



magnetic resources^{NL}

ABN 34 121 370 232

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

**Annual General Meeting to be held at the
Office of the Company,
Ground Floor, 22 Delhi Street
West Perth WA 6005
on
20 November 2015
commencing at 11.00 am (WST)**

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional
adviser without delay.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Magnetic Resources NL will be held at the Office of the Company, Ground Floor, 22 Delhi Street, West Perth, WA 6005 on 20 November 2015 commencing at 11:00 am (WST).

ORDINARY BUSINESS

1. Financial Statements and Reports

To receive and consider the annual financial report, together with the Directors' and auditor's reports for the financial year ending 30 June 2015.

2. Adoption of Remuneration Report (Resolution 1)

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company's annual financial report for the financial year ending 30 June 2015."

Voting exclusion: The Company will disregard any votes cast on Resolution 1 by, or on behalf of:

- a member of the key management personnel ("KMP") as disclosed in the Remuneration Report;
- a closely related party of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form. The Company's KMP's are set out in the Remuneration Report. Generally speaking they are people having authority and responsibility for planning, controlling and directing the Company's activities in a direct or indirect manner. KMP's include the Directors, and senior executives of the Company.

A closely related party of a KMP generally speaking means a spouse, child, or dependent of the KMP, or a child or dependant of the spouse of the KMP. It includes anyone else who is a member of the KMP's family who would influence or may be expected to influence the KMP in relation to his or her dealings with the Company. It also includes any company which is controlled by the KMP, and includes any other people prescribed as closely related parties by ASIC in the regulations to the Corporations Act (none are prescribed at this time).

3. Re-election of Director (Resolution 2)

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

"That, in accordance with the Company's Constitution and for all other purposes, Mr Eric Lim, who retires by rotation under section 73.1 of the Company's Constitution and ASX Listing Rule 14.4 and, being eligible, offers himself for re-election, is re-elected as a Director of the Company".

SPECIAL BUSINESS

4. Ratification of Prior issue of Shares to Orbit Drilling (Resolution 3)

To consider and if thought fit, 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, approval is given to ratify the prior issue of 42,691 Shares to Orbit Drilling Pty Ltd, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue the subject of Resolution 3 and any associates of those persons. However, the Company need not disregard any vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Ratification of Prior issue of Shares to Mt Magnet Drilling (Resolution 4)

To consider and if thought fit, 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, approval is given to ratify the prior issue of 76,365 Shares to Mt Magnet Drilling Pty Ltd, on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue the subject of Resolution 4 and any associates of those persons. However, the Company need not disregard any vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. Approval of 10% Placement Facility (Resolution 5)

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

“That approval is given for the Company to have the additional capacity (ie, 10% Placement Capacity) to issue Equity Securities under Listing Rule 7.1A, for the period specified in Listing Rule 7.1A.1 and in accordance with the formula prescribed in Listing Rule 7.1A.2.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 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, except a benefit solely in the capacity of a holder of Shares, if Resolution 5 is passed. However, the Company will not disregard a vote 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 cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.

7. Approval for the Issue of Shares to Gavin Fletcher (Resolution 6)

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

“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 979,368 Shares to Gavin Fletcher on the terms and conditions as set out in the Explanatory Statement.”

Voting Exclusion: In accordance with sections 250R and 250BD of the Corporations Act 2001, the Company will disregard any votes cast on Resolution 6 by, or on behalf of:

- a. a member of the key management personnel (“KMP”) as disclosed in the Remuneration Report;
- b. a closely related party of those persons,

unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form or the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

The Company's KMP's are set out in the Remuneration Report. Generally speaking, they are people having the authority and responsibility for planning, controlling and directing the Company's activities in a direct or indirect manner. KMP's include the Directors, and senior executives of the Company.

A closely related party of key management personnel generally speaking means a spouse, child, or dependent of the KMP, or a child or dependant of the spouse of the KMP. It includes anyone else who is a member of the KMP's family who would influence or may be expected to influence the KMP in relation to his or her dealings with the Company. It also includes any company which is controlled by the KMP, and includes any other people prescribed as closely related parties by ASIC, in the regulations to the Corporations Act (none are prescribed at this time).

For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 6 by Mr Fletcher and any of his associates. However, the Company must 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 a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Approval for the Issue of Director Options to Gavin Fletcher (Resolution 7)

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

"That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 1,500,000 Director Options to Gavin Fletcher at a \$0.20 exercise price and expiring 10 years from the date of issue, on the terms and conditions as set out in the Explanatory Statement."

Voting Exclusion: In accordance with sections 250R and 250BD of the Corporations Act 2001, the Company will disregard any votes cast on Resolution 7 by, or on behalf of:

- a. a member of the key management personnel ("KMP") as disclosed in the Remuneration Report;
 - b. a closely related party of those persons,
- unless the vote is cast by a person as proxy for a person entitled to vote in accordance with a direction on the Proxy Form; or the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

The Company's KMP's are set out in the Remuneration Report. Generally speaking, they are people having the authority and responsibility for planning, controlling and directing the Company's activities in a direct or indirect manner. KMP's include the Directors, and senior executives of the Company.

A closely related party of key management personnel generally speaking means a spouse, child, or dependent of the KMP, or a child or dependant of the spouse of the KMP. It includes anyone else who is a member of the KMP's family who would influence or may be expected to influence the KMP in relation to his or her dealings with the Company. It also includes any company which is controlled by the KMP, and includes any other people prescribed as closely related parties by ASIC, in the regulations to the Corporations Act (none are prescribed at this time).

For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 7 by Mr Fletcher and any of his associates. However, the Company must 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 a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Approval of potential termination benefits provided to the Managing Director (Resolution 8)

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

“That for the purposes of sections 200B and 200E of the Corporations Act, Listing Rule 10.19 and for all other purposes, approval be given for the Company to provide the termination benefits to its Managing Director, Mr Gavin Fletcher, in connection with Mr Fletcher ceasing to hold management or executive office with the Company or a Related Body Corporate of the Company, on the terms set out in the Explanatory Statement.”

Voting Exclusions

The Company will disregard any votes cast on this resolution by Mr Fletcher and any of his associates.

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 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

10. Approval for the Issue of 500,000 December 2018 Options to Eric Lim (Resolution 9)

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

“For the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act, section 195(4) of the Corporations Act and for all other purposes, approval be and is hereby given to the issue to Eric Lim (or his nominee) of 500,000 December 2018 Options, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 9 by Eric Lim and any of his Associates. However, the Company must not disregard a vote if it is cast by a person (who is not a member of the Company’s Key Management Personnel (“KMP”)) 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 a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by 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.

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this Resolution. The Chairman, as one of the KMPs of the Company, is not permitted to cast any votes in respect of this Resolution that arise from undirected proxies held unless the proxy expressly authorises the Chairman to do so.

For the purpose of section 224 of the Corporations Act a vote on Resolution 9 must not be cast by or on behalf of Eric Lim, being the Related Party to whom the resolution would permit a financial benefit to be given, and his associates.

11. Approval for the Issue of 500,000 December 2018 Options to John Blanning (Resolution 10)

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

“For the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act, section 195(4) of the Corporations Act and for all other purposes, approval be and is hereby given to the issue to John Blanning (or his nominee) of 500,000 December 2018 Options, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 10 by John Blanning and any of his Associates. However, the Company must not disregard a vote if it is cast by a person (who is not a member of the Company’s Key Management Personnel (“**KMP**”)) 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 a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by 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.

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this Resolution. The Chairman, as one of the KMPs of the Company, is not permitted to cast any votes in respect of this Resolution that arise from undirected proxies held unless the proxy expressly authorises the Chairman to do so.

