



11 September 2015

**NOTICE OF ANNUAL GENERAL MEETING/PROXY FORM**

**Mount Ridley Mines Ltd** (ASX: **MRD**) (or “the **Company**”) advises that the attached Notice of Annual General Meeting and Proxy Form has been despatched to shareholders today, 11<sup>th</sup> September 2015.

For and on behalf of the Board

Mr Robert Downey  
**Chairman**

**MOUNT RIDLEY MINES LIMITED**  
**ACN 092 304 964**

**NOTICE OF ANNUAL GENERAL MEETING**  
**AND**  
**EXPLANATORY MEMORANDUM**

**IMPORTANT INFORMATION**

*This is an important document that should be read in its entirety.  
If you do not understand it you should consult your professional advisers without delay.*

*If you wish to discuss any aspect of this document with the Company please contact  
Mr Keith Bowker on telephone (+61 8) 9481 0544.*

The Annual Report is available online at [www.asx.com.au](http://www.asx.com.au) (ASX Code: MRD)

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**MOUNT RIDLEY MINES LIMITED**  
**ACN 092 304 964**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of the Shareholders of Mount Ridley Mines Limited will be held at HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia 6000 at 10.00 am (WST) on 14 October 2015 to conduct the following business and to consider, and if thought fit, to pass the following Resolutions.

**AGENDA**

**ORDINARY BUSINESS**

**FINANCIAL & OTHER REPORTS**

To receive and consider the annual report for the year ended 30 June 2015 and the accompanying Directors' Report, Directors' Declaration, and Auditor's Report.

**RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT**

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

*"That the Remuneration Report that forms part of the Directors' Report for the financial year ended 30 June 2015, be adopted."*

The Remuneration Report is set out in the Directors' Report in the Annual Report. Please note that the vote on this Resolution is advisory only and does not bind the Directors or the Company.

**Voting Exclusion**

In accordance with sections 250R and 250BD of the Corporations Act 2001, the Company will disregard any votes cast on this Resolution by any Key Management Personnel ("**KMP**") and a closely related party of a KMP. However, the Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides, or it is cast by a chairperson of the Meeting as proxy for a person who is entitled to vote, the proxy is undirected and the proxy form authorises the chairperson to vote the proxy on this Resolution.

KMPs and their closely related parties will commit an offence under the Corporations Act if they vote in relation to this Resolution in breach of the voting restrictions.

**RESOLUTION 2 – RE-ELECTION OF MR ROBERT DOWNEY**

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

*"That Mr Robert Downey, having retired in accordance with clause 13.2 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company with immediate effect."*

### RESOLUTION 3 – RATIFICATION OF ISSUE OF PLACEMENT SHARES – LISTING RULE 7.1

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

*“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify the allotment and issue of 98,316,197 Shares on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### RESOLUTION 4 – RATIFICATION OF ISSUE OF OPTIONS – LISTING RULE 7.1

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

*“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify the allotment and issue of 5,000,000 unlisted options on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### RESOLUTION 5 – RATIFICATION OF PLACEMENT SHARES – LISTING RULE 7.1A

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

*“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify the allotment and issue of 10,083,803 Shares on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### RESOLUTION 6 – RATIFICATION OF ISSUE OF OPTIONS – LISTING RULE 7.1

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

*“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify the allotment and issue of 14,000,000 unlisted options on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or

it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **RESOLUTION 7 – RATIFICATION OF PLACEMENT SHARES – LISTING RULE 7.1A**

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

*“That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders ratify the allotment and issue of 28,000,000 Shares on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of such a person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### **RESOLUTION 8 - APPROVAL OF 10% PLACEMENT FACILITY**

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

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed by Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person (and any associates of such person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## RESOLUTION 9 – ADOPTION OF NEW CONSTITUTION

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

*“That, with effect from the passing of this Resolution and in accordance with section 136 of the Corporations Act, the regulations contained in the printed document produced to this Meeting and signed by the Chairman for identification purposes (Proposed Constitution) are hereby approved and adopted as the constitution of the Company in substitution for, and to the exclusion of, the existing Constitution of the Company.”*

**DATED THIS 4th DAY OF SEPTEMBER 2015**

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to be 'KB' followed by a stylized flourish.

**KEITH BOWKER  
COMPANY SECRETARY**

**Notes:****Definitions**

Terms which are used in this Notice and which are defined in Section 8 of the Explanatory Memorandum have the meanings ascribed to them therein.

**Note**

If you have recently changed your address or if there is any error in the name and address used for this notice please notify the Company Secretary. In the case of a corporation, notification is to be signed by a director or company secretary.

**Proxies**

A Shareholder who is entitled to vote at this Meeting has a right to appoint a proxy and should use the proxy form enclosed with this notice. The proxy need not be a Shareholder of the Company and can be an individual or a body corporate.

A body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of this appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, section 249X of the Corporations Act will take effect so that each proxy may exercise half of the votes (ignoring fractions).

A proxy's authority to speak and vote for a Shareholder at the meeting is suspended if the Shareholder is present at the meeting.

The proxy form must be signed and dated by the Shareholder or the Shareholder's attorney. Joint Shareholders must each sign.

