Ltd (and/or its nominees).

The Shares are being issued to Leydin Freyer Corporate Pty Ltd to discharge approximately \$35,000 payable by the Company for corporate services provided by Leydin Freyer Corporate Pty Ltd, giving each Share an implied value of \$0.0025. The New Options are being issued to the advisers and suppliers free attaching to the Shares on the basis of one New Option for every two Shares issued.

The Company is seeking the approval of Shareholders to Resolution 11 for the purposes of Listing Rule 7.1.

Listing Rule 7.1

Listing Rule 7.1 provides that, subject to certain exceptions, prior approval of shareholders is required for an issue of securities by a company if those securities, when aggregated with the securities issued by the company without approval and which were not subject to an exception during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.1 provides that where a company approves an issue of securities, the company's 15% capacity will be replenished and the company will be able to issue further securities up to that limit.

Resolution 11 seeks approval for the issue of 14,000,000 Shares and 7,000,000 New Options for the purpose of satisfying the requirements of Listing Rule 7.1. If Resolution 11 is approved, the Shares and New Options issued pursuant to Resolution 11 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 7.3, the following information is provided to Shareholders in relation to Resolution 11:

(a) **Maximum number of securities the entity is to issue**

The maximum number of securities that may be issued pursuant to Resolution 11 is 14,000,000 Shares and 7,000,000 New Options.

(b) **Date by which the entity will issue the securities**

It is intended that the Shares and New Options will be issued via a separate offer under the Prospectus. Accordingly, it is proposed that the Shares and New Options will be issued in accordance with the timetable set out in Section 2.4. In any event, however, the Shares and New Options will be issued no later than 3 months after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) **Issue price of the securities**

The Shares will be issued in satisfaction of approximately \$35,000 payable by the Company to Leydin Freyer Corporate Pty Ltd for corporate services provided to the Company. Therefore, the Shares have an implied issue price of \$0.0025 each. The New Options are free attaching and, therefore, have an issue price of nil.

(d) **Names of the persons to whom the entity will issue the securities (if known) or basis upon which those persons will be identified or selected**

The Shares and New Options will be issued to Leydin Freyer Corporate Pty Ltd (and/or its nominees). None of the Shares or New Options will be issued to related parties of the Company.

(e) **Terms of the securities**

The Shares issued will rank equally in all respects with existing Shares on issue.

The terms of the New Options are set out in Annexure C. Shares issued upon any exercise of the New Options will rank equally in all respects with the Shares on issue at the time.

(f) Intended use of the funds raised

No funds will be raised from the issue of the Shares and New Options as they are being issued in satisfaction of approximately \$35,000 payable by the Company to Leydin Freyer Corporate Pty Ltd for corporate services provided to the Company.

The proceeds from any future exercise of the New Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the New Options at the discretion of the Board.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 11.

3.15 Resolutions 12(a) and 12(b): Issue of Shares and New Options to the Related Suppliers

Subject to the passing of all other Specified Resolutions, Resolutions 12(a) and 12(b) are ordinary resolutions which seeks approval to the issue a total of 24,000,000 Shares and 12,000,000 New Options to the following Related Suppliers (and/or their nominees):

Recipient	Shares	New Options
Winton Willesee	20,000,000	10,000,000
Greg Miles	4,000,000	2,000,000
Total	24,000,000	12,000,000

Winton Willesee and Greg Miles are related parties of the Company for the purposes of section 228 of the Corporations Act as they are directors of the Company.

The Shares are being issued to the Related Suppliers in consideration of approximately \$60,000 payable by the Company for services provided to the Company in relation to the Recapitalisation Proposal, giving each Share an implied value of \$0.0025. The New Options are being issued to the Directors attaching to the Shares on the basis of one New Option for every two Shares issued (i.e. on the same terms as the Public Offer).

As the Related Suppliers are related parties of the Company, the Company is seeking the approval of Shareholders to Resolutions 12(a) and 12(b) for the purposes of section 208(1) of the Corporations Act and Listing Rule 10.11.

Section 208 of the Corporations Act

Section 208(1)(a) of the Corporations Act prohibits a company from giving a financial benefit (including an issues of shares) to a related party of the company without the approval of shareholders by a resolution passed at a general meeting at which no votes are cast in relation to the resolution in respect of any shares held by the related party or by an associate of the related party.

Winton Willesee and Greg Miles are related parties of the Company under section 228(2) of the Corporations Act by virtue of being directors of the Company.

The proposed issue of Shares and New Options under Resolutions 12(a) and 12(b) may be considered as falling within the “arm’s length” exception in section 210 of the Corporations Act. However, out of an abundance of caution, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of Shares and New Options to the Related Suppliers.

As required by section 219 of the Corporations Act, the following information is provided in relation to Resolutions 12(a) and 12(b):

(a) **Related parties to whom the financial benefits are to be given**

Winton Willesee and Greg Miles (and/or their nominees).

(b) **Nature of the financial benefits**

The issue of Shares and New Options to the Related Suppliers as follows:

Recipient	Shares	New Options
Winton Willesee	20,000,000	10,000,000
Greg Miles	4,000,000	2,000,000
Total	24,000,000	12,000,000

(c) **Valuation of the financial benefits**

The Company is offering its Shares to the public at an issue price of \$0.0025 each, suggesting a market value of \$0.0025 each. It should be noted, however, that the quantum of the benefit of the Shares will depend in part on the price at which the Shares trade on ASX (assuming the Company achieves Reinstatement).

Each New Option has been valued at \$0.000561 using the Black-Scholes valuation set out in Annexure D, and based on a volatility factor of 50%, being the fair volatility factor in the opinion of Stantons International Securities.