For the purpose of section 224 of the Corporations Act a vote on Resolution 10 must not be cast by or on behalf of John Blanning being the Related Party to whom the resolution would permit a financial benefit to be given, and his associates.

12. Approval for the Issue of 500,000 December 2018 Options to Gavin Fletcher (Resolution 11)

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

“For the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act, section 195(4) of the Corporations Act and for all other purposes, approval be and is hereby given to the issue to Gavin Fletcher (or his nominee) of 500,000 December 2018 Options, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 11 by Gavin Fletcher and any of his Associates. However, the Company must not disregard a vote if it is cast by a person (who is not a member of the Company’s Key Management Personnel (“**KMP**”)) 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 a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company need not disregard a vote if it is cast by a KMP or a closely related party of a KMP person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by 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.

If you appoint the Chairman of the Meeting as your proxy, the Company encourages you to direct the Chairman how to vote on this Resolution. The Chairman, as one of the KMPs of the Company, is not permitted to cast any votes in respect of this Resolution that arise from undirected proxies held unless the proxy expressly authorises the Chairman to do so.

For the purpose of section 224 of the Corporations Act a vote on Resolution 11 must not be cast by or on behalf of Gavin Fletcher being the Related Party to whom the resolution would permit a financial benefit to be given, and his associates.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Annual General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Annual General Meeting and the Explanatory Statement.

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) 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
- (e) 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.

Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, 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 5pm (WST) on 18 November 2015. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the Annual General Meeting.

Enquiries

Shareholders may contact the Company Secretary, Ben Donovan, on (+61 8) 9226 1777 if they have any queries in respect of the matters set out in these documents.

By Order of the Board of Directors



Ben Donovan
Company Secretary
Dated this 17 day of October 2015

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

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.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

Item 1 - Financial Statements and Reports

The Corporations Act requires the reports of the Directors and of the Company's auditor and the annual financial report, including the financial statements, to be put before the Annual General Meeting and the Constitution provides for those reports and statements to be received and considered at the Annual General Meeting. Neither the Corporations Act nor the Constitution requires a vote of Shareholders at the Annual General Meeting on the reports or statements. However, Shareholders will be given an opportunity to raise questions on the reports and statements at the Annual General Meeting.

In accordance with the Corporations Act, the Company is not required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at www.magres.com.au.

Item 2 – Adoption of Remuneration Report (Resolution 1)

The Remuneration Report is set out in the Directors Report in the Company's Annual Report for the period ending 30 June 2015. This report sets out the Company's remuneration policy and reports on the remuneration arrangements in place for Directors and key executives of the Company.

Section 250R(2) of the Corporations Act requires a resolution that the Remuneration Report be adopted must be put to the vote. This resolution seeks this approval. However, in accordance with section 250R(3) of the Corporations Act, Shareholders should note that this resolution is an "advisory only" resolution which does not bind the Directors of the Company.

Following consideration of the Remuneration Report, the Chairman, in accordance with section 250SA of the Corporations Act, must give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

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 (if any) 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 new legislation which became effective on 1 July 2011 a "two strikes" process will apply to the results of voting in relation to Resolution 1. 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.

At the Company’s 2014 Annual General Meeting, there were 25,610 votes cast against the 2014 Remuneration Report, which is less than 25% of the votes cast at the meeting and therefore the two strikes process was not invoked at the 2014 Annual General Meeting.

The Chairman intends to vote all available proxies in favour of adopting the Remuneration Report.

Item 3 – Re-election of Director (Resolution 2)

Clause 73.1 of the Constitution and Listing Rule 14.4 provides that at every Annual General Meeting, one third of the directors must retire, but are eligible for re-election at that Annual General Meeting.

The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or 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.

The requirements for a Director to retire do not apply to a Managing Director (but if there is more than one Managing Director, only one is exempt from retirement).

The Company currently has two Directors (excluding the Managing Director) and accordingly one must retire.

Accordingly, Mr Eric Lim retires by rotation at the Annual General Meeting and, being eligible, he offers himself for re-election as a Director. A summary of Mr Lim’s qualifications and experience is contained in the 2015 Annual Report.

The Directors, other than Mr Lim, recommend that Shareholders vote in favour of Resolution 2 to reappoint Mr Lim as a Director.

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

Item 4 – Ratification of the Issue of Securities to Orbit Drilling Pty Ltd (Resolution 3)

To assist the Company with cashflow preservation, Orbit Drilling Pty Ltd agreed to convert some of its invoiced drilling fees into Shares in the Company at a deemed issue price of \$0.15. This represents a 40% premium to the Company’s Share price at the date of conversion of the fees to equity.

On 27 November 2014 immediately following the 2014 AGM, the Company issued 42,691 Shares to Orbit Drilling Pty Ltd at a deemed issue price of \$0.15 per Share in satisfaction of invoices totalling approximately \$6,403.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 42,961 Shares to Orbit Drilling Pty Ltd.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an Option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities (and provided that the previous issue did not breach ASX Listing Rule 7.1) the issue will be treated as having been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue to Orbit Drilling Pty Ltd, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The information required to be provided to Shareholders to satisfy ASX Listing Rule 7.4 is specified in ASX Listing Rule 7.5.

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue pursuant to Resolution 3:

- (a) 42,691 Shares were issued, within the Company's then existing 15% capacity under Listing Rule 7.1;
- (b) the Shares were issued for consideration of approximately \$6,403 for drilling services;
- (c) the Shares issued were all fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions and rank equally in all respects with the Company's existing Shares the terms of which are in the public domain;
- (d) the Shares were issued to Orbit Drilling Pty Ltd, which is not a Related Party of the Company; and
- (e) no funds were raised from the issue of the Shares given that the Shares were issued as part payment for drilling services.

The Directors recommend that Shareholders vote in favour of Resolution 3.

The Chairman intends to vote all available proxies in favour of Resolution 3.

Item 5 – Ratification of the Issue of Securities to Mt Magnet Drilling (Resolution 4)

To assist the Company with cashflow preservation, Mt Magnet Drilling Pty Ltd agreed to convert some of its invoiced drilling fees into Shares in the Company at a deemed issue price of \$0.15. This represents a 40% premium to the Company's Share price at the date of conversion of the fees to equity.

On 27 November 2014 immediately following the 2014 AGM, the Company issued 76,365 Shares to Mt Magnet Drilling Pty Ltd at a consideration of \$0.15 per Share in satisfaction of invoices totalling approximately \$11,454.

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 76,365 Shares to Mt Magnet Drilling Pty Ltd.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an Option), if the number of those securities

exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities (and provided that the previous issue did not breach ASX Listing Rule 7.1) the issue will be treated as having been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue to Mt Magnet Drilling Pty Ltd, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The information required to be provided to Shareholders to satisfy ASX Listing Rule 7.4 is specified in ASX Listing Rule 7.5.

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue pursuant to Resolution 4:

- (a) 76,365 Shares were issued, within the Company's then existing 15% capacity under Listing Rule 7.1;
- (b) the Shares were issued for consideration of approximately \$11,454 for drilling services;
- (c) the Shares issued were all fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions and rank equally in all respects with the Company's existing Shares the terms of which are in the public domain;
- (d) the Shares were issued to Mt Magnet Drilling Pty Ltd, which is not a Related Party of the Company; and
- (e) no funds were raised from the issue of the Shares given that the Shares were issued as part payment for drilling services.

The Directors recommend that Shareholders vote in favour of Resolution 4.