Proxy forms and the original or a certified copy of the power of attorney (if the proxy form is signed by an attorney) must be received:

- at PO Box 964, West Perth, WA, 6872; or
- on facsimile number (+61 8) 9481 0655,

not later than 10 am (WST) on 12 October 2015.

Pursuant to regulation 7.11.37 of the Corporations Regulations, the Board has determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Meeting will be as it appears in the share register at 10 am (WST) on 13 October 2015.

**Bodies Corporate**

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. The appointment may be a standing one.

Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

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



**MOUNT RIDLEY MINES LIMITED**  
**ACN 092 304 964**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum forms part of a Notice convening the Annual General Meeting of Shareholders of Mount Ridley Mines Limited to be held at HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia 6000 at 10.00 am (WST) on 14 October 2015. This Explanatory Memorandum is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed. Certain terms used in the Notice and Explanatory Memorandum are defined in Section 8.

**1. FINANCIAL AND OTHER REPORTS**

As required by section 317 of the Corporations Act, the annual report for the year ended 30 June 2015 and the accompanying Directors' Report, Directors' Declaration and Auditor's Report will be laid before the Meeting.

Neither the Corporations Act nor the Company's Constitution requires a vote on the reports. However, Shareholders will have an opportunity to ask questions about the reports at the Annual General Meeting. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the Auditor's Report and audit conduct. Written questions may be submitted 5 business days prior to the Meeting addressed to the Chairman and sent to the Company's registered office, about the management of the Company, or addressed to the Company's auditor and sent to the Company's registered office about audit conduct, accounting policies used by the Company and auditor independence. General questions about the management of the Company will also be taken.

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

As required by the Corporations Act, the Board is presenting the Remuneration Report to Shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board Policy for determining the nature and amount of remuneration of the Company's Directors and senior executives;
- a description of the relationship between remuneration policy and the Company's performance;
- a summary of performance conditions, including a summary of why they were chosen and how performance is measured against them; and
- remuneration details for each executive and non-executive Directors, and Key Management Personnel.

The Remuneration Report, which is part of the 2015 Annual Report, has been sent to Shareholders (except those who have made an election not to receive the Annual Report). Copies of the 2015 Annual Report are available by contacting the Company's Share Registry or visiting the following web site ([www.asx.com.au](http://www.asx.com.au)) (ASX Code: MRD).

The Meeting presents an opportunity to discuss the Remuneration Report for Shareholders who are interested in doing so. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Shareholders are informed that under recent reforms to the Corporations Act, if 25% or more of the vote on this Resolution are against adopting the Remuneration Report, the Company will be required to consider and report to Shareholders in the next Remuneration Report on what action is proposed to be (if any) or has been taken in response to Shareholder concerns, and if no action is proposed to be taken, the Board's reasons for this.

Shareholders also need to be aware that as a result of the legislation which became effective on 1 July 2011 a "two strikes" process will apply to the results of voting in relation to this Resolution. This means that if the resolution proposing adoption of the Remuneration Report receives a "no" vote of over 25% of votes cast by those attending in person or by proxy and permitted to vote, at two successive annual general meetings, then at

the Company's 2016 annual general meeting, an extra resolution must be put to the meeting proposing that another general meeting should be held within 90 days of the second annual general meeting. A simple majority of over 50% of the votes cast at the 2016 annual general meeting is required to pass this extra resolution. If the resolution is passed, within 90 days another general meeting must be held at which all the Directors, except the Managing Director and any new Directors appointed since the date of the 2016 annual general meeting, will be required to resign and offer themselves for re-election. These provisions are colloquially referred to as the "two strikes rule" and the "spill resolution" to be put to the "spill meeting".

If at the spill meeting, the resolutions are all passed against re-electing the relevant Directors, the legislation includes a mechanism to ensure the Board continues with the statutory required minimum of 3 Directors. After the Managing Director, the remaining two positions will be filled by the Directors whose re-election resolutions at the spill meeting received the highest percentage of votes in favour of re-election. If the number of votes is the same for two Directors, the Managing Director and any other Director whose re-election has been confirmed at this spill meeting, can choose who is to become the third Director, with such appointment to be confirmed by shareholders at the 2017 annual general meeting. The ramifications of this mechanism being invoked include that the Company would not be in compliance with its corporate governance policies as a result of not having three independent directors on the Company's audit committee or any other committees requiring independent directors.

Furthermore, depending on the outcome of voting at the subsequent annual general meeting, Shareholders may be obliged to consider a resolution to requiring the full Board (excluding the Managing Director) to seek re-election.

The Chairman intends to vote all available proxies in favour of adopting the Remuneration Report. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the proxy form the Shareholder is considered to have provided the Chairman with express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intentions.

### **3. RESOLUTION 2 - RE-ELECTION OF MR ROBERT DOWNEY AS A DIRECTOR**

Resolution 2 deals with the re-election of Mr Robert Downey who retires in accordance with clause 13.2 of the Company's Constitution and Listing Rule 14.4, and being eligible, has offered himself for re-election.

Mr. Downey is a corporate resources lawyer who acts for a range of publicly listed companies, large private companies and high net worth individuals primarily in the areas of corporate law, energy and natural resources.

In October 2012, Mr. Downey in conjunction with two former colleagues established Thompson Downey Cooper.

