
ASX Announcement

23 October 2015

Notice of Annual General Meeting

The following Notice of Annual General Meeting, Explanatory Memorandum and Proxy Form will be despatched to shareholders today, in relation to the meeting of Royal Resources Limited to be held on 26 November 2015 at 10.30am (ACDT Adelaide time).

For further information contact:

Frank DeMarte
Company Secretary
+61 8 8427 0516



NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

26 November 2015

Time of Meeting

10.30AM ACDT (ADELAIDE TIME)

Place of Meeting

Stables Two Room, The Junction
470 Anzac Highway
Camden Park, South Australia 5038

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Royal Resources Limited

ABN 34 108 102 432

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Royal Resources Limited ABN 34 108 102 432 (Company) will be held at Stables Two Room, The Junction, 470 Anzac Highway, Camden Park, South Australia on Thursday 26 November 2015 at 10.30am ACDT (Adelaide time) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

AGENDA

Financial Reports

To receive and consider the financial report of the Company for the year ended 30 June 2015, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

1 Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding resolution**:

"That the Remuneration Report for the year ended 30 June 2015 as set out in the 2015 Annual Report be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting exclusion statement: The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the resolution and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- (b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1.

Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

2 Resolution 2 – Re-election of Malcolm R J Randall as a Director

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

"That, Malcolm R J Randall, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."

3 Resolutions 3 – Grant of Incentive Options to a Director – Mr Gordon L Toll or his nominee(s)

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

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 10,000,000 Incentive Options for no consideration, with each Incentive Option having an exercise price of \$0.02 and an expiry date of 26 November 2020, to Mr Gordon L Toll or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting exclusion statement: The Company will disregard any votes cast on this Resolution 3 by Mr Gordon L Toll or his nominee(s) and an Associate of that person.

However, the Company need not disregard a vote if:

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

Further, the Company will disregard any votes cast on this Resolution 3 (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a related party.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 3 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 3; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 3.

Shareholders may also choose to direct the Chair to vote against Resolution 3 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Please Note: If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 3.

4 Resolutions 4 – Grant of Incentive Options to a Director – Mr Frank DeMarte or his nominee(s)

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

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 5,000,000 Incentive Options for no consideration, with each Incentive Option having an exercise price of \$0.02 and an expiry date of 26 November 2020, to Mr Frank DeMarte or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting exclusion statement: The Company will disregard any votes cast on this Resolution 4 by Mr Frank DeMarte or his nominee(s) and an Associate of that person.

However, the Company need not disregard a vote if:

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

Further, the Company will disregard any votes cast on this Resolution 4 (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a related party.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 4 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 4; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 4.

Shareholders may also choose to direct the Chair to vote against Resolution 4 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Please Note: If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 4.

5 Resolution 5 – Grant of Incentive Options to a Director – Mr Malcolm R J Randall or his nominee(s)

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

"That, for the purposes of section 208 of the Corporations Act, Listing Rule 10.11 and for all other purposes, the Directors are authorised to issue up to 5,000,000 Incentive Options for no consideration, with each Incentive Option having an exercise price of \$0.02 and an expiry date of 26 November 2020, to Mr Malcolm R J Randall or his nominee(s), on the terms and conditions set out in the Explanatory Memorandum (including Annexure A to the Explanatory Memorandum)."

Voting exclusion statement: The Company will disregard any votes cast on this Resolution 5 by Mr Malcolm R J Randall or his nominee(s) and an Associate of that person.

However, the Company need not disregard a vote if:

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

Further, the Company will disregard any votes cast on this Resolution 5 (in any capacity) by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a related party. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an Associate of such a related party.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5.

Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Please Note: If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 5.

6 Resolution 6 – Ratification of issue of Shares to Mango Bay Enterprises Inc

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 39,350,000 Shares (at an issue price of \$0.015 each) on 29 September 2015 to Mango Bay Enterprises Inc on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion statement: The Company will disregard any votes cast on Resolution 6 by any person who participated in the issue the subject of Resolution 6 and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

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

7 Resolution 7 – Approval of Additional 10% Placement Capacity

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

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

Voting exclusion statement: The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons.