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

Item 6 – Approval of 10% Placement Facility (Resolution 5)

6.1 General

Under Listing Rule 7.1, subject to certain exceptions, a listed entity must not, without the approval of holders of ordinary securities, issue or agree to issue more Equity Securities than the number calculated according to the formula set out in that rule. The formula generally has the effect that, in addition to the exceptions provided, every listed entity has the ability (**15% Placement Capacity**) over any 12 month period to issue Equity Securities equal to 15% of its issued capital at the commencement of the 12 month period.

Under Listing Rule 7.1A, an "Eligible Entity" may also seek the approval of the holders of its ordinary securities by special resolution passed at an AGM to have the additional capacity (**10% Placement Capacity**) to issue Equity Securities under rule 7.1A. The exact formula for the 10% Placement Capacity is set out in Listing Rule 7.1A.2 and the approval period (**10% Placement Period**) to which it relates (generally 12 months) is set out in Listing Rule 7.1A.1 (refer to sections 6.2 and 6.3 respectively below). The ability to issue securities under listing rule 7.1A is in addition and separate to each listed entity's ability to issue securities under listing rule 7.1.

An "Eligible Entity" for the purposes of Listing Rule 7.1A is an entity which, as at the date of the relevant special resolution passed for the purposes of rule 7.1A, (excluding restricted securities and securities quoted on a deferred settlement basis) is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As at the date of this Notice, the Company's market capitalisation for

this purpose is under \$15 million and the Company expects to be an Eligible Entity at the time of the Meeting.

There are a number of other rules and conditions applicable to the approval and issue of equity securities under listing rule 7.1A, including:

- (a) that 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;
- (b) a limitation on the discount to prevailing market price at which they may be issued; and
- (c) additional disclosure requirements.

As at the date of the Notice, the Company has on issue six classes of Equity Securities, being listed Shares, both fully paid and partly-paid contributing, and four classes of unlisted Options.

The Company is now seeking Shareholder approval to have the 10% Placement Capacity.

At the date of this Notice, the Company has on issue 97,936,814 fully paid ordinary Shares and 20,418,862 partly-paid contributing Shares. Assuming the Company's Shares on issue do not change and refreshing of the placement capacity, the Company will have the capacity over the course of the next 12 months to issue:

- (i) 14,690,522 Equity Securities under its 15% Placement Capacity; and
- (ii) 9,793,681 Equity Securities under its 10% Placement Capacity,

without requiring further Shareholder approval.

The Directors of the Company believe that Resolution 5 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution. In particular, the ability of the Company to issue Shares under the 10% Placement Capacity will enable the Company to issue Shares at a discount to the then market price in circumstances where it might otherwise be subjected to the cost, delay and uncertainty of having to go back to Shareholders for approval. The additional flexibility will better position the Company to pursue its interests in the prevailing difficult market conditions.

6.2 Formula for calculating the 10% Placement Capacity under Listing Rule 7.1A.2

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an AGM may issue or agree to issue, during the 10% Placement Period, a number of Equity Securities calculated in accordance with the following formula:

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

A is the number of fully paid Shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid Shares that became fully paid in the 12 months;
- (iii) 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 (which does not include the 10% Placement Capacity);
- (iv) less the number of fully paid Shares cancelled in the 12 months.

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

D is 10%;

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

6.3 10% Placement Period under Listing Rule 7.1A.1

Listing Rule 7.1A.1 provides that an approval under Listing Rule 7.1A must be for a period commencing on the date of the AGM at which the approval is obtained and expiring on the first to occur of the following:

- (a) the date that is 12 months after the date of that AGM; or
- (b) the date of the approval by holders of the Eligible Entity's ordinary securities of a transaction under rule 11.1.2 (proposed significant change to the nature or scale of its activities where ASX has required the entity to seek such approval) or rule 11.2 (disposal of main undertaking).

6.4 Special Resolution

Resolution 5 will only be effective if it is passed as a special resolution which requires (amongst other matters) that it be passed by least 75% of votes cast by members entitled to vote on the resolution.

6.5 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 Capacity as follows:

- (a) If the 10% Placement Capacity is used, Equity Securities may only be issued in reliance on the 10% Placement Capacity at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities 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.
- (b) If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power and economic interests in the Company could potentially 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 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,

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

The table below shows:

- (i) the potential dilution of existing Shareholders assuming a Share issue at the current market price of Shares and assuming the current number of ordinary securities for variable "A" (as described in section 6.2 and Listing Rule 7.1A.2) (further assumptions are set out in the notes immediately below the table).
- (ii) two further 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 included in variable "A" 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
- (iii) 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		
		\$0.045 50% decrease in Issue Price	\$0.09 Assumed Issue Price	\$0.135 50% increase in Issue Price
Current Variable A 97,936,814	10% voting dilution	9,793,681		
	Funds raised	\$440,716	\$881,431	\$1,322,147
50% increase in current Variable A 146,905,221	10% voting dilution	14,690,522		
	Funds raised	\$661,073	\$1,322,147	\$1,983,220
100% increase in current Variable A 195,873,628	10% voting dilution	19,587,363		
	Funds raised	\$881,431	\$1,762,863	\$2,644,294

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 Shares are issued as contemplated by Resolutions 6, 7 or 8.
 - (iii) No Options are exercised into Shares before the date of the issue of the Equity Securities.
 - (iv) 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%.
 - (v) 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 the Shareholder's holding at the date of the Meeting.
 - (vi) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vii) The use of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (viii) The assumed issue price is \$0.09 being the closing price of the Shares on ASX on 2 October 2015.
- (c) The Company will only issue the Equity Securities under the 10% Placement Facility approved (if approved) at the 2015 AGM during the 10% Placement Period. The approval under Resolution 5 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 under the 10% Placement Facility for the following purposes:
- (i) cash consideration. In such circumstances, the Company intends to use the funds raised towards advancing the Company's iron ore projects and other tenements as well as for general working capital; or
 - (ii) non-cash consideration for the acquisition of new resources, assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities under the 10% Placement Facility.

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.

- (e) The Company has previously obtained Shareholder approval under Listing Rule 7.1A, at the Company's 2014 AGM.

In the 12 months preceding the Annual General Meeting, the Company has issued a total of 119,056 Shares which represented 0.12% of the Company's total number of Shares on issue on 27 November 2014 immediately prior to the issue of the 119,056 Shares. Further details are set out below as required by Listing Rule 7.3A.6:

Date of Issue	27 November 2014	27 November 2014
Number of Securities	42,691	76,365
Class	Fully paid ordinary Shares	Fully paid ordinary Shares
Terms of Class / Issue	Same as existing fully paid ordinary Shares previously issued by the Company	Same as existing fully paid ordinary Shares previously issued by the Company
Issue Price	Deemed issue price of \$0.15 per Share	Deemed issue price of \$0.15 per Share
Premium to Market Price at date of issue	42% premium	42% premium
Total cash consideration	Nil – issued in lieu of cash payment for drilling services received by the Company	Nil – issued in lieu of cash payment for drilling services received by the Company
Use of cash consideration	N/A	N/A
Total non cash consideration paid and current value	drilling services received by the Company to the value of \$6,403.. The current value of 42,691 Shares is \$3,842.19, based on the closing price of Shares on 15 September 2015	drilling services received by the Company to the value of \$11,454.. The current value of 76,365 Shares is \$6,872.85, based on the closing price of Shares on 15 September 2015
Allottees of Equity Securities issued or Basis of Issue	Orbit Drilling Pty Ltd	Mr Magnet Drilling Pty Ltd

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

The Chairman intends to vote all available proxies in favour of Resolution 5.