All the Directors except for Mr Downey recommend that Shareholders vote in favour of Resolution 2.

The Chairman intends to vote all available proxies in favour of Resolution 2.

#### **4. RESOLUTIONS 3,4 & 5 - RATIFICATION OF THE ISSUE OF PLACEMENT SHARES AND UNLISTED OPTIONS**

##### **4.1 Background**

On 17 March 2015, the Company announced that it had issued 108,400,000 Shares at an issue price of \$0.027 to raise \$2,926,800 (before costs) ("**Placement**"). On the same day the Company also announced that it had issued 5,000,000 unlisted options with an exercise price of \$0.07 and an expiry date of 31 March 2018. Part of the placement of shares (98,316,197 shares) and all the 5,000,000 options were issued using the Company's 15% capacity to issue securities without shareholder approval under Listing Rule 7.1. The balance of the shares (10,083,803) were issued using the Company's 10% capacity to issue securities under Listing Rule 7.1A.

Resolutions 3,4 & 5 seek Shareholder approval for the ratification of the 108,400,000 shares and 5,000,000 unlisted options issued under the Company's 15% capacity under Listing Rule 7.1 or 10% capacity under Listing Rule 7.1A (as the case may be).

##### **4.2 Listing Rules Chapter 7**

Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue (in the case of Listing Rule 7.1) and 10% of the company's ordinary securities then on issue (in the case of Listing Rule 7.1A).

Listing Rule 7.2 sets out the exceptions to Listing Rules 7.1 and 7.1A. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 and/or Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 or 7.1A (as the case may be).

By ratifying the issue of the Shares and Options the subject of Resolutions 3,4 and 5, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, and the 10% capacity under Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

Resolutions 3,4 and 5 are ordinary resolutions.

##### **4.3 Resolutions 3 and 5 - Information Required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of Shares the subject of Resolutions 3 and 5:

- (a) 108,400,000 Shares were issued at an issue price of \$0.027 per Share;
- (b) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) The Shares were issued to investors who were eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act.
- (d) The funds raised from the issue (being in total \$2,926,800 (before costs)) will be used towards further exploration on the Fraser Range Project and for working capital purposes.

The Chairman intends to vote all available proxies in favour of Resolutions 3 and 5.

##### **4.4 Resolution 4 - Information Required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of unlisted Options the subject of Resolution 4:

- (a) 5,000,000 unlisted Options were issued with an exercise price of \$0.07 and an expiry date of 31 March 2018;
- (b) Upon conversion the shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) The Options were issued to DJ Carmichael Pty Ltd as part of the mandate fees to act as Lead Manager for the placement of shares the subject of resolutions 3 and 5.
- (d) The Options were issued for no consideration and were issued as part of the mandate fees as disclosed above.

The Chairman intends to vote all available proxies in favour of Resolution 4.

## **5. RESOLUTIONS 6 and 7 - RATIFICATION OF THE ISSUE OF PLACEMENT SHARES AND UNLISTED OPTIONS**

### **5.1 Background**

On 20 July 2015, the Company announced that it had issued 28,000,000 Shares at an issue price of \$0.019 to raise \$532,000 (before costs) ("Placement"). The Shares the subject of the Placement were issued with 14,000,000 free attaching unlisted Options on a 1 for 2 basis with an exercise price of \$0.07 and an expiry date of 30 June 2016. The Placement was issued using the Company's 10% capacity to issue securities under Listing Rules 7.1A. The 14,000,000 options were issued using the Company's 15% capacity to issue securities without shareholder approval under Listing Rule 7.1

Resolutions 6 and 7 seek Shareholder approval for the ratification of the 28,000,000 shares and 14,000,000 options issued under the Company's 15% capacity under Listing Rule 7.1 or 10% capacity under Listing Rule 7.1A (as the case may be).

### **5.2 Listing Rules Chapter 7**

Listing Rule 7.1 provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's ordinary securities then on issue (in the case of Listing Rule 7.1) and 10% of the company's ordinary securities then on issue (in the case of Listing Rule 7.1A).

Listing Rule 7.2 sets out the exceptions to Listing Rules 7.1 and 7.1A. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 and/or Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 or 7.1A (as the case may be).

By ratifying the issue of the Shares and Options the subject of Resolutions 6 and 7, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1, and the 10% capacity under Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

Resolutions 6 and 7 are ordinary resolutions.

### **5.3 Resolution 6 - Information Required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of unlisted Options the subject of Resolution 6:

- (a) 14,000,000 unlisted Options were issued with an exercise price of \$0.07 and an expiry date of 30 June 2016;

- (b) Upon conversion the shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) The Options were issued to investors who were eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act.
- (d) The Options were issued for no consideration and were attached to the 28,000,000 Shares the subject of resolution 7 on a one for two basis.

The Chairman intends to vote all available proxies in favour of Resolution 6.

#### **5.4 Resolution 7 - Information Required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of Shares the subject of Resolution 7:

- (a) 28,000,000 Shares were issued at an issue price of \$0.019 per Share;
- (b) The Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) The Shares were issued to investors who were eligible to be made offers without disclosure under an exemption under section 708 of the Corporations Act.
- (d) The funds raised from the issue (being in total \$532,000 (before costs)) will be used towards further exploration on the Fraser Range Project and for working capital purposes.