Accordingly, the total value of the financial benefits to be given to the Related Directors pursuant to Resolutions 12(a) and 12(b) is as follows:

Recipient	Shares	New Options	Total
Winton Willesee	\$50,000	\$5,610	\$55,610
Greg Miles	\$10,000	\$1,122	\$11,122
Total	\$60,000	\$6,732	\$66,732

(d) **Current remuneration and security interests**

Details of the Directors' current annualised pro-rata remuneration, as well as their security interests (both direct and indirect) in the Company as at the date of this Notice are as follows:

Existing Director	Salary/fees	Security interests
Winton Willesee	\$48,000	700,000 Shares
Greg Miles	\$30,000	125,000 Shares

Note: If Resolution 13 is passed, each Director will be entitled to apply for up to 10,000,000 Shares and 5,000,000 Bonus Options under the Public Offer.

(e) **Terms of the securities**

The Shares that may be issued to the Related Suppliers will rank equally in all respects with existing Shares on issue.

Each New Option will have an exercise price of \$0.005, an expiry of 30 June 2019, and will otherwise be issued on the terms set out in Annexure C.

(f) **Dilution**

If all Shares are issued pursuant to the Resolutions in this Notice and no other Shares are issued by the Company, then the Shares to be issued under Resolutions 12(a) and 12(b) would dilute Shareholders by approximately 2.4%.

(g) **Opportunity costs to the Company**

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing Shares and New Options to the Directors under Resolutions 12(a), and 12(b).

(h) **Intended use of funds raised**

No funds will be raised by the issue of the Shares or the New Options as they are being issued in consideration of services provided to the Company in relation to the Recapitalisation Proposal.

The proceeds from any future exercise of the New Options are intended to be applied towards meeting working capital requirements of the Company

relevant at, or about, the time of the exercise of the New Options at the discretion of the Board.

(i) **Directors' interests**

Mr Willesee has a material personal interest in the outcome of Resolution 12(a) as the potential recipient of Shares and New Options. No other Director has a material personal interest in the outcome of Resolution 12(a).

Mr Miles has a material personal interest in the outcome of Resolution 12(b) as the potential recipient of Shares and New Options. No other Director has a material personal interest in the outcome of Resolution 12(b).

Ms Dale does not have a material personal interest in the outcome of Resolution 12(a) or 12(b).

(j) **Directors' recommendations**

Mr Willesee expresses no opinion and makes no recommendation in respect of the potential issue of Shares and New Options to him under Resolution 12(a) as he has a material personal interest in the outcome of Resolution 12(a).

Mr Miles expresses no opinion and makes no recommendation in respect of the potential issue of Shares and New Options to him under Resolution 12(b) as he has a material personal interest in the outcome of Resolution 12(b).

Other than as set out above, each of the Directors recommends that Shareholders vote in favour of Resolutions 12(a) and 12(b) for the reasons set out in the Explanatory Statement and on the basis that, in their opinion:

- the repayment terms for the debt are the same for the Non-Related Supplier (see Resolution 11), which were negotiated at arm's length;
- the consideration payable for the services is reasonable in the circumstances if the Company were dealing at arm's length;
- by paying the consideration via the issue of securities, the Company will be able to preserve its much needed cash reserves;
- the Shares and New Options will incentivise the performance of the Related Suppliers and in doing so further align the interests of those Directors with those of Shareholders; and
- the Shares and New Options recognise the Related Suppliers significant efforts in progressing and facilitating the Recapitalisation Proposal.

(k) **Other information**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolutions 12(a) and 12(b).

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a “related party” without the approval of holders of ordinary securities. Further, Exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

As set out above, Winton Willesee and Greg Miles are related parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Shares and New Options to the Directors.

Resolutions 12(a) and 12(b) seek approval for the issue of 24,000,000 Shares and 12,000,000 New Options for the purpose of satisfying the requirements of Listing Rule 10.1. If Resolutions 12(a) and 12(b) are approved, the Shares and New Options issued pursuant to Resolutions 12(a) and 12(b) will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 12(a) and 12(b).

(a) **Names of the persons**

Winton Willesee and Greg Miles (and/or their nominees).

(b) **Maximum number of securities to be issued**

The maximum number of securities that may be issued pursuant to Resolutions 12(a) and 12(b) is as follows:

Recipient	Shares	New Options
Winton Willesee	20,000,000	10,000,000
Greg Miles	4,000,000	2,000,000
Total	24,000,000	12,000,000

(c) **Date by which the entity will issue the securities**

It is intended that the Shares and New Options will be issued via a separate offer under the Prospectus. Accordingly, it is proposed that the Shares and New Options will be issued in accordance with the timetable set out in Section 2.4. In any event, however, the Shares and New Options will be issued no later than 1 month after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(d) **Relationship that requires Shareholder approval**

Winton Willesee and Greg Miles are related parties of the Company under section 228(2) of the Corporations Act by virtue of being Directors.

(e) **Issue price of the securities**

The Shares will be issued in satisfaction of approximately \$60,000 payable by the Company to Winton Willesee and Greg Miles for Directors' fees. Therefore, the Shares have an implied issue price of \$0.0025 each. The New Options are free attaching and, therefore, have an issue price of nil.

(f) **Terms of the issue**

The Shares issued will rank equally in all respects with existing Shares on issue.

The terms of the New Options are set out in Annexure C. Shares issued upon any exercise of the New Options will rank equally in all respects with the Shares on issue at the time.