Item 7- Gavin Fletcher's Executive Employment Contract (Resolutions 6, 7 and 8)

On 24 September 2015 with effect from 20 October 2014 (**Commencement Date**) the Company executed an executive employment contract with Mr Gavin Fletcher in respect of his engagement as Managing Director of the Company (**Executive Employment Contract**). Mr Fletcher has been performing the role of Managing Director since 20 October 2014 on the basis of a verbal agreement with the remaining Board members as to base salary and superannuation, with robust and lengthy negotiations taking place since 1 November 2014 between the Directors concerning the remainder of Mr Fletcher's remuneration package, and his proposed termination benefits.

Mr Fletcher absented himself from the numerous discussions which took place between Mr Lim and Mr Blanning concerning Mr Fletcher's remuneration package. Whilst professional remuneration consultancy advice was not sought by the Company, to preserve cashflow, the non-interested Directors are confident that the terms reached are neither excessively generous nor onerous on Mr Fletcher or the Company having regard to their own knowledge, careful judgement and expertise in assessing the remuneration package, and with reference to the Company's peers' remuneration packages based on public domain disclosures.

Mr Fletcher is required to provide 80% of his time, attention and abilities to the Company in the discharge of his duties. Mr Fletcher is permitted to pursue other activities for the remaining 20% of his time provided that those other activities are not contrary to the best interests of the Company.

Resolution 6 seeks Shareholder approval for the issue of Shares to Mr Fletcher; Resolution 7 seeks Shareholder approval for the issue of Options to Mr Fletcher, and Resolution 8 seeks Shareholder approval for the potential issue of Shares and Options to Mr Fletcher which could occur under the termination provisions of Mr Fletcher's Executive Employment Contract. Shareholder approval is required for each Resolution for the reasons detailed below.

7.1 – Summary of Executive Employment Contract remuneration package

A summary of the material terms of Mr Fletcher's remuneration package under the Executive Employment Contract is as follows:

- 7.1.1 Base salary of \$250,000 plus statutory superannuation contributions of \$23,750 per annum.
- 7.1.2 A three year term applies from 20 October 2014 subject to the parties' ability to terminate earlier; 6 months' notice must be given by either party in order to terminate the Executive Employment Contract for any reason other than immediate termination due to Mr Fletcher's gross misconduct when termination is immediate without notice, or termination due to removal by the Company in general meeting under the procedures set out in the Corporations Act, when termination is immediate.
- 7.1.3 Immediately following the 2015 AGM, the Company must issue such number of Shares to Mr Fletcher which equates to 1% of the issued capital of the Company, subject to obtaining prior Shareholder approval. If Shareholder approval is not obtained at the first AGM following execution of the Executive Employment Contract, the Shares will not be issued to Mr Fletcher. Resolution 6 now seeks Shareholder approval.
- 7.1.4 On each anniversary of the Commencement Date of the Executive Employment Contract, the Company must issue such number of Shares to Mr Fletcher which equates to 1% of the issued capital of the Company, subject to obtaining prior Shareholder approval. If Shareholder approval is not obtained, the Shares will not be issued to Mr Fletcher. Similar Shareholder approval will be sought at the 2016 and 2017 AGM's, subject to any prior termination of the Executive Employment Contract.
- 7.1.5 On the business day following the 2015 AGM, the Company must grant 1,500,000 Options to Mr Fletcher exercisable at \$0.20 on or before 10 years from the date of grant, subject to obtaining prior Shareholder approval. 500,000 Options shall vest on each anniversary of the Commencement Date unless the Executive Employment Contract has been terminated.

7.1.6 The Company will pay the following cash sums to Mr Fletcher 5 Business Days after the date when the following milestones are confirmed by the Board and provided Mr Fletcher remains an employee when the milestones occur. The Company may elect to convert up to half of the cash amount payable to equity, by the issue of Shares at a deemed issue price which is equivalent to the volume weighted average price of Shares in the 30 days on which Shares traded on ASX preceding the date of satisfaction of the milestones and any associated announcement, whichever is the earlier (provided the Company has sufficient capacity under Listing Rule 7 to issue such Shares and approval under Listing Rule 10.11).

Milestone	Description	Cash payment to Mr Fletcher
1	<p>Investment in the Company or its projects Payment of the first tranche of money by a single investor or group of investors (whether or not associated with Mr Fletcher) under a legally binding subscription agreement, loan and convertible note agreement, or farmin agreement with the Company, under which funding of \$10 million or more is provided for working capital or specific project development purposes being in the commodities of either iron ore or dense media.</p> <p>Where funding of \$5 million or more is the subject of such an agreement, the milestone payment is payable on a proportionally reduced basis, for example a \$5M investment would lead to a milestone payment of \$125,000.</p>	\$250,000
2	<p>Completion of Project Feasibility Study The completion of a Project Feasibility Study as approved by the Board, with sufficient detail to allow the board to determine that it is capable of achieving a firm commitment from interested parties to finance the commercialisation of the proposed project in the commodities of either iron ore or dense media.</p>	\$150,000
3	<p>Securing Project Finance for Construction. The amount of Project Finance should be sufficient to achieve Milestone 4. The milestone has been achieved when first drawdown or payment of funds occurs under an agreement to finance either an iron ore project or a dense media project with a bank, cornerstone investor, or the raising of sufficient equity capital to finance the construction of an iron ore or dense media operation as outlined in the feasibility study mentioned in Milestone 2.</p>	\$250,000
4	<p>First Ore on "Ship" (FOOS). This shipment or transportation of either iron ore or dense media material should meet the requirements of the project finance business plans as approved by the Board from time to time, and excludes any trial shipments.</p>	\$1,500,000

7.2 – Summary of Termination Benefits under Executive Employment Contract

7.2.1. Where the Executive Employment Contract is terminated for reasons of gross misconduct by Mr Fletcher, the only components of the remuneration package described in paragraph 7.1 which Mr Fletcher will be entitled to are the base salary and superannuation payments up to the date of immediate termination, and cash payment in lieu of accrued statutory annual leave.

7.2.2 In all other cases of termination, or upon resignation or upon expiry of the Executive Employment Contract at the end of the three year term, Mr Fletcher will be entitled to:

- 7.2.2.1 Receive payment of the base salary and superannuation payments up to the date of termination including the 6 month notice period (but if Mr Fletcher is removed by the Shareholders, no notice period applies)
- 7.2.2.2 Receive a cash payment in lieu of accrued statutory annual leave up to the date of termination
- 7.2.2.3 Receive a pro-rated issue of Shares in paragraph 7.1.4 above, based on the number of months which have elapsed so far since the last anniversary date of the Commencement Date
- 7.2.2.4 Retain all vested Options granted to Mr Fletcher in paragraph 7.1.5 above; any unvested Options will lapse
- 7.2.2.5 If the Board considers that a milestone is close to being achieved on the termination date, receive a proportion of the milestone payment that would have been paid to Mr Fletcher had termination of the Executive Employment Contract not occurred. The quantum of the payment will be decided by the Board on the basis of the progress achieved, and the Board may seek independent verification of the progress achieved towards that milestone. If a payment is to be paid, it cannot be less than 25% of the relevant milestone payment.

Resolutions 6, 7 and 8 set out below deal with these approvals.

Item 8 – Approval of the issue of 979,368 Shares to Mr Gavin Fletcher (Resolution 6)

8.1 Background to Resolution 6

The Board is seeking Shareholder approval for the issue of 979,368 Shares to Mr Fletcher as mentioned in paragraph 7.1.3 above, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11, as Mr Gavin Fletcher is a Director of the Company and the Company is seeking to issue him with Shares under this Resolution.