The Chairman intends to vote all available proxies in favour of Resolutions 7.

### **6. RESOLUTION 8 – APPROVAL OF 10% PLACEMENT FACILITY**

#### **6.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the 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 7.2(c) below).

The primary purpose for the 10% Placement Facility is to enable the Company to raise additional capital without additional regulatory impediments and to pursue possible future investment opportunities that may arise.

The Directors of the Company believe that Resolution 8 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

#### **6.2 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.

The Company, as at the date of the Notice, has on issue one class of quoted Equity Securities, being Shares (having the ASX code MRD).

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

**D** is 10%

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

**(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.

At the date of this Notice, the Company has on issue 825,174,646 Shares and has a capacity to issue:

- (i) 6,460,000 Equity Securities under Listing Rule 7.1; and
- (ii) 44,433,662 Equity Securities under Listing Rule 7.1A.

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 6.1 (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 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; or
- (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**”).

### **6.3 Listing Rule 7.1A**

The effect of Resolution 8 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company’s 15% placement capacity under Listing Rule 7.1.

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

### **6.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (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, on which trades in those securities 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.
- (b) If Resolution 8 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 Table A (below). 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 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.

Table A shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (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. 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 100% as against the current market price.

**TABLE A**

|  |                                | <b>Dilution</b>                                    |                                |   |
|--|--------------------------------|--|--------------------------------|---|
| <b>Variable "A" in Listing Rule 7.1A.2</b>                               |                                | <b>\$0.015<br/>50% decrease in<br/>issue price</b> | <b>\$0.030<br/>Issue price</b> | <b>\$0.060<br/>100% increase in<br/>issue price</b> |
| <b>Current Variable "A"</b><br>825,174,646 Shares                        | <b>10% voting<br/>dilution</b> | 82,517,465<br>Shares                               | 82,517,465 Shares              | 82,517,465 Shares                                   |
|  | <b>Funds raised</b>            | \$1,237,762  | \$2,475,524                    | \$4,951,048   |
| <b>50% Increase in<br/>current Variable "A"</b><br>1,237,761,969 Shares  | <b>10% voting<br/>dilution</b> | 123,776,197<br>Shares                              | 123,776,197 Shares             | 123,776,197 Shares                                  |
|  | <b>Funds raised</b>            | \$1,856,643  | \$3,713,286                    | \$7,426,572   |
| <b>100% Increase in<br/>current Variable "A"</b><br>1,650,349,292 Shares | <b>10% voting<br/>dilution</b> | 165,034,929<br>Shares                              | 165,034,929 Shares             | 165,034,929 Shares                                  |
|  | <b>Funds raised</b>            | \$2,475,524  | \$4,951,048                    | \$9,902,096   |



**The table has been prepared on the following assumptions:**

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (ii) No Options (including any Options under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities.
  - (iii) 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 at 10%.
  - (iv) 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 Capacity, based on that Shareholder's holding at the date of the Meeting.
  - (v) The table shows only the effect of the issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes the issue of Listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The Issue Price is \$0.030, being the closing price of Shares on ASX on 11 August 2015.
  - (viii) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or without approval under Listing Rule 7.1.
  - (ix) The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in Listing Rule 7.2 or without approval under Listing Rule 7.1, and the total number of Shares on issue and approved or deemed approved at the date hereof for the purpose of Listing Rule 7.1 is 825,174,646.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 8 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 the new 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 continued exploration and feasibility study expenditure on the Mount Ridley Project, general working capital and towards acquisition of new assets or investments (including expense associated with such acquisition),

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

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the 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 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;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) 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 this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

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

- (e) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its 2014 Annual General Meeting.

The Company issued has issued 48,783,210 Equity Securities under Listing Rule 7.1A during the preceding 12 months. During the preceding 12 month period a total of 1,014,152,673 Equity Securities Shares were issued (being 612,124,461 Shares and 402,028,212 Options), which based on the number of Equity Securities on issue 12 months before the date of the Meeting comprise 446% of the Company's Equity Securities. Information relating to the issue of Equity Securities in the preceding 12 months is set out in the table below.

| Date of Schedule 3B | Number of Equity Securities        | Class of Equity Securities and summary of terms  | Names of recipients or basis on which recipients determined   | Issue price of Equity Securities and discount to Market Price <sup>1</sup> on the trading day prior to the issue   | If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds<br><br>If issued for non-cash consideration – a description of the consideration and the current value of the consideration |
|---------------------|------------------------------------|--|---|--|--|
| 22/9/2014           | (a) 358,800,714<br>(b) 275,000,000 | (a) Fully paid ordinary shares<br>(b) Options exercisable at \$0.0125 on or before 31 August 2019            | (a) 250,000,000 issued at \$0.002 as part of placement<br>(a) 108,800,714 issued at a deemed issue price of \$0.004<br>(b) 250,000,000 Free attaching option as part of placement<br>(b) 25,000,000 options issued pursuant to approval obtained on 8/9/2014<br><br>See Table B for allottees | (a) 250,000,000 Shares issued for an issue price of \$0.002.<br>(a) 108,800,714 Shares issued at deemed price of \$0.004 for nil consideration.<br>(b) 250,000,000 Options issued as free attaching option as part of placement.<br>(b) 25,000,000 Options issued for nil cash consideration as approved on 8/9/2014.<br>The closing market price of Shares on 19/9/2014 was \$0.013 | A total of \$500,000 was raised from the issues. All the funds raised from the issues have been used towards exploration on the Fraser Range Project, payments to existing creditors and for working capital purposes.                     |
| 16/10/2014          | (a) 2,386,417<br>(b) 1,193,208     | (a) Fully paid ordinary shares<br>(b) Unlisted Options exercisable at \$0.021 on or before 31 December 2016. | Those persons who converted convertible notes as approved by Shareholders of 4 October 2013   | Deemed issue price of \$0.0085. Market price on date prior to issue was \$0.017.   | The Shares and Options were issued upon conversion of convertible notes with a face value of \$20,370 and as such, no cash was raised from the issue of securities. The current value of the Shares is \$71,592.                           |