(g) **Intended use of funds raised**

No funds will be raised from the issue of Shares and New Options under Resolutions 12(a) and 12(b) as they are being issued in consideration of services provided by the Related Suppliers to the Company in relation to the Recapitalisation Proposal.

The proceeds from any future exercise of the New Options are intended to be applied towards meeting working capital requirements of the Company relevant at, or about, the time of the exercise of the New Options at the discretion of the Board.

Directors' recommendations

See item 3.15(j) above.

3.16 Resolution 13: Right for the Directors to participate in the Public Offer

Subject to the passing of all other Specified Resolutions, Resolution 13 is an ordinary resolution which seeks approval to enable the Directors to apply for, and the Company to issue, up to 10,000,000 Shares to each Director (and/or its nominees) at an issue price of \$0.0025 each together with up to 5,000,000 free attaching Bonus Options on the basis of 1 Bonus Option for every 2 Shares issued.

Winton Willesee, Greg Miles and Erlyn Dale are related parties of the Company for the purposes of section 228 of the Corporations Act as they are directors of the Company.

As the Directors are related parties of the Company, the Company is seeking the approval of Shareholders to Resolution 13 for the purposes of Listing Rule 10.11.

Section 208 of the Corporations Act

The Board has determined that Shareholder approval under section 208 of the Corporations Act is not required for the issue of securities to the Directors due to the "arm's length" exception in section 210. In forming this view, the Board notes that Directors who wish to participate in the Public Offer will only be entitled to apply for securities under the Public Offer on the same terms (including offer price) as those

that apply to non-related party applicants. The Board considers these terms to be reasonable in the circumstances.

In addition, the Board believes that there are benefits to the Company in its Directors holding securities in the Company as this will help to incentivise the performance of the Directors and, in doing so, further align the interests of the Directors with those of Shareholders.

Listing Rule 10.11

Listing Rule 10.11 provides that a company must not issue equity securities to a “related party” without the approval of holders of ordinary securities. Further, Exception 14 of Listing Rule 7.2 states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

As set out above, Winton Willesee, Greg Miles and Erlyn Dale are related parties of the Company for the purposes of section 228 of the Corporations Act. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of Shares and Bonus Options to the Directors.

Resolution 13 seeks approval for the issue of up to 10,000,000 Shares and 5,000,000 Bonus Options to each Director for the purpose of satisfying the requirements of Listing Rule 10.1. If Resolution 13 is approved, the Shares and Bonus Options issued pursuant to Resolution 13 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1 as those securities, once issued, will be excluded from the calculations under Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolution 13.

(a) Names of the persons

Winton Willesee, Greg Miles and Erlyn Dale (and/or their nominees).

(a) Maximum number of securities to be issued

The maximum number of securities that may be issued pursuant to Resolution 8 is as follows:

Recipient	Shares	Bonus Options
Winton Willesee	10,000,000	5,000,000
Greg Miles	10,000,000	5,000,000
Erlyn Dale	10,000,000	5,000,000
Total	30,000,000	15,000,000

(b) Date by which the entity will issue the securities

The Shares and Bonus Options will be issued via the Public Offer under the Prospectus. Accordingly, it is proposed that the Shares and Bonus Options will be issued in accordance with the timetable set out in Section 2.4. In any

event, however, the Shares will be issued no later than 1 month after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).

(c) **Relationship that requires Shareholder approval**

Winton Willesee, Greg Miles and Erlyn Dale are related parties of the Company under section 228(2) of the Corporations Act by virtue of being Directors.

(d) **Issue price of the securities**

Each Share has an issue price of \$0.0025. The Bonus Options are free attaching and, therefore, have an issue price of nil.

(e) **Terms of the issue**

The Shares issued will rank equally in all respects with existing Shares on issue.

The terms of the Bonus Options are set out in Annexure C. Shares issued upon any exercise of the Bonus Options will rank equally in all respects with the Shares on issue at the time.

(f) **Intended use of funds raised**

Funds raised from the issue of the Shares will be used in accordance with the table set out in Section 2.5.

Directors' recommendations

Each Director has a material personal interest in the outcome of Resolution 13 as the proposed recipients of the Shares and Bonus Options and, therefore, the Board expresses no opinion and makes no recommendation in respect of the issue of Shares and Bonus Options pursuant to Resolution 13.

3.17 Resolution 14: Approval of 10% Placement Facility

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

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

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

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.17(c) below).

The Board believes that Resolution 14 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

Description of Listing Rule 7.1A

(a) Shareholder approval

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

(b) Equity Securities

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

As at the date of this Notice, the only quoted Equity Securities that the Company has on issue are its 65,422,861 Shares.

(c) Formula for calculating 10% Placement Facility

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

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

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

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

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

D is 10%.

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

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

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

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.17(c) above).

(e) **Minimum issue price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 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 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) **10% Placement Period**

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

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

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

Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days 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 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) If Resolution 14 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares (which is based on the offer price under the Public Offer) and the number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 assuming that the Recapitalisation Proposal has completed and the Offers are fully subscribed.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue upon completion of the Recapitalisation Proposal and assumes that the Offers are fully subscribed. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable A in Listing Rule 7.1A.2		Dilution		
		\$0.00125 50% decrease in Market Price	\$0.0025 Current Market Price	\$0.005 100% increase in Market Price
Current Variable A 994,791,861	10% Voting Dilution	99,479,186 Shares	99,479,186 Shares	99,479,186 Shares
	Funds raised	\$124,349	\$248,698	\$497,396
50% increase in current Variable A 1,492,187,791	10% Voting Dilution	149,218,779 Shares	149,218,779 Shares	149,218,779 Shares
	Funds raised	\$186,523	\$373,047	\$746,094
100% increase in current Variable A 1,989,583,722	10% Voting Dilution	198,958,372 Shares	198,958,372 Shares	198,958,372 Shares
	Funds raised	\$248,698	\$497,396	\$994,792

Notes:

1. Assumes the Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2. 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%.
3. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.
4. 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.
5. The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
6. The market price is \$0.0025 being the proposed offer price of Shares under the Public Offer.
7. The Current Variable A assumes that the Recapitalisation Proposal has completed and the Offers are fully subscribed.

- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 14 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking)).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards the exploration activities at its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

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) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;
 - (ii) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issue in which existing security holders can participate;
 - (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the financial situation and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but are likely to be investors which are sophisticated or professional investors (or both) for the purposes of section 708 of the Corporations Act.

- (f) During the 12 months preceding the date of the Annual General Meeting, the Company has not issued any Equity Securities.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Directors' recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 14.

4. OTHER INFORMATION

4.1 Scope of disclosure

The law requires that this Explanatory Statement sets out all other information that is reasonably required by the Existing Shareholders in order to decide whether or not it is in the Company's interests to pass the Resolutions and which is known to the Company.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions other than as is disclosed in this Explanatory Statement or previously disclosed to Existing Shareholders by the Company by notification to the ASX.

4.2 Director profiles

Winton Willesee

Non-Executive Chairman

Please see Section 3.6.

Greg Miles

Non-Executive Director

Please see Section 3.6.

Erlyn Dale

Non-Executive Director

Please see Section 3.7.

4.3 Interests of the Directors

The table below sets out the relevant interests of the Directors in the securities of the Company.

Director	Existing Shares	Shares to be issued	Total Shares	New Options
Winton Willesee	700,000	20,000,000	20,700,000	10,000,000
Greg Miles	125,000	4,000,000	4,125,000	2,000,000
Erlyn Dale	-	-	-	-
Total	825,000	24,000,000	24,825,000	12,000,000

Note: If Resolution 13 is passed, each Director will be entitled to apply for up to 10,000,000 Shares and 5,000,000 Bonus Options under the Public Offer.

4.4 Voting intentions of the Directors

As at the date of this Notice, the Directors who holds Shares intend to vote in favour of the Resolutions other than Resolution 2, other than those Resolutions in which they have a material personal interest in or are otherwise excluded from voting on. In those cases, the relevant Director expresses no opinion on how Shareholders should vote on those Resolutions.

4.5 Material contracts

Reconstruction Deed

The key terms of the Reconstruction Deed are as follows:

- (a) Completion is conditional on each of the following conditions being satisfied or waived:
 - (i) the Company entering into the DOCA and the Creditors' Trust Deed with the Administrator;
 - (ii) ASX advising that it will not impose any requirements on the Company to re-comply with chapters 1 and 2 of the Listing Rules in relation to the Recapitalisation Proposal and that, subject to conditions that are reasonably satisfactory to the Company, there is no reason why the securities of the Company should not be reinstated to official quotation on the ASX;
 - (iii) the Company entering into the Convertible Note Agreements; and
 - (iv) the Company obtaining Shareholder approval to the following:
 - (A) the issue of 150,000,000 Shares pursuant to the conversion of convertible notes at conversion price of \$0.002 per Share (n.b this has now been increased to 155,000,000);
 - (B) the issue of Shares pursuant to the Public Offer; and
 - (C) such other resolutions that the parties consider are reasonably necessary to implement the Recapitalisation Proposal.
- (b) The Proponent will coordinate the following two capital raisings on behalf of the Company:
 - (i) \$300,000 via the Class B Convertible Notes (n.b this has now been increased to \$310,000); and
 - (ii) up to \$1,200,000 via the Public Offer (n.b. this has since been increased to \$1,500,000).
- (c) At completion of the Reconstruction Deed (**Completion**), the Company must:
 - (i) issue the securities to the relevant applicants pursuant to the Public Offer;

- (ii) issue 215,000,000 New Options to the Proponent (n.b. this has since been increased to 250,000,000);
- (iii) pay to the Administrator \$180,000 for the Administrator's fees and creditors' claims. The Administrator (including in his capacity as Deed Administrator and Trustee) is to be indemnified out of these funds for his liabilities, fees and disbursements incurred in connection to this matter; and
- (iv) do all other acts reasonably necessary for the purposes of effectuating the DOCA.

The Reconstruction Deed is otherwise on standard terms.

Deed of Company Arrangement

Pursuant to the resolutions at a meeting of creditors on 24 February 2014, the Company and the Administrator entered into the Deed of Company Arrangement (**DOCA**) on 18 March 2014. On 11 March 2015 the Company obtained approval of its creditors to vary the DOCA to facilitate acceptance of some further variations to the Reconstruction Proposal.

The material terms of the DOCA are as follows:

- (a) Until termination of the DOCA, the Deed Administrator will be responsible for the day to day management, control, supervision and administration of the Company's business, property and affairs, and the implementation of the DOCA.
- (b) As soon as practicable after Completion:
 - (i) the Deed Administrator will establish a trust fund for the benefit of the admitted creditors;
 - (ii) the Deed Administrator must establish the trust fund, to be controlled by the Deed Administrator as trustee under the terms of the Creditors' Trust Deed; and
 - (iii) the Deed Administrator must transfer all of the available assets of the Company to the trust fund, which will vest in the Trustee, those assets being:
 - (A) \$180,000;
 - (B) all cash held by the Company; and
 - (C) any other assets of the Company other than certain assets to be retained (e.g. the tenements set out in Annexure A).
- (c) The DOCA will terminate wholly effectuated upon the Deed Administrator notifying all creditors that the DOCA has been wholly effectuated.
- (d) Upon termination, the rights, discretions and obligations of the Deed Administrator will vest in the Trustee and control of the Company reverts to the Directors.