8.2 - Compliance with ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities to a related party. The definition of 'equity securities' under the Listing Rules includes Shares. As a director of the Company Mr Fletcher is a related party of the Company. In respect of the Listing Rules, as Shareholder approval is being sought under ASX Listing Rule 10.11, Shareholder approval is not also required under ASX Listing Rule 7.1.

The following information is required by ASX Listing Rule 10.13 for approval under ASX Listing Rule 10.11 for the issue of the Shares to Mr Fletcher:

- a) The Shares are to be issued to Mr Fletcher or his nominee.
- b) The maximum number of securities the Company can issue under Resolution 6 is 979,368 Shares. Mr Fletcher has confirmed that these Shares will be held in voluntary escrow for 12 months from the date of issue.
- c) The Company will issue the Shares on one date no later than 1 month after the date of the Meeting (or such longer period of time as ASX in its discretion allows).
- d) The Shares will be issued at a deemed issued price of \$0.09 each (being the estimated market value of the Shares on 20 October 2015, the first anniversary date of the Commencement Date). No funds will be raised from the issue of the Shares. The Shares are issued as part of the remuneration agreement with Mr Fletcher.
- e) Shares will be issued on the same terms as the existing fully paid ordinary Shares of the Company, the terms of which are in the public domain.
- f) A voting exclusion statement is included in the Notice of Annual General Meeting.

8.3 – Compliance with Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates related party transactions. Pursuant to section 228, Mr Fletcher is a related party of the Company given he is a director of the Company.

Section 208 of the Corporations Act provides that, unless an exception applies, a public company must obtain the approval of its members in accordance with sections 217 to 227 of the Corporations Act before it gives a financial benefit to a related party. The benefit for which Shareholder approval is obtained, must be given within 15 months of that approval.

In order to preserve the Company's cashflow for exploration and other operational expenditure, the Directors have not obtained advice from an independent remuneration consultant in relation to Mr Fletcher's remuneration package. As a consequence the Directors without a material personal interest in Resolution 6 do not have sufficient information to form the view that the issue of the Shares the subject of Resolution 6 comprises reasonable remuneration, and therefore concluded that none of the exceptions are applicable to the issue of the Shares to Mr Fletcher under Resolution 6, such as the reasonable remuneration exception in section 211 of the Corporations Act. Shareholder approval is therefore sought for the purposes of Chapter 2E of the Corporations Act.

The following information is provided in accordance with Section 219 of the Corporations Act.

The Related Parties to Whom the Proposed Resolution Would Permit the Benefit to be Given

Mr Gavin Fletcher

The Nature of the Financial Benefit

The financial benefit is the issue of Shares in the capital of the Company, credited as fully paid at a deemed issue price of \$0.09 each. On issue of the Shares pursuant to Resolution 6, the Company's issued Share capital will increase by 979,368 Shares representing 1% of the issued Share capital of the Company at that point, diluting the remaining Shareholders by a corresponding amount.

Mr Fletcher currently holds 3,732,074 Shares and a total of 3,764,286 Options in the Company as follows (excluding any Options issued under any resolutions in this Notice of Meeting):

Number of Options	Exercise Price	Expiry Date
1,764,286	\$0.1499	27 December 2016
2,000,000	\$0.17	31 December 2017

Mr Fletcher's remuneration package is outlined above in paragraph 7.1.

Other Information that is Reasonably Required by Members to Make a Decision and that is known to the Company or any of its Directors

The Share price at the date of preparing this Notice of Meeting is \$0.09 per Share. On this basis, the implied "value" being received by Mr Fletcher is \$88,143.12.

Trading History

Over the last 12 months the Shares have traded between 6 cents per Share (lowest) and 14 cents per Share (highest). The latest trading price available at the time of preparing this Notice of Meeting, on 2 October 2015, was \$0.09 per Share.

Directors Recommendation

Mr Fletcher declines to make a recommendation in relation to how Shareholders should vote on Resolution 6 because he has a material personal interest in Resolution 6. Mr Fletcher did not participate in any Board decision to include the Shares the subject of Resolution 6 in the remuneration package

The other Directors of the Company, Mr Eric Lim and Mr John Blanning, recommend the issue of the Shares to Mr Fletcher for the following reasons:

- The non-interested Directors believe the issue of Shares is an effective way to incentivize the Managing Director to grow the value of the Company, and therefore grow the value of the Shares for the benefit of all the Shareholders;
- The decision to issue Shares to Mr Fletcher in lieu of the alternative, which would be additional cash consideration, was made in order to conserve cash for the Company at a time when equity markets are challenging for future capital raising success;
- The percentage of Shares on issue comprising this financial benefit has been chosen by reference to incentive packages offered to directors by the Company's peers in the ASX listed junior iron ore exploration sector, and taking into consideration the comparative number and value of the Shares granted;
- The non-interested Directors recognize the expertise of Mr Fletcher in relation to iron ore project development, and therefore wish to retain his services.

If Resolution 6 is not approved by Shareholders, the Executive Employment Contract does not provide for a larger base salary or any other form of compensation. As a result the Company runs the risk of disincentivizing Mr Fletcher if Resolution 6 is not approved. If Resolution 6 is not passed, the Board will seek to negotiate alternative arrangements regarding Mr Fletcher's terms of employment with the Company. There is no guarantee that the Board will be successful in such negotiations.

Item 9 – Approval of 1,500,000 Director Options to Mr Gavin Fletcher (Resolution 7)

9.1 - Compliance with ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities to a related party. The definition of 'equity securities' under the Listing Rules includes Shares. As a director of the Company Mr Fletcher is a related party of the Company. In respect of the Listing Rules, as Shareholder approval is being sought under ASX Listing Rule 10.11, Shareholder approval is not also required under ASX Listing Rule 7.1.

The following information is required by ASX Listing Rule 10.13 for approval under ASX Listing Rule 10.11 for the issue of the Director Options to Mr Fletcher:

- a) The Director Options are to be issued to Mr Fletcher or his nominee.
- b) The maximum number of securities the Company can issue under Resolution 7 is 1,500,000 Director Options.
- c) The Company will issue the Director Options on one date no later than 1 month after the date of the Meeting (or such longer period of time as ASX in its discretion allows).
- d) The Director Options will be issued at a deemed issued price of \$0.069 each (based on the Black Scholes model below). No funds will be raised from the issue of the Director Options, however any conversion will result in funds used for ongoing exploration. The Director Options are issued as part of the remuneration agreement with Mr Fletcher.
- e) The Director Options will be issued on the terms set out in Annexure A.
- f) A voting exclusion statement is included in the Notice of General Meeting.

9.2 – Compliance with Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates related party transactions. Pursuant to section 228, Mr Fletcher is a related party of the Company given he is a director of the Company.

Section 208 of the Corporations Act provides that, unless an exception applies, a public company must obtain the approval of its members in accordance with sections 217 to 227 of the Corporations Act before it gives a financial benefit to a related party. The benefit for which Shareholder approval is obtained, must be given within 15 months of that approval.

In order to preserve the Company's cashflow for exploration and other operational expenditure, the Directors have not obtained advice from an independent remuneration consultant in relation to Mr

Fletcher's remuneration package. As a consequence the Directors without a material personal interest in Resolution 7 do not have sufficient information to form the view that the issue of the Options the subject of Resolution 7 comprises reasonable remuneration, and therefore concluded that none of the exceptions are applicable to the issue of the Options to Mr Fletcher under Resolution 7, such as the reasonable remuneration exception in section 211 of the Corporations Act. Shareholder approval is therefore sought for the purposes of Chapter 2E of the Corporations Act.

The following information is provided in accordance with Section 219 of the Corporations Act.