|            |   |  |   |   |  |
|------------|---|--|---|---|--|
| 12/11/2014 | 96,835,004                                      | Fully paid ordinary shares   | Issued as part of a placement to sophisticated investors<br><br>See Table C for allottees   | Issued at an average price of \$0.008<br><br>The closing price on 12/11/2014 was \$0.019  | The total amount raised was \$849,575. All the funds raised from the issues have been used towards exploration on the Fraser Range Project, payments to existing creditors and for working capital purposes.   |
| 2/12/2014  | 14,285,714                                      | Fully paid shares  | Issued to XTL International Ltd as payment for an option to acquire Tenement E63/1617   | Deemed issue price as per acquisition agreement. The closing price on 2/12/2014 was \$0.012   | The shares were the exercise price of an option to acquire a tenement E63/1617. The value of the shares at the closing price was \$171,429.  |
| 11/2/2015  | a) 48,417,502<br>b) 48,417,502<br>c) 10,000,000 | a)&b) Unlisted options exercisable at \$.021 before 30 June 2016<br>c) unlisted options exercisable at \$.021 before 31 August 2016<br>a) allottees of optionholders – Table C<br>b) | a) free attaching options to placement of shares on 12/11/2014<br>b) issued to RM Capital or nominees – see Table E<br>c) MBE Finance Pty Ltd <Hillsden A/c>        | a) free attaching options<br>b) unlisted options and no market price available.<br>c) unlisted options and no market price available. | a)&b) Issued for non cash consideration. Each parcel of options could currently be exercised at a profit of \$435,757.<br>c) Issued as incentive to a director. The options could currently be exercised at a profit of \$90,000.  |
| 23/2/2015  | 3,416,612                                       | Fully paid shares  | Issued pursuant to exercise of existing unlisted options.   | Options converted at \$0.021 each.  | Total cash received \$71,749. Proceeds spent on exploration.   |
| 17/3/2015  | a) 108,400,000<br>b) 5,000,000                  | a) fully paid shares<br>b) unlisted options exercisable at \$0.07 before 31 March 2018   | a) issued via a placement to professional and sophisticated clients of DJ Carmichael Pty Ltd<br>b) issued to DJ Carmichael Pty Ltd as a mandate fee for placement   | a) issue price \$0.027<br>b) free options with an exercise price at a premium to market price   | a) Total cash received \$2,926,800 - All the funds raised from the issues have been used towards exploration on the Fraser Range Project, payments to existing creditors and for working capital purposes. Approx \$0.9m remains.<br>b) the options are well "out of the money". |
| 20/7/2015  | a) 28,000,000<br>b) 14,000,000                  | a) fully paid shares<br>b) unlisted options exercisable at \$0.07 before 30 June 2016  | a) issued via a placement to professional and sophisticated clients of DJ Carmichael Pty Ltd<br>b) issued to the above as free attaching options on a 1 for 2 basis | a) issue price of \$0.019 – the market price on date of issue was \$0.024<br>b) free attaching options                                | a) Total cash received \$532,000 - All the funds raised from the issues have been used towards exploration on the Fraser Range Project, payments to existing creditors and for working capital purposes. Approx \$0.5m remains.<br>b) the options are well "out of the money".   |

Table B

| <b>Participants in issue of 358,800,714 shares and 275m options on 19 September 2014</b> |                    |                    |
|--|--------------------|--------------------|
|  | Shares             | Options            |
| MOUNT STREET INV PL  | 82,500,000         | 82,500,000         |
| SKYMIST ENTPS PL   | 75,000,000         | 75,000,000         |
| RELIANT RES PL (Goodwin Enterprises Family A/c)  | 39,000,000         | 45,000,000         |
| MBE FINANCE PL   | 25,000,000         | 25,000,000         |
| COLLEVILLE MGNT PL   | 20,000,000         | -                  |
| REDATE PTE LTD   | 15,000,000         | -                  |
| RELIANT RES PL (Goodwin Family Super A/c)  | 15,000,000         | 15,000,000         |
| XTL ENERGY INTNL LTD   | 14,285,714         | -                  |
| SEALBLUE INV PL  | 13,542,500         | -                  |
| OREQUEST PL  | 10,000,000         | -                  |
| DOWNEY STELLA EMILY  | 10,000,000         | 20,000,000         |
| WILURA GRP LTD   | 9,375,000          | -                  |
| PANGOLIN VENTURES LTD  | 9,375,000          | -                  |
| GREYPLACE PL   | 7,150,000          | -                  |
| BERZINS ROLAND H + C M   | 6,072,500          | -                  |
| JOCAPH PL  | 5,000,000          | 5,000,000          |
| KIZON VICTOR   | 2,500,000          | 2,500,000          |
| KD & NL BOWKER (Bowker Investment A/c)   | -                  | 5,000,000          |
| <b>Total</b>   | <b>358,800,714</b> | <b>275,000,000</b> |