However, the Company need not disregard a vote if the vote is cast by:

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

8 Resolution 8 – Proposed issue of Shares

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

"That, for the purpose of Listing Rule 7.1 and all other purposes, Shareholders approve the issue of up to 50,000,000 Shares at an issue price of not less than 80% of the volume weighted average market price of the Company's Shares on the ASX, calculated over the last five days on which sales of the Shares are recorded before the date on which the issue is made (or if there is a prospectus, product disclosure statement or offer information statement relating to the issue, over the last five days on which sales in the Shares are recorded before the date of the prospectus, product disclosure statement or offer information statement is signed) as is more particularly described in the Explanatory Memorandum".

Voting exclusion statement: The Company will disregard any votes cast on Resolution 8 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

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

9 Resolution 9 - Change of Company name

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

"That, for the purpose of section 157(1) of the Corporations Act and for all other purposes, the Company's name be changed from Royal Resources Limited to Magnetite Mines Limited and that, for the purpose of section 136(2) of the Corporations Act and for all other purposes, all references to "Royal Resources Limited" in the Company's constitution be replaced with references to "Magnetite Mines Limited".

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

By order of the Board

A handwritten signature in dark ink, appearing to be 'Frank DeMarte', with a stylized, sweeping flourish extending from the bottom right.

Frank DeMarte
Director and Company Secretary

Dated: 15 October 2015

How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. Written proof of the representative's appointment (including any authority under which it is signed) must be lodged with, or presented to the Company before the 2015 Annual General Meeting.

Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1, 3, 4 and 5 if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is

connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 10.30am ACDT (Adelaide time) on **24 November 2015**. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - **By mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
 - **By Facsimile:**
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555
 - For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, 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 6.30pm ACDT (Adelaide time) on 24 November 2015.

ROYAL RESOURCES LIMITED

ABN 34 108 102 432

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

FINANCIAL REPORTS

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2015, together with the Directors' declaration and report in relation to that financial year and the Auditor's Report on the financial report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements;
and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2015 Annual Report be adopted. The Remuneration Report is set out in the Company's 2015 Annual Report and is also available on the Company's website (www.royalresources.com.au).

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than any Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The Remuneration Report for the financial year ended 30 June 2015 did not receive a vote of more than 25% against its adoption at the Company's last general meeting held on 28 November 2014. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report it will not result in the Company putting a Spill Resolution to Shareholders.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote in favour of Resolution 1.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

RESOLUTION 2 – RE-ELECTION OF MALCOLM R J RANDALL AS A DIRECTOR

Pursuant to Clause 13.2 of the Company's Constitution, Malcolm R J Randall, being a Director, retires by way of rotation and, being eligible, offers himself for re-election as a Director.

Mr Randall holds a Bachelor of Applied Chemistry Degree and is a member of the Australian Institute of Company Directors. He has extensive experience in corporate, management and marketing in the resource sector, including more than 27 years with the Rio Tinto group of companies. His experience has covered a diverse range of mineral activities including iron ore, base metals, uranium, mineral sands and coal.

Mr Randall was first appointed to the board on 4 October 2006.

As Mr Randall is standing for re-election, the Company advises the following:

- (a) the Board considers that Mr Randall, if elected, will continue to qualify as an independent director;
- (b) the Board supports the nomination of Mr Randall to be re-elected; and
- (c) the term of Mr Randall will, in accordance with article 13.2 of the Company's Constitution, not exceed 3 years.

RESOLUTIONS 3, 4 and 5 – GRANT OF INCENTIVE OPTIONS TO DIRECTORS – MR GORDON TOLL, MR FRANK DEMARTE AND MR MALCOLM R J RANDALL OR THEIR NOMINEE(S)

The Company proposes to grant a total of 20,000,000 Incentive Options (each with an exercise price of A\$0.02 and an expiry date of 26 November 2020) to Mr Gordon L Toll, Mr Frank DeMarte and Mr Malcolm R J Randall (**Participating Directors**), or their nominees.

Related Party Transactions Generally

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or

- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, each of the Participating Directors is a related party of the Company.