The Related Parties to Whom the Proposed Resolution Would Permit the Benefit to be Given

Mr Gavin Fletcher

The Nature of the Financial Benefit

The financial benefit is the issue of Director Options to Mr Fletcher.

On issue of the Director Options pursuant to resolution 7, the number of Options on issue will increase by 1,500,000 Director Options, and if exercised, will represent 1.51% of the issued Share capital of the Company at that point, diluting the Shareholders by a corresponding amount (assuming no other Shares are issued and ignoring Shares to be issued under Resolution 6)

Mr Fletcher currently holds 3,732,074 Shares and a total of 3,764,286 Options in the Company as follows (excluding any Options issued under any resolutions in this Notice of Meeting):

Number of Options	Exercise Price	Expiry Date
1,764,286	\$0.1499	27 December 2016
2,000,000	\$0.17	31 December 2017

Mr Fletcher's remuneration package is outlined above in paragraph 7.1.

Other Information that is Reasonably Required by Members to Make a Decision and that is known to the Company or any of its Directors

The Director Options the subject of Resolution 7 has been valued using the Black-Scholes pricing model, based on the following assumptions:

- a) the Director Options are to be exercisable at \$0.20 on or before 10 years from the date of grant;
- b) price volatility of the Shares is approximately 100%;
- d) a 10% discount has been allowed given the unlisted status of the Director Options;
- e) the last closing Share price as at the date of this Notice of Meeting is 9 cents per Share; and
- f) the average current risk free interest rate is 2.5%.

On this basis, the implied "value" being received by the Related Party is 6.9 cents per Director Options. The total value of the Director Options proposed to be issued under Resolution 7 is \$103,500.

Trading History

Over the last 12 months the Shares have traded between 6 cents per Share (lowest) and 14 cents per Share (highest). The latest trading price available at the time of preparing this Notice of Meeting, on 2 October 2015, was \$0.09 per Share. The Company has no quoted Options.

Directors Recommendation

Mr Fletcher declines to make a recommendation in relation to how Shareholders should vote on Resolution 7 because he has a material personal interest in Resolution 7. Mr Fletcher did not participate in any Board decision to include the Options the subject of Resolution 7 in the remuneration package.

The other Directors of the Company, Mr Eric Lim and Mr John Blanning, recommend the issue of the Director Options to Mr Fletcher for the following reasons:

- The non-interested Directors believe the issue of Director Options is an effective way to incentivize the Managing Director to grow the value of the Company, and therefore grow the value of the Shares for the benefit of all the Shareholders. The exercise price of the Director Options at \$0.20 per Director Option is well “out of the money” on the date of issue, and ensures that the Share price must increase by a factor of 100% or more before the Director Options will be “in the money”, providing a highly effective incentive to the Managing Director.
- The decision to issue Director Options to Mr Fletcher in lieu of additional cash consideration was made in order to conserve cash for the Company at a time when equity markets are challenging for future capital raising success;
- The percentage of Director Options comprising this financial benefit has been chosen by reference to incentive packages offered to directors by the Company’s peers in the ASX listed junior iron ore exploration sector, and taking into consideration the comparative number, value and vesting conditions for the Director Options;
- The non-interested Directors recognize the expertise of Mr Fletcher in relation to iron ore project development, and therefore wish to retain his services.

If Resolution 7 is not approved by Shareholders, the Executive Employment Contract does not provide for a larger base salary or any other form of compensation. As a result the Company runs the risk of disincentivizing Mr Fletcher if Resolution 7 is not approved. If Resolution 7 is not passed, the Board will seek to negotiate alternative arrangements regarding Mr Fletcher’s terms of employment with the Company. There is no guarantee that the Board will be successful in such negotiations.

Item 10 – Approval of potential termination benefits provided to the Managing Director (Resolution 8)

Resolution 8 seeks Shareholder approval under sections 200B and Listing Rule 10.19 for termination benefits that the Company may be required to pay Mr Gavin Fletcher upon the termination of his employment with the Company under the Executive Employment Contract (**Termination Payments**).

Resolution 8 is an ordinary resolution.

10.1 – Compliance with Sections 200B and 200E of the Corporations Act

Section 200B of the Corporations Act prevents a company from giving a benefit to a director in connection with the director’s retirement or removal from office unless the company’s Shareholders approve that benefit under section 200E or the benefit falls within certain exceptions set out in the Corporations Act. A “benefit” includes a payment or other valuable consideration.

A payment or benefit will only fall within the exceptions set out in the Corporations Act if the amount of the payment is less than a prescribed multiple of the director’s remuneration and if the nature of the payment falls within one of a number of categories set out in the Corporations Act (for example, a payment by way of damages for breach of contract or a payment for past services).

Mr Fletcher has requested and the Board considers it prudent to obtain Shareholder approval under section 200B of the Corporations Act for termination benefits provided to Mr Fletcher under the Executive Employment Contract in case those benefits do not technically fall within one of the statutory exemptions under the Corporations Act. If Shareholder approval is given the value of the termination benefits may then be disregarded when applying section 200F(2)(B) or section 200G(1)(c) of the Corporations Act, which set the statutory cap for benefits under the legislation.

Section 200E of the Corporations Act requires that, where Shareholders are asked to approve a payment or other benefit to a director that would otherwise be prohibited under section 200B, Shareholders must be given details of the amount of the payment or benefit, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount or benefit will be calculated and any matter, event or circumstances that will, or is likely to affect the calculate of the amount. The amount of any termination payment that may be made to Mr Fletcher will depend upon his remuneration (including short-term and long-term incentives) and the circumstances in which he leaves office.

Further, Listing Rule 10.19 provides that without the approval of Shareholders, the Company must ensure that no officer of the Company or its child entities will be or may be entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together, exceeds 5% of the equity interests of the Company as set out in the latest annual accounts given to ASX. Depending on the value of the termination benefits and the equity interests of the Company at the time when the benefits crystallise, it is possible but not certain that the payment could exceed this 5% threshold. Accordingly Shareholder approval is being sought in case the value of the termination benefits exceeds the 5% threshold. As at the 30 June 2015 year end, the total equity of the Company was \$883,568. Since 5% of that figure is \$44,178, this is the figure above which the value of any termination benefits requires Shareholder approval under Listing Rule 10.19.

In order to preserve the Company's cashflow for exploration and other operational expenditure, the Directors have not obtained advice from an independent remuneration consultant in relation to Mr Fletcher's Termination Payments. As a consequence the Directors without a material personal interest in Resolution 8 do not have sufficient information to form the view that the Termination Payments comprise reasonable remuneration upon termination, and therefore concluded that none of the exceptions are applicable to the payment of the Termination Payments to Mr Fletcher under Resolution 8, such as the reasonable remuneration exception in section 211 of the Corporations Act.

Shareholder approval will therefore need to be sought for the purposes of Chapter 2E of the Corporations Act (in addition to Listing Rule 10.11 where any securities are proposed to be issued) at the time the termination benefits are sought to be paid to Mr Fletcher, since there is insufficient certainty as to date and quantum of the financial benefits to be given to Mr Fletcher at the present time for the purposes of Chapter 2E of the Corporations Act. Further, it is possible that the Termination Payments could be made within 15 months after the date of the 2015 Annual General Meeting, rendering any Shareholder approval ineffective beyond that date.

10.2 - Remuneration and Incentive Arrangements

Mr Fletcher's base salary and entitlements under his Executive Employment Contract are summarised in paragraph 7.1. The Termination Payments are summarised below in paragraph 10.3.