Table C

| <b>Participants in Issue of 96,835,002 shares on 12 Nov 2014 and 48,417,502 options on 11 Feb 2015 on a 1 for 2 basis</b> |            |            |
|---|------------|------------|
| SKYMIST ENTPS PL  | 28,479,205 | 14,239,603 |
| ARCHFIELD HLDGS PL  | 10,260,789 | 5,130,395  |
| MOUNT STREET INV PL   | 6,156,342  | 3,078,171  |
| COWIN MICHAEL   | 5,643,308  | 2,821,654  |
| WOLPERS RAYMOND + LEITH   | 5,138,833  | 2,569,417  |
| MAINVIEW HLDGS PL   | 5,130,275  | 2,565,138  |
| BARCLAY WELLS LTD   | 5,130,275  | 2,565,138  |
| MERIWA STREET PL  | 3,591,233  | 1,795,617  |
| KAVIAR PL   | 2,565,167  | 1,282,584  |
| GALLUCCIO JOHN MICHAEL  | 2,565,167  | 1,282,584  |
| YELDEP PL   | 2,565,167  | 1,282,584  |
| WATERBEACH INV PL   | 2,565,167  | 1,282,584  |
| INTERVIEW HLDGS PL  | 2,565,167  | 1,282,584  |
| PENINSULA INV WA PL   | 2,052,133  | 1,026,067  |
| SHOWSCREENS PL  | 2,052,133  | 1,026,067  |
| ROFE PHILLIP KEITH  | 2,052,133  | 1,026,067  |

|                          |                   |                   |
|--------------------------|-------------------|-------------------|
| BOBARINO PL              | 1,539,100         | 769,550           |
| SOMERVILLE EQUITY PL     | 1,140,042         | 570,021           |
| CARTER ANDREW LEONARD    | 1,026,067         | 513,034           |
| IOANNIDIS MICHAEL        | 1,026,067         | 513,034           |
| AUST METALS & ENERGY PL  | 1,026,067         | 513,034           |
| BLAKE ERICA LYNETTE      | 1,026,067         | 513,034           |
| PARETO NOM PL            | 1,026,067         | 513,034           |
| LARTER-CONWAY SEAN PETER | 513,033           | 256,517           |
| <b>Total</b>             | <b>96,835,004</b> | <b>48,417,502</b> |

Table D

| <b>Participants in issue of 3,416,612 shares on 23 February 2015 due to conversion of options</b> |                  |
|---|------------------|
| SOMERVILLE EQUITY PL  | 570,021          |
| MAINBREAK SEC PL  | 1,050,974        |
| MERIWA STREET PL  | 1,795,617        |
| <b>Total</b>  | <b>3,416,612</b> |

Table E

| <b>Options issued to RM Capital Pty Ltd or nominees on 11 February 2015</b> |                   |
|---|-------------------|
| RICHARDSON JAMES BRADLEY  | 6,902,917         |
| LE PAGE DINA LEIGH  | 6,902,917         |
| DISTINCT RACING & BREEDING PTY LTD  | 34,611,668        |
| <b>Total</b>  | <b>48,417,502</b> |

- (f) 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.

The Board believes that the Additional 10% Placement Facility is beneficial for the Company as it will give the Company the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 months. Accordingly, the Board unanimously recommends that Shareholders approve Resolution 8.

The Chairman intends to vote all available proxies in favour of Resolution 8.

## **7. RESOLUTION 9 – ADOPTION OF A NEW CONSTITUTION**

### **Background**

The Company's current Constitution was last amended in 2002 and lodged with ASX in 2004. It is proposed that the current Constitution be replaced by a new Constitution that reflects compliance with current law and enables the Company to better function in accordance with its constituent documents. The Proposed Constitution has been approved by ASX as required under the Listing Rules.

Resolution 9 seeks Shareholder approval for the adoption of a new constitution in accordance with section 136 of the Corporations Act.

Resolution 9 is a special resolution and requires approval of 75% of the votes cast by Shareholders.

A copy of the Proposed Constitution will be sent to any Shareholder upon request and will also be available for inspection at the office of the Company located at Suite 1, 56 Kings Park Road, West Perth, Western Australia during normal business hours prior to the Meeting and at the Meeting.

## **Provisions of Proposed Constitution**

If Resolution 9 is passed, the new Constitution will become effective from the passing of Resolution 9. In summary, the Proposed Constitution includes provisions to the following effect:

**(a) Shares**

The issue of shares and options by the Company is under the control of the Directors, subject to the Corporations Act, Listing Rules and any rights attached to any special class of shares.

**(b) Preference Shares**

The Corporations Act requires certain rights of preference shares to be either set out in the Company's constitution or approved in general meeting by special resolution before preference shares are issued.