Resolutions 3, 4 and 5 relate to the proposed grant of Incentive Options to the Participating Directors, which is a financial benefit that requires Shareholder approval for the purposes of section 208 of the Corporations Act.

Information Requirements – Chapter 2E of the Corporations Act

For the purposes of Chapter 2E of the Corporations Act, the following information is provided.

The related parties to whom the proposed Resolutions would permit the financial benefit to be given and the nature of the financial benefit

Subject to Shareholder approval, the Incentive Options will be issued as set out in the table below.

The proposed financial benefit to be given is the grant of Incentive Options for no consideration to the Participating Directors.

The table below also sets out the amounts that will need to be paid to the Company by the Participating Directors if the Incentive Options are exercised.

Director	Number of Incentive Options	Amount to be paid (A\$)
Mr Gordon L Toll, or his nominee(s)	10,000,000	\$200,000.00
Mr Frank DeMarte, or his nominee(s)	5,000,000	\$100,000.00
Mr Malcolm R J Randall, or his nominee(s)	5,000,000	\$100,000.00
Total	20,000,000	\$400,000.00

The details of the financial benefit including reasons for giving the type and quantity of the benefit

The terms of the Incentive Options are set out in Annexure A to this Explanatory Memorandum.

The grant of Incentive Options encourages Mr Gordon L Toll and Mr Frank DeMarte, as executive Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership. Under the Company's current circumstances, the Directors consider (in each case in the absence of the relevant Participating Director) that the incentives intended for Mr Gordon L Toll and Mr Frank DeMarte represented by the grant of these Incentive Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

Under the Company's current circumstances, the Directors consider that the grant of Incentive Options to Mr Malcolm R J Randall represents a cost effective way for the Company to remunerate Mr Malcolm R J Randall, as opposed to cash remuneration and it is designed to attract and retain suitably qualified non-executive directors.

Shareholders should note that for the reasons noted above, it is proposed to grant Incentive Options to Mr Malcolm R J Randall notwithstanding the guidelines contained in Box 8.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* which states that non-executive Directors should not receive options or normally participate in schemes designed for the remuneration of executives. However, the Board considers the grant of Incentive Options to Mr Malcolm R J Randall is reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, while maintaining the Company's cash reserves.

The number of Incentive Options to be granted to each of the Participating Directors has been determined based upon a consideration of:

- (a) the remuneration of the Directors;
- (b) the extensive experience and reputation of the Participating Directors within the resources industry;
- (c) the current price of Shares;
- (d) the Directors' wish to ensure that the remuneration offered is competitive with market standards or/and practice. The Directors have considered the proposed number of Incentive Options to be granted and will ensure that the Participating Directors' overall remuneration is in line with market practice;
- (e) attracting and retaining suitably qualified non-executive directors; and
- (f) incentives to attract and ensure continuity of service of Directors who have appropriate knowledge and expertise, while maintaining the Company's cash reserves. The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Incentive Options upon the terms proposed.

Participating Directors current holdings

Set out below are details of each of the Participating Directors' relevant interest in Shares and Options of the Company as at the date of this Notice:

Director	Number of Shares	Number of Options
Mr Gordon L Toll, or his nominee	78,476,509	Nil
Mr Frank DeMarte, or his nominee	3,813,135	6,250,000
Mr Malcolm R J Randall, or his nominee	2,012,383	4,750,000
Total	84,302,027	11,000,000

Dilution effect of grant of Incentive Options on existing members' interests

If passed, Resolutions 3, 4 and 5 will give the Directors power to grant a total of 20,000,000 Incentive Options on the terms and conditions as set out in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company currently has 393,329,539 (listed Shares and the following unlisted Options on issue:

Security	Number	Exercise Price / Performance Hurdle	Expiry Date
Option	5,750,000	\$0.28	29 November 2015
Option	500,000	\$0.075	25 March 2016
Option	2,700,000	\$0.049	1 July 2016
Option	6,750,000	\$0.21	27 November 2016
Option	6,500,000	\$0.16	27 November 2017
Option	1,450,000	\$0.07	1 July 2017
Option	1,450,000	\$0.10	31 October 2018
Option	5,300,000	\$0.02	7 October 2018
Total	30,400,000		

If all Incentive Options granted as proposed above are exercised, and assuming all existing Options on issue have been exercised, the effect would be to dilute the shareholding of existing Shareholders by 7.7%. The market price of the Company's Shares during the period of the Incentive Options will normally determine whether or not the Participating Directors exercise the Incentive Options. At the time any Incentive Options are exercised

and Shares are issued pursuant to the exercise of the Incentive Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Incentive Options.