The DOCA is otherwise on standard terms.

Creditors' Trust Deed

Execution of the Creditors' Trust Deed (**Trust Deed**) is a term of the DOCA.

The material terms of the Trust Deed are as follows:

- (a) The Trust Fund will comprise:
 - (i) the sum paid to the Trustee on the date of the Trust Deed, with the consent of the Deed Administrator;
 - (ii) the benefits of the covenants and application of property made in the Trustee's favour in the DOCA and the Trust Deed;
 - (iii) the available assets; and
 - (iv) any income accruing on the assets of the trust.
- (b) The beneficiaries of the trust are the admitted creditors.
- (c) Upon establishment of the trust fund, all creditors' claims are converted to and become claims under the Trust Deed.
- (d) The Trustees will distribute the trust fund:
 - (i) first, in reimbursement and payment of the Deed Administrator fees;
 - (ii) second, in payment of the \$28,422.50 owing to the Priority Creditor (n.b. after the issue of Shares pursuant to Resolution 9); and
 - (iii) third, to the admitted creditors in accordance with s 556 of the Corporations Act.
- (e) All Creditors must accept their entitlements under the Trust Deed and must, if called upon, execute and deliver to the Trustee any forms of release from any claims as the Trustee requires.
- (f) Upon payment of the final dividend, the Trust will terminate and the Trustee will resign.

The Trust Deed is otherwise on standard terms.

Class A Convertible Note Agreement

In 2013, the Company entered into a convertible note agreement with White Swan Nominees Pty Ltd, pursuant to which the Company issued five Class A Convertible Notes in exchange for a total of \$250,000 (i.e. \$50,000 per note).

The material terms of the agreement are as follows:

- (a) The Company will seek Shareholder approval to issue Shares to the noteholder that would occur upon conversion of the notes.

- (b) If the noteholder delivers a conversion notice to the Company, the Company will issue to the noteholder the Shares at the conversion price (n.b. the conversion price has since been agreed as \$0.002).
- (c) The amount advanced by the noteholder is secured by a fixed and floating charge over the Company's assets. (n.b. this will be removed upon conversion of the Class A Convertible Notes).
- (d) The shares issued on conversion will rank equally in all respects with the Ordinary Shares on issue at the time.

The convertible note agreement is otherwise on standard terms.

Class B Convertible Note Agreement

The Company has entered into convertible note agreements with various Exempt Investors to raise \$310,000 by the issue of Class B Convertible Notes.

The material terms of the agreements are as follows:

- (a) The notes will be converted into Shares at a conversion price of \$0.002 per Share.
- (b) Conversion will occur contemporaneously with the last of the conditions precedent for Reinstatement.
- (c) All Shares will be issued as fully paid, be free of encumbrances and will rank equally with ordinary shares currently on issue.
- (d) No interest is payable on the notes.
- (e) The amount advanced by the noteholder is unsecured.

The convertible note agreements are otherwise on standard terms.

4.6 Taxation

The Recapitalisation Proposal and the passing of the Resolutions may give rise to income tax implications for the Company and Shareholders.

Shareholders are advised to seek their own taxation advice on the effect of the Resolutions on their personal position. Neither the Company, nor any Director or adviser to the Company accepts any responsibility for any individual Shareholder's taxation consequences on any aspect of the Recapitalisation Proposal or the Resolutions.

4.7 ASIC and ASX's Role

The fact that the Notice of Meeting, Explanatory Statement and other relevant documentation has been received by ASX and ASIC is not to be taken as an indication of the merits of the Resolutions or the Company. ASIC, ASX and their respective officers take no responsibility for any decision a Shareholder may make in reliance on any of those documents.

5. DEFINITIONS

In this Notice of Meeting and Explanatory Statement, the following terms have the following meanings:

10% Placement Facility	has the meaning given in section 3.17
10% Placement Period	has the meaning given in section 3.17(f),
Administrator	Bryan Kevin Hughes of Pitcher Partners of Level 1, 914 Hay Street, Perth, Western Australia 6000 in his capacity as administrator of the Company, deed administrator of the DOCA and/or trustee of the trust fund under the Trust Deed, as the context requires.
Annexure	an annexure to this Explanatory Statement.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
Auditor	Ernst & Young.
Board	the board of Directors.
Bonus Option	an Option on the terms set out in Annexure C.
Chair	the chairperson of the Meeting.
Class A Convertible Note	a convertible note issued by the Company on the terms set out in Section 4.5.
Class B Convertible Note	a convertible note issued by the Company on the terms set out in Section 4.5.
Closely Related Party	<p>a closely related party of a member of Key Management Personnel as defined in Section 9 of the Corporations Act, being:</p> <ul style="list-style-type: none">(a) a spouse or child of the member;(b) a child of that member's spouse;(c) a dependent of that member or of that member's spouse;(d) anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;(e) a company that is controlled by that member; or(f) any other person prescribed by the regulations.
Company	Cove Resources Limited (Subject to Deed of Company Arrangement) ACN 131 445 335.
Constitution	the constitution of the Company.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director	a director of the Company.