The Proposed Constitution sets out a framework of rights for preference share issues from which the Board can determine to allot and issue preference shares, without the need to obtain further shareholder approval every time an allotment of preference shares is proposed. The Proposed Constitution contains the framework as well as specific rights of preference shares as to the repayment of capital, requirements for redemption (if the preference shares are redeemable), participation in surplus assets and profits, voting rights and priority of payment of capital and dividends. Other specific terms, including the dividend amount, the redemption date (if applicable) and redemption amount (if applicable), would be set by the issuing resolution of the Directors.

**(c) Reductions of Capital**

The Proposed Constitution is consistent with the Corporations Act requirements which must be satisfied by the Company in undertaking an alteration of capital.

**(d) Liens**

If the Company issues partly paid shares and a call made on those shares is unpaid, the Company will have a lien over the shares on which the call is unpaid. The lien may be enforced by a sale of those shares.

**(e) Transfer of Shares**

The Company may participate in any clearing and settlement facility provided under the Corporations Act, the Listing Rules and the ASX Settlement Pty Ltd ("ASX Settlement") Operating Rules. Transfers through ASX Settlement are effected electronically in ASX Settlement's Clearing House Electronic Sub register System ("CHES"). For the purposes of the Company's participation in the CHES, the Company may issue holding statements in lieu of share certificates. The Company will not charge any fee for registering a transfer of shares. The Directors may refuse to register a transfer of shares in the circumstances permitted or required under the Corporations Act and Listing Rules.

**(f) Proportional Takeovers**

A proportional takeover bid is one in which the offeror offers only to buy a specified proportion of each Shareholders' shares.

The Proposed Constitution provides for Shareholder approval of any proportional takeover bid for the shares. Subject to the Listing Rules and ASX Settlement Operating Rules, the provisions require the Directors to refuse to register any transfer of shares made in acceptance of a proportional takeover offer until the requisite Shareholder approval has been obtained.

The perceived advantages of including proportional takeover provisions in the Proposed Constitution are that such provisions may:

- (i) enhance the bargaining power of Directors in connection with any potential sale of the Company;

- (ii) improve corporate management by eliminating the possible threat of a hostile takeover through longer term planning;
- (iii) make it easier for Directors to discharge their fiduciary and statutory duties to the Company and its Shareholders to advise and guide in the event of a proportional bid occurring; and
- (iv) strengthen the position of Shareholders of the Company in the event of a takeover, assuming the takeover will result in a sharing of wealth between the offeror and Shareholders, as the more cohesive Shareholders are in determining their response the stronger they are. A requirement for approval can force Shareholders to act in a more cohesive manner. Where Shareholders know that a bid will only be successful if a specified majority of Shareholders accept the offer, they have less to fear by not tendering to any offer which they think is too low.

The perceived disadvantages of including proportional takeover provisions in the Proposed Constitution include the following matters:

- (i) a vote on approval of a specific bid suffers from a bias in favour of the incumbent Board;
- (ii) the provisions are inconsistent with the principle that a share in a public company should be transferable without the consent of other Shareholders; and
- (iii) a Shareholder may lack a sufficient financial interest in any particular company to have an incentive to determine whether the proposal is appropriate.
- (iv) To comply with the Corporations Act, the proportional takeover provisions must be renewed by Shareholders in general meeting at least every 3 years to remain in place.

**(g) Alterations of share capital**

Shares may be converted or cancelled with Shareholder approval and the Company's share capital may be reduced in accordance with the requirements of the Corporations Act and the Listing Rules.

**(h) Buy Backs**

The Company may buy back shares in itself on terms and at such times determined by the Directors.

**(i) Disposal of less than a Marketable Parcel**

For the sake of avoiding excessive administration costs, the Proposed Constitution contains provisions enabling the Company to procure the disposal of shares where the Shareholder holds less than a marketable parcel of shares within the meaning of the Listing Rules (being a parcel of shares with a market value of less than \$500). To invoke this procedure, the Directors must first give notice to the relevant Shareholder holding less than a marketable parcel of shares, who may then elect not to have his or her shares sold by notifying the Directors.

**(j) Variation of class rights**

Class rights attaching to a particular class of shares may be varied or cancelled with the consent in writing of holders of 75% of the shares in that class or by a special resolution of the holders of shares in that class.

**(k) Meetings of Shareholders**

Directors may call a meeting of Shareholders whenever they think fit. Shareholders may call a meeting as provided by the Corporations Act. The Proposed Constitution contains provisions prescribing the content requirements of notices of meetings of Shareholders and all Shareholders are entitled to a notice of meeting. Consistent with the new Corporations Act provisions, a meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Shareholders is 2 eligible voters.

The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

**(l) Voting of Shareholders**

Resolutions of Shareholders will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. On a poll each eligible Shareholder has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

**(m) Proxies**

An eligible Shareholder may appoint a proxy to attend and vote at the meeting on the Shareholder's behalf. The Proposed Constitution contains provisions specifying the manner of lodgement of proxy instruments. A Shareholder may appoint an individual or corporation to act as its representative.

**(n) Directors**

Unless changed by the Company in general meeting, the minimum number of directors is 3 and the maximum is 10. The existing directors of the Company may appoint a new Director to fill a casual vacancy or as an addition to the board. Any such Director must retire at the next following annual general meeting of the Company (at which meeting he or she may be eligible for election as director). No Director other than the Managing Director may hold office for longer than 3 years without submitting himself or herself for re- election.