Participating Directors' total remuneration package

The Participating Directors' fees per annum (including superannuation) and the total financial benefit to be received by them in this current period, as a result of the grant of the Incentive Options the subject of Resolutions 3, 4 and 5, are as follows:

Director	Fees p.a. (A\$)	Value of Incentive Options (A\$)	Total financial benefit (A\$)
Mr Gordon L Toll, or his nominee (1)	Nil	90,000	90,000
Mr Frank DeMarte, or his nominee	131,400	45,000	176,400
Mr Malcolm R J Randall, or his nominee	71,611	45,000	116,611

Note 1: No Remuneration or directors fees were paid or were payable to Mr Gordon L Toll for the year ended 30 June 2015.

The indicative option valuation of A\$0.009 is a theoretical valuation of each Incentive Option using the Black – Scholes Model.

Valuation of Incentive Options

The Company's advisers have valued the Incentive Options to be granted to the Participating Directors using the Black – Scholes Model. The value of an Option calculated by the Black – Scholes Model is a function of a number of variables.

The valuation of the Incentive Options has been prepared using the following assumptions:

Variable	Input
Share price	\$0.017
Exercise price	\$0.02
Risk free interest rate	2.05%
Volatility	98.9%
Time (years to expiry)	5 years

The Company's advisers have calculated the value of each Incentive Option based on the following assumptions:

- (a) they have based the underlying value of each Share in the Company on the ASX closing price of A\$0.017 on 30 September 2015;
- (b) risk free rate of return – 2.05%% (estimated, based on the 5 year Australian treasury bond rate as at 29 September 2015); and
- (c) they used a volatility of the Share price of 98.9% as determined from the daily movements in Share price over the last 12 months, adjusted for abnormal trading.

Any change in the variables applied in the Black – Scholes calculation between the date of the valuation and the date the Incentive Options are granted would have an impact on their value.

Company's historical Share price

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 14 October 2015:

Highest Price (A\$)/Date	Lowest Price (A\$)/Date	Latest Price (A\$)/Date
3.7 cents - 15 October 2014	1.0 cent – 9 June 2015	1.3 cents – 14 October 2015

Other Information

Under the Australian Equivalent of the International Financial Reporting Standards, the Company is required to expense the value of the Incentive Options in its statement of financial performance for the current financial year.

Other than as disclosed in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Incentive Options pursuant to Resolutions 3,4 and 5.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 3,4 and 5.

Directors' recommendation

All the Directors were available to make a recommendation. For the reasons noted above:

Messrs Frank DeMarte and Malcolm R J Randall (who have no interest in the outcome of Resolution 3) recommend that Shareholders vote in favour of Resolution 3. Mr Gordon L Toll declines to make a recommendation about Resolution 3 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee. The Board (other than Mr Gordon L Toll is not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 3.

Messrs Gordon L Toll and Malcolm R J Randall (who have no interest in the outcome of Resolution 4) recommend that Shareholders vote in favour of Resolution 4. Mr Frank DeMarte declines to make a recommendation about Resolution 4 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee. The Board (other than Mr Frank DeMarte is not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.

Messrs Gordon L Toll and Frank DeMarte (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5. Mr Malcolm R J Randall declines to make a recommendation about Resolution 5 as he has a material personal interest in the outcome of that particular Resolution as it relates to the proposed grant of Incentive Options to him or his nominee. The Board (other than Mr Malcolm R J Randall is not aware of any other information that would reasonably be required by the Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 5.

Information Requirements - Listing Rules 10.11 and 10.13

Listing Rule 10.11 requires Shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party. Accordingly, Listing Rule 10.11 requires Shareholders to approve the grant of Incentive Options to the Participating