The non-interested Directors have formed the view that the circumstances in which the Termination Payments may become payable to Mr Fletcher and the amount and value of the Termination Payments are not unusual for an executive of the calibre of Mr Fletcher. The Board considers that it is in the best interests of the Company to agree to make the Termination Payments in order to be able to retain the services of Mr Fletcher. If Resolution 8 is not passed, the Board will seek to negotiate alternative arrangements regarding Mr Fletcher's terms of employment with the Company. There is no guarantee that the Board will be successful in such negotiations. The Board has therefore decided to seek Shareholder approval of the Termination Payments.

10.3 - Termination Payments – circumstances of termination

Termination Payments are not payable if Mr Fletcher's Executive Employment Contract is terminated by the Company by reason of Mr Fletcher's gross misconduct or if the Company removes Mr Fletcher in accordance with the director removal regime in the Corporations Act. Otherwise, set out below are the circumstances in which Mr Fletcher's employment may be terminated and Termination Payments given to Mr Fletcher.

Mr Fletcher may terminate his employment by giving six (6) months written notice to the Company. The Company may terminate Mr Fletcher's employment at any time by giving him six (6) months written notice.

In these circumstances of termination with notice, the Company may require Mr Fletcher to continue working part or whole of the notice period. Alternatively, the Company may at its discretion make a payment in lieu of the period of notice not worked. Such a payment will be calculated by reference to Mr Fletcher's Base Salary Package at the date of cessation of employment. At the date of this Explanatory Memorandum, Mr Fletcher's Base Salary Package is \$250,000 plus superannuation.

A six month notice period is therefore represented by a cash payment of \$125,000 if Mr Fletcher is not required to work during the notice period.

10.4 – Termination Payments – summary

In summary upon termination of his Executive Employment Contract before natural expiry of the three year term on 31 October 2017, Mr Fletcher may be entitled to:

- Receive a cash payment of \$125,000 in lieu of 6 months' notice, if he does not work during that notice period;
- An issue of all or a proportion of 1% of Shares on issue on the next anniversary date of the Commencement Date of 30 October 2014; the quantum depends on how many months of the year have elapsed since 30 October and how many Shares are on issue on that next occurring November; Shareholder approval under Listing Rule 10.11 will still be necessary before such issue can occur;
- Retain all Director Options which have vested by the termination date;
- Receive a cash payment for progress made towards any milestone which is close to being achieved; the quantum depends on which milestone is close to being achieved. Alternatively up to half of the cash may be converted to equity at the Company's election at a deemed issue price which is equivalent to the volume weighted average price of Shares in the 30 days on which Shares traded on ASX preceding the date of the relevant milestone and any associated announcement, whichever is the earlier.

10.5 – Value of Termination Payments

The value of the benefit comprising the Termination Payments which may become payable to Mr Fletcher in connection with his loss of office will be equal to the value of any Shares issued, Director Options vested and retained and any full or part milestone payments which become due to Mr Fletcher in cash or up to 50% in Shares, upon termination.

An example of the possible termination payments is summarised below. This assumes that Mr Fletcher works during the applicable notice period and does not receive a cash payment in lieu of notice:

	Year 1	Year 2	Year 3
Shares (1%)	1,500,000 Shares	1,500,000 Shares	2,000,000 Shares
Maximum possible Value	\$300,000	\$300,000	\$500,000
Options	500,000 Options vest (\$0.162 per Option)	500,000 Options vest (\$0.1584 per Option)	500,000 Options vest (\$0.218 per Option)
Maximum possible Value	\$81,000	\$79,200	\$109,000
Milestone	Milestone 1	Milestone 2	Milestone 3 and 4
Maximum possible Value	\$250,000	\$150,000	\$1,750,000
TOTAL POSSIBLE VALUE	\$631,000	\$529,200	\$2,359,000

Assumptions:

- Year 1 assumes milestone 1 reached with \$10m raised at \$0.20 per Share resulting in approximately 150m Shares on issue

- Year 2 assumes 150m Shares on issue and a Share price of \$0.20 and milestone 2 achieved.
- Year 3 assumes 200m Shares on issue and a Share price of \$0.25 and milestones 3 and 4 achieved.
- Options assumed to be valued using the same variables as in Resolution 7 but with the above assumed Share prices.

Note that the predictions as to future Share issues and capital raisings required to achieve the milestones are purely for illustrative purposes to demonstrate the possible Termination Payments due to Mr Fletcher, and should not be taken as an indication of Board discussion or intentions for the future capital requirements of the Company.

If Resolution 8 is not passed

If Resolution 8 is not passed, the Board will seek to negotiate alternative arrangements regarding Mr Fletcher's terms of employment with the Company. There is no guarantee that the Board will be successful in such negotiations. Other than Mr Gavin Fletcher, who has a material personal interest in the outcome of Resolution 8, the Directors therefore recommend that Shareholders vote in favour of Resolution 8 in order to retain the services of Mr Fletcher.

Item 11 - Approval for the Issue of 1,500,000 December 2018 Options to Related Parties (Resolutions 9 to 11 inclusive)

11.1 - Background to Resolutions 9 to 11 inclusive

The Company is seeking to incentivize the board of directors at a time when the Company is looking to advance development of its projects. In order to maintain cash reserves, the Company has decided to incentivize the various board members via the issue of Options.

11.2 – Compliance with ASX Listing Rules 10.11 and 7.1

Listing Rule 10.11 provides a general restriction, subject to specified exceptions, against issuing securities to a Related Party without Shareholder approval. A "Related Party" is widely defined under the Corporations Act, and includes a Director of the Company, and a party which controls the Company. Shareholder approval under Resolutions 9 to 11 inclusive is required to comply with Listing Rule 10.11 since the allottees, as current Directors (or their nominees), are related parties of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options under Resolutions 9 to 11 inclusive as approval is being obtained under ASX Listing Rule 10.11.

Approval is being sought by Resolutions 9 to 11 inclusive under ASX Listing Rule 10.11 for the issue of up to 1,500,000 December 2018 Options to three Related Parties of the Company, namely Eric Lim and John Blanning, both non-executive directors, and Gavin Fletcher as Managing Director.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an Option), if the number of these securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

If Resolutions 9 to 11 inclusively are each passed, following the issue of the 1,500,000 December 2018 Options referred to above, the Company will still have the capacity to issue 15% of its equity securities over the next 12 months as those December 2018 Options, once issued, will be excluded from the calculation under ASX Listing Rule 7.1. The issue of the New Options referred to above must occur no later than 1 month, or such later date as permitted by ASX, from the date of the Annual General Meeting.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 9 to 11:

- (a) the maximum number of securities to be issued by the Company for nil consideration is 1,500,000 December 2018 Options and as follows:

- (i) 500,000 December 2018 Options will be issued to Eric Lim or his nominee under Resolution 9;
 - (ii) 500,000 December 2018 Options will be issued to John Blanning or his nominee under Resolution 10, and
 - (iii) 500,000 December 2018 Options will be issued to Gavin Fletcher or his nominee under Resolution 11;
- (b) the December 2018 Options will be issued no later than one month after the date of the General Meeting, on one date and not on consecutive dates;
 - (c) the December 2018 Options will otherwise be issued on the terms and conditions set out in Annexure B; and
 - (d) Funds of approximately \$210,000 (assuming a \$0.14 exercise price for the December 2018 Options) may be raised upon exercise of the Options the subject of Resolutions 9 to 11 inclusive, which will be used to partially fund the exploration programmes in respect to the Company's projects and general working administration costs. However, there is no guarantee that all or any of the Options will be exercised at any time in the future.

11.3 - Section 208 Corporations Act and section 195 Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The proposed grant of December 2018 Options under Resolutions 9 to 11 each constitutes the provision of a financial benefit to a related party. Section 229 of the Corporations Act includes as an example of a "financial benefit", the issuing of securities or the granting of an Option to a related party.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- the giving of the financial benefit falls within an exception to the provision; or
- prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after Shareholder approval is obtained.