DOCA	the deed of company arrangement between the Company and the Deed Administrator, the key terms of which are summarised in Section 4.5.
Equity Securities	has the meaning given in the Listing Rules.
Exempt Investor	an investor to whom securities may be offered by the Company without disclosure under section 708 of the Corporations Act (excluding section 708(1)).
Explanatory Statement	this explanatory statement incorporated in this Notice.
Key Management Personnel	the key management personnel of the Company as defined in Section 9 of the Corporations Act and Australian Accounting Standards Board accounting standard 124, being 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).
Listing Rules	the official Listing Rules of ASX.
Meeting or Annual General Meeting	the annual general meeting of Shareholders to be held on 13 April 2015 at 4.00pm (WST).
New Option	an Option on the terms set out in Annexure C.
Notice or Notice of Meeting	the notice of annual general meeting incorporating this Explanatory Statement.
Offers	the offers of securities to be made under the Prospectus, including for the purposes of issuing the securities contemplated by the Resolutions.
Option	an option to acquire a Share.
Non-Related Supplier	Leydin Freyer Corporate Pty Ltd ACN 115 051 897.
Priority Creditor	Mark Whittle.
Proponent	Cygnit Capital Pty Ltd ACN 103 488 606.
Prospectus	a prospectus prepared in accordance with section 710 of the Corporations Act pursuant to which the Company will undertake the Offers.
Public Offer	the offer of 600,000,000 Shares under the Prospectus at an issue price of \$0.0025 each together with up to 300,000,000 free attaching Bonus Options on the basis of 1 Bonus Option for every 2 Shares issued to raise \$1,500,000 (before costs) under the Prospectus.
Recapitalisation Proposal	the proposal for the reconstruction and recapitalisation of the Company described in Section 2.2.
Reconstruction Deed	the reconstruction deed between the Company and the Proponent (as amended), the key terms of which are summarised in Section 4.5.
Reinstatement	reinstatement of the Company's securities to official quotation on the ASX.
Related Suppliers	Winton Willesee and Greg Miles.

Remuneration Report	the section of the Annual Report entitled 'Remuneration Report'.
Resolution	a resolution contained in the Notice.
Share	a fully paid ordinary share in the capital of the Company.
Shareholder	a holder of one or more Shares.
Specified Resolutions	Resolutions 3 to 13.
Spill Meeting	the general meeting that is to be convened within 90 days of the Annual General Meeting if more than 50% of Shareholders vote in favour of Resolutions 1(a) and 1(b).
Trading Day	has the meaning given in the Listing Rules.
Trust Deed	the creditors' trust deed to be entered into between the Company and the Trustee, the key terms of which are summarised in Section 4.5.
VWAP	volume weighted average price.
WST	Western Standard Time, being the time in Perth, Western Australia.

ANNEXURE A – TENEMENT SCHEDULE

Tenement	Location	Project	Status
M46/371	WA	Quartz Circle	Application
P29/2152	WA	Goongarrie	Granted
P29/2153	WA	Goongarrie	Granted
P29/2154	WA	Goongarrie	Granted
P29/2155	WA	Goongarrie	Granted
P29/2156	WA	Goongarrie	Granted
P46/1360	WA	Quartz Circle	Granted
P46/1361	WA	Quartz Circle	Granted
P46/1362	WA	Quartz Circle	Granted
P46/1363	WA	Quartz Circle	Granted
P46/1364	WA	Quartz Circle	Granted
P46/1365	WA	Quartz Circle	Granted
P46/1366	WA	Quartz Circle	Granted
P46/1752	WA	Quartz Circle	Granted
P46/1753	WA	Quartz Circle	Granted
P46/1754	WA	Quartz Circle	Granted
P46/1825	WA	Quartz Circle	Application
P46/1826	WA	Quartz Circle	Application
P46/1827	WA	Quartz Circle	Application
P46/1828	WA	Quartz Circle	Application
P46/1829	WA	Quartz Circle	Application

ANNEXURE B – PRO FORMA STATEMENT OF FINANCIAL POSITION

Cove Resources Limited (Consolidated)
31 December 2014

	Consolidated Management Accounts (Unaudited) 31-Dec-14 \$	Consolidated Pro Forma 31-Dec-14 \$
Current Assets		
Cash and cash equivalents	176,045	1,521,045
Other assets	12,500	12,500
Total current assets	188,545	1,533,545
Non current assets		
Exploration & Evaluation	100,000	100,000
Total non current assets	100,000	100,000
Total assets	288,545	1,633,545
Current liabilities		
Trade and other payables	241,559	33,315
Borrowings	560,000	-
Total current liabilities	801,559	33,315
Non current liabilities		
Borrowings	-	-
Total non current liabilities	-	-
Total liabilities	801,559	33,315
Net assets	(513,014)	1,600,230
Equity		
Issued capital	9,257,358	11,620,602
Reserves	1,034,252	1,034,252
Retained Earnings	(10,710,233)	(10,960,233)
Current year earnings	(94,391)	(94,391)
Total equity	(513,014)	1,600,230

Pro forma statement of financial position

To illustrate the effect of the proposed Resolutions on the Company, a pro forma statement of financial position has been prepared based on the unaudited balance sheet as at 31 December 2014. The pro forma statement of financial position shows the effect of the Resolutions as if they had been made on 31 December 2014 based on the following assumptions:

- (a) the issue of 125,000,000 Shares and satisfaction of the Class A Convertible Note pursuant to Resolution 5;
- (b) the issue of 155,000,000 Shares and satisfaction of the Class B Convertible Notes pursuant to Resolution 6;
- (c) the issue of 600,000,000 Shares and 300,000,000 Bonus Options to raise \$1,500,000 pursuant to Resolution 7;
- (d) the issue of 250,000,000 New Options at no cost pursuant to Resolution 8;
- (e) the issue of 11,369,000 Shares to the Priority Creditor at a deemed value of \$28,422.50 in total pursuant to Resolution 9;
- (f) the issue of 36,000,000 Shares and 18,000,000 Bonus Options in lieu of capital raising fees pursuant to Resolution 10;
- (g) further payment of \$100,000 in costs of the recapitalisation and the issue of 38,000,000 Shares and 19,000,000 Bonus Options to suppliers in lieu of cash fees pursuant to Resolutions 11 and 12;
- (h) a payment of \$180,000 to the Administrator pursuant to the DOCA; and
- (i) expenses of the recapitalisation Share and Option offer, being approximately \$55,000 in cash costs and those Shares and Bonus Options issued pursuant to Resolution 10 or a cash equivalent at the election of the brokers and relevant capital providers.

ANNEXURE C – TERMS OF NEW OPTIONS AND BONUS OPTIONS

New Options and Bonus Options have the same terms and conditions. The Options entitle the holder to subscribe for Shares on the terms and conditions set out below.

(a) **Entitlement**

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

(b) **Expiry Date**

Each Option will expire at 5.00pm (WST) on 30 June 2019 (**Expiry Date**).

(c) **Exercise Price**

Each Option will have an exercise price equal to \$0.005 (**Exercise Price**).

(d) **Exercise period and lapsing**

Subject to clause (i), Options may be exercised at any time after the date of issue and prior to the Expiry Date. After this time, any unexercised Options will automatically lapse.

(e) **Exercise Notice and payment**

Options may be exercised by notice in writing to the Company (**Exercise Notice**) together with payment of the Exercise Price for each Option being exercised. Any Exercise Notice for an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt. Cheques paid in connection with the exercise of Options must be in Australian currency, made payable to the Company and crossed "Not Negotiable".

(f) **Shares issued on exercise**

Shares issued on exercise of Options will rank equally in all respects with then existing fully paid ordinary shares in the Company.

(g) **Quotation of Shares**

Provided that the Company is quoted on ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

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

Subject to clause (i), within 5 business days after the later of the following:

- (i) receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised by the Company if the Company is not in possession of excluded information (as defined in section 708A(7) of the Corporations Act); and

- (ii) the date the Company ceases to be in possession of excluded information with respect to the Company (if any) following the receipt of the Notice of Exercise and payment of the Exercise Price for each Option being exercised by the Company,

the Company will:

- (iii) allot and issue the Shares pursuant to the exercise of the Options;
- (iv) give ASX a notice that complies with section 708A(5)(e) of the Corporations Act (to the extent that it is legally able to do so); and
- (v) apply for official quotation on the ASX of the Shares issued pursuant to the exercise of the Options.

(i) **Shareholder and regulatory approvals**

Notwithstanding any other provision of these terms and conditions, exercise of Options into Shares will be subject to the Company obtaining all required (if any) Shareholder and regulatory approvals for the purpose of issuing the Shares to the holder. If exercise of the Options would result in any person being in contravention of section 606(1) of the Corporations Act then the exercise of each Option that would cause the contravention will be deferred until such time or times that the exercise would not result in a contravention of section 606(1) of the Corporations Act. Holders must give notification to the Company in writing if they consider that the exercise of the Options may result in the contravention of section 606(1) of the Corporations Act, failing which the Company will be entitled to assume that the exercise of the Options will not result in any person being in contravention of section 606(1) of the Corporations Act.

(j) **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. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least four business days after the issue is announced. This is intended to give the holders of Options the opportunity to exercise their Options prior to the announced record date for determining entitlements to participate in any such issue.

(k) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder had exercised the Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(l) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment to the Exercise Price.

(m) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the holders may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(n) **Quotation**

The Company will apply for quotation of the Options on ASX.

(o) **Transferability**

Options are fully transferable.

ANNEXURE D – VALUATION OF NEW OPTIONS AND BONUS OPTIONS

20 February 2015

The Directors
Cove Resources Limited
37 Ord Street
West Perth WA 6005

Attention: Winton Willesee

Dear Sirs,

At the request of Winton Willesee on behalf of Cove Resources Limited ("Cove" or "the Company") on 19 February 2015, Stantons International Securities hereby sets out our technical valuation for the following Options:

- 1) Tranche 1 - 250,000,000 Options to be granted Cygnet Capital Pty Ltd;
- 2) Tranche 2 - 18,000,000 Options to be granted to the Brokers and Capital Providers;
- 3) Tranche 3 - 7,000,000 Options to be granted to Leydin Freyer Corporate Pty Ltd; and
- 4) Tranche 4 - 12,000,000 Options to be granted to Related Suppliers (10,000,000 Options to Mr Winton Willesee and 2,000,000 Options to Greg Miles).

The grant of the above Options is subject to the approval of its shareholders in Cove's Annual General Meeting to be held on 27 March 2015.

Tranche 1, 2, 3 and 4 Options Valuations

In arriving at the below mentioned Tranche 1, 2, 3 and 4 Options valuations, we have used the following assumptions.