**(o) Powers of Directors**

The business of the Company is to be managed by or under the direction of the Directors.

**(p) Remuneration of Directors**

The Company may pay non-executive Directors a maximum of the total amount as determined by the Shareholders in general meeting and such sum must not be paid by way of commission on, or percentage of, profits or operating revenue.

The remuneration of executive Directors will be subject to the provisions of any contract between each of them and the Company and may be by way of commission on, or percentage of, profits of the Company, but will not be by way of commission on, or percentage of, operating revenue.

**(q) Execution of documents**

The Proposed Constitution provides for execution of documents by the Company without the use of the Company's company seal.

**(r) Dividends**

Subject to and in accordance with the Corporations Act, the Listing Rules, the rights of any preference shares and to the rights of the holders of any shares created or raised under any special arrangement as to dividends, the Directors may from time to time declare dividends to be paid to the shareholders entitled to dividends. Subject to the rights of any preference shares and to the rights of the holders of any Shares created or raised under any special arrangement as to dividends, the dividends as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

**(s) Indemnities and insurance**

To the extent permitted by law, the Company indemnifies every person who is, or has been, a Director or Secretary of the Company against a liability incurred by that person in his or her capacity as a Director or Secretary provided that the liability does not arise out of conduct involving a lack of good faith (otherwise referred to as an excluded liability). A similar indemnity is provided in respect of legal proceedings. The Company may also pay the premiums on directors' and officers' liability insurance.

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



## 8. DEFINITIONS

In this Notice and Explanatory Memorandum:

**“10% Placement Facility”** has the meaning given to it in Section 6.1;

**“10% Placement Period”** has the meaning given to it in Section 6.2(f);

**“ASIC”** means the Australian Securities and Investments Commission;

**“ASX”** means ASX Limited ACN 008 624 691;

**“Board”** means the board of Directors;

**“Business Day”** has the meaning given to it in the Listing Rules;

**“Chairman”** means the chairman of the Board;

**“Company”** means Mount Ridley Mines Limited (ACN 092 304 964);

**“Constitution”** means the constitution of the Company;

**“Corporations Act”** means the Corporations Act 2001 (Cth);

**“Director”** means a director of the Company;

**“Equity Securities”** has the same meaning as in the Listing Rules;

**“Explanatory Memorandum”** means this Explanatory Memorandum;

**“Listing Rules”** means the official listing rules of the ASX;

**“Notice”** and **“Notice of Meeting”** means the notice of meeting to which this Explanatory Memorandum is attached;

**“Official List”** means the official list of ASX;

**“Option”** means an option to acquire one Share and **“Optionholder”** has a corresponding meaning;

**“Resolution”** means a resolution set out in this Notice;

**“Schedule”** means a schedule to this Notice and Explanatory Memorandum;

**“Section”** means a section of this Explanatory Memorandum;

**“Share”** means an ordinary fully paid ordinary share in the capital of the Company and **“Shareholder”** has a corresponding meaning;

**“Trading Day”** has the meaning ascribed to that term in the Listing Rules;

**“VWAP”** has the meaning ascribed to the term “volume weighted average market price” in the Listing Rules;

**“WST”** means Western Standard Time.

PROXY FORM

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

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐ The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:00am WST on Wednesday 14 October 2015 at HLB Mann Judd, Level 4, 130 Stirling Street, Perth, Western Australia 6000 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

| RESOLUTION  | For                      | Against                  | *Abstain                 | RESOLUTION   | For                      | Against                  | *Abstain                 |
|---|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|
| 1. ADOPTION OF THE REMUNERATION REPORT                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 6. RATIFICATION OF ISSUE OF OPTIONS -LISTING RULE 7.1  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. RE-ELECTION OF MR ROBERT DOWNEY                              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 7. RATIFICATION OF PLACEMENT SHARES -LISTING RULE 7.1A | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. RATIFICATION OF ISSUE OF PLACEMENT SHARES - LISTING RULE 7.1 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 8. APPROVAL OF 10% PLACEMENT FACILITY                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. RATIFICATION OF ISSUE OF OPTIONS -LISTING RULE 7.1           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | 9. ADOPTION OF NEW CONSTITUTION                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. RATIFICATION OF PLACEMENT SHARES -LISTING RULE 7.1A          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |  |                          |                          |                          |

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

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

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Mount Ridley Mines Limited no later than 10:00am WST on Monday 12 October 2015.



My/Our contact details in case of enquiries are:

Name:

Number:

(   )

### 1. NAME AND ADDRESS

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

### 2. APPOINTMENT OF A PROXY

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

### 3. DIRECTING YOUR PROXY HOW TO VOTE

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

### 4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- Return both forms in the same envelope.

### 5. SIGNING INSTRUCTIONS

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

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

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

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

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

### 6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by **Mount Ridley Mines Limited** no later than **10.00 am WST on Monday 12 October 2015**. Any Proxy form received after that time will not be valid for the scheduled meeting.

#### Mount Ridley Mines Limited

**Postal Address** PO BOX 964  
West Perth WA 6872  
Australia

**Facsimile** +61 8 9481 0655

### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