Since all of the Board members have a material personal interest in the Options proposed to be issued to the Directors under Resolutions 9 to 11 inclusive, the Board is not competent under section 195(4) of the Corporations Act to form a quorum for the purpose of considering whether any of the exceptions in Chapter 2E of the Corporations Act applies. None of the exceptions can therefore be considered to apply and Shareholder approval must therefore be sought in relation to Resolutions 9 to 11 inclusive.

The following information is provided in accordance with Section 219 of the Corporations Act.

The Related Parties to Whom the Proposed Resolutions Would Permit the Benefit to be Given

Eric Lim, under Resolution 9

John Blanning, under Resolution 10

Gavin Fletcher, under Resolution 11

("Related Party")

The Nature of the Financial Benefit

The Company wishes to incentivize the Directors at a time when the Company is looking to advance development of the Company's projects. In order to maintain cash reserves, the Company has decided to incentivize the board members via the issue of Options. The financial benefit constitutes the issue of December 2018 Options which will be issued for nil consideration and enables the holders to subscribe for Shares in the capital of the Company, credited as fully paid, on the terms as set out in of Annexure B.

If the December 2018 Options to be issued under Resolutions 9 to 11 inclusively are exercised (but assuming that no more Shares or Options are issued or exercised by the Company), the Company's issued Share capital will increase by 1,500,000 Shares representing 1.51% of the issued Share capital of the Company, diluting the Shareholders by a corresponding amount.

Other Information that is Reasonably Required by Members to Make a Decision and that is known to the Company or any of its Directors

The Options the subject of Resolutions 9 to 11 inclusively have been valued using the Black-Scholes pricing model, based on the following assumptions:

- a) the Options are to be exercisable at a 50% premium to the 5 trading day VWAP prior to the date of issue of the New December 2018 Options, which is assumed for present purposes to be \$0.14 for the December 2018 Options;
- b) the December 2018 Options are to be exercised by 31 December 2018;
- c) price volatility of the Shares is approximately 100%;
- d) a 10% discount has been allowed given the unlisted status of the December 2018 Options;
- e) the last closing Share price as at the date of this Notice of Meeting is 9 cents per Share; and
- f) the average current risk free interest rate is 2.5%.

On this basis, the implied "value" being received by the Related Party is 4.38 cents per December 2018 Option. The total value of the Options proposed to be issued under Resolution 9, 10 and 11 respectively is \$65,700.

Board Recommendation

All Directors decline to make a recommendation to Shareholders in relation to Resolutions 9, 10 and 11 due to their material personal interest in the outcome of the Resolutions.

Rationale for proposed issues of Options

If some or all of the Options the subject of Resolutions 9 to 11 inclusively are not approved for issue by the Shareholders, the Directors may not feel as incentivized to grow the value of the Company, and therefore grow the value of the Shares for the benefit of all the Shareholders.

The exercise price of the Options incorporates a 50% premium to the 5 trading day VWAP for Shares prior to the date of issue of the Options, ensuring that the Options are well "out of the money" on the date of issue, and ensuring that the Share price must increase by a factor of 50% before the Options will be "in the money", providing an incentive to each of the Directors.

The number of December 2018 Options the subject of each of Resolutions 9 to 11 inclusively and the corresponding value of the December 2018 Options (total \$65,700) has been chosen by reference to incentive packages offered to directors by other junior iron ore explorers listed on the ASX which are in the exploration stage of development and taking into consideration the comparative number and value of the Options granted. The December 2018 Options are also non transferable such that the incentive lies with the Directors alone.

Trading History

The market price of Shares in the Company will normally determine if the Options are exercised. If the Company's Shares are trading on the ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

Over the last 6 months the Shares have traded between 6 cents per Share (lowest) and 14 cents per Share (highest). The latest trading price available at the time of preparing this Notice of Meeting was 9 cents per Share.

The Chairman intends to vote all available proxies in favour of Resolutions 9, 10 and 11.

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

10% Placement Facility	has the meaning given in Section 6.
10% Placement Period	has the meaning given in Section 6.
Annual General Meeting	means the meeting convened by the Notice of Annual General Meeting.
Associate	has the meaning given in the Corporations Act.
ASX	ASX Limited (ACN 008 624 691).
Board	Board of Directors.
Chairman	Chairman of the Company.
Constitution	Constitution of the Company.
Company or Magnetic	Magnetic Resources NL (ABN 34 121 370 232).
Corporations Act	Corporations Act 2001 (Cth).
December 2018 Options	has the meaning as set out in Annexure B.
Director	Director of the Company.
Director Options	means the Options proposed to be issued to Mr Fletcher
Equity Securities	has the meaning set out in Listing Rule 19.
Explanatory Statement	the Explanatory Statement accompanying the Notice of Annual General Meeting.
Listing Rules or ASX Listing Rules	the listing rules of ASX.
Meeting	means this Annual General Meeting.
Notice of Annual General Meeting	the Notice of Annual General Meeting accompanying the Explanatory Statement.
Option	means an Option to subscribe for a Share.
Related Party	has the meaning given in the Corporations Act.
Share(s)	ordinary fully paid Shares in the capital of the Company.
Shareholder	a holder of a Share.
VWAP	the volume weighted average price of a Share.
WST	Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A: Director Options issued to Gavin Fletcher

The Options will entitle the holder to subscribe for and be issued Shares as follows:

1. Each Option issued to the Executive shall confer the right to subscribe for one fully paid ordinary Share, ranking pari passu with existing issued Shares, in the capital of the Employer.
2. The Options shall be exercisable at \$0.20 each.
3. The Options shall expire 10 years after their date of grant.
4. The Options shall be exercisable by notice in writing to the Employer received at any time, however the Shares will be allotted not more than fifteen days after (but not including) the exercise date.
5. The Options may be exercised in whole or in part. If the Options are exercised in part each notice of exercise must be for not less than 10,000 Shares and in multiples of 10,000 Shares.
6. The Options may not be transferred at any time in whole or part.
7. A statement will be issued for the Options. On the reverse side of the statement there will be endorsed a statement of the rights of the Executive and a notice that is to be completed when exercising the Options. If there is more than one Option comprised in this statement and those Options are exercised in part, the Employer will issue another statement for the balance of the Options held and not yet exercised.
8. The Executive will not be permitted to participate in any new pro rata entitlement issues of securities of the Employer, unless the Options are first exercised.
9. In the event of a reorganisation of the issued capital of the Employer, the Options will be reorganised in accordance with the Listing Rules of the ASX.
10. The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.
11. The Employer shall not seek quotation of the Options on the ASX. If the Options are exercised the Employer will seek ASX quotation of the resulting Shares issued.

The Options have the following vesting conditions:

- (i) one third vests on the first anniversary of the Commencement Date if the Executive is still employed by the Company on that date;
- (ii) one third vests on the second anniversary of the Commencement Date if the Executive is still employed by the Company on that date, and
- (iii) one third vests on the third anniversary of the Commencement Date, if the Executive is still employed by the Company on that date.

ANNEXURE B: December 2018 Options

1. Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
2. The Options are exercisable on or before 31 December 2018.
3. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the exercise price comprising a 50% premium to the 5 trading day VWAP prior to the date of issue of the Option for each Option exercised.
4. The Options will not be transferable.
5. Option holders shall be permitted to participate in new issues of securities on the prior exercise of Options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
6. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary Shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
8. If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
9. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.
10. Application will not be made for the Options to be quoted on the Official List of the ASX.