1. The Black and Scholes option valuation methodology has been used. This Option Valuation methodology has been used with the expectation that the majority of the Options would be exercised towards the end of the term of the Options.
2. The exercise price of Tranche 1, 2, 3 and 4 Options will be 0.5 cents each.
3. The Tranche 1, 2, 3 and 4 Options will be issued with an expiry date of 30 June 2019. We have assumed that the Options will be deemed to be granted at the proposed annual general meeting of its shareholder on 27 March 2015 ("deemed grant date").
4. Since Cove Resources Limited has been under administration since 17 January 2014, we have used the 0.25 cents as the deemed exercise price at the date of grant for the valuation purpose. The above share price has been determined as the appropriate share price of Cove based on the proposed share capital raising of \$1,500,000 on issuance of 600,000,000 Shares as per the resolution 7 of the Notice of the Annual General Meeting. This valuation is made for the purpose of its inclusion in the notice of the annual general meeting; hence these Options need to be re-valued on their grant date i.e. the date of the general meeting.
5. We have used a risk-free rate of a five year Australian Government bond being 2.05%.

6. The above Tranche 1, 2, 3 and 4 Options do have vesting conditions. The Company will apply for quotation of the Options on ASX. These Options are fully transferable however written notice must be given to the Company within 7 days of the transfer occurring.
7. We have assumed that no dividends are expected to be declared or paid by the Company during the term of the Options.
8. The Company has been under administration since 17 January 2014. Prior to going under administration, the Company main focus was on the exploration and evaluation of gold development opportunities including the Goongarrie Project in the Eastern Goldfields of Western Australia. In our opinion after taking into account the various developments taking place (Subject to the Deed of the Company Arrangement), the relatively medium term of the Options (5 years), and the general trend in the shares of the companies in similar businesses and trading on the ASX over the past 3 and 6 months, we are of the opinion that the fair volatility factor for the purpose of valuation as at 27 March 2015 should be 50%. We have given our valuations for three levels of 50%, 60% and 75% for the purpose of the notice of the annual general meeting.
9. The valuations noted below are not necessarily the market prices that the Options could be traded at and it is not automatically the market prices for taxation purposes. The recipients of these Options should seek their own tax advice as to the tax treatment of receiving Options in Cove and the values for taxation purpose.

Based on the above discussion the valuations of one Cove Option under different volatilities are as follows:

No of Tranche 1, 2, 3 and 4 Options	Expiry Date	Exercise Price (Cents)	Volatility percentage	Value (cents) for one Option
287,000,000 Options	30 June 2019	0.5	50	0.0561
287,000,000 Options	30 June 2019	0.5	60	0.0766
287,000,000 Options	30 June 2019	0.5	75	0.1064

Should you wish to discuss the above, do not hesitate to contact the undersigned.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



Samir Tirotkar - CA
Director

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PROXY FORM

Cove Resources Limited (Subject to Deed of Company Arrangement) ACN 131 445 335

I/We

of

being a member of Cove Resources Limited (Subject to Deed of Company Arrangement) ACN 131 445 335 entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of Proxy

OR

☐

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, 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 Annual General Meeting to be held at 4.00pm (WST) on 4 May 2015 at RSM Bird Cameron, 8 St Georges Terrace, Perth, Western Australia, and at any adjournment thereof.

The Chair intends to vote all available proxies in favour of all Resolutions except for Resolution 2 which, if applicable, it will vote against. If you have appointed the Chair as your proxy (or the Chair becomes your proxy by default), and you wish to give the Chair specific voting directions on a Resolution, you should mark the appropriate box(es) opposite those Resolutions in the panel below (directing the Chair to vote for, against or to abstain from voting).

Voting on Business of the Annual General Meeting		FOR	AGAINST	ABSTAIN
Resolution 1(a)	Approval of Remuneration Report for financial year ended 30 June 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1(b)	Approval of Remuneration Report for financial year ended 30 June 2014	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Conditional Spill Resolution as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(a)	Re-election of Greg Miles as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3(b)	Re-election of Winton Willesee as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Appointment of Erlyn Dale as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of Shares to White Swan Nominees Pty Ltd pursuant to the conversion of Class A Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Shares to Exempt Investors pursuant to the conversion of Class B Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Shares and Bonus Options under the Prospectus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of New Options to the Proponent	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Shares to the Priority Creditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Shares and New Options to brokers and capital providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Shares and New Options to the Non-Related Supplier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12(a)	Issue of Shares and New Options to Winton Willesee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12(b)	Issue of Shares and New Options to Greg Miles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Right for the Directors to participate in the Public Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 to be counted in computing the required majority.

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

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

Instructions for Proxy Form

1. Your name and address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note you cannot change ownership of your securities using this form.

2. Appointment of a proxy

You are entitled to appoint no more than two proxies to attend and vote on a poll on your behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of your voting rights. If you appoint two proxies and the appointment does not specify this proportion, each proxy may exercise half of your votes.

If you wish to appoint the Chair of the Annual General Meeting as your proxy, please mark the box. If you leave this section blank or your named proxy does not attend the Annual General Meeting, the Chair will be your proxy. A proxy need not be a Shareholder.

3. Voting on Resolutions

You may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item your vote will be invalid on that item.

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 shareholders should sign.
- **(Power of Attorney)** If you have not already lodged the Power of Attorney with the Company's share registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- **(Companies)** Where the company has a sole director who is also the sole company secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, as sole director can also sign alone. Otherwise this form must be signed by a director jointly with either another director or a company secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

5. Return of a Proxy Form

To vote by proxy, please complete and sign the enclosed Proxy Form (and any Power of Attorney and/or second Proxy Form) and return by:

- post to the Company at Suite 25, 145 Stirling Highway, Nedlands, Western Australia 6009; or
- facsimile to the Company on +61 8 9389 3199; or
- email to the Company Secretary at erlyn@azc.com.au,

so that it is received by no later than 4.00pm (WST) on 2 May 2015.

Proxy Forms received later than this time will be invalid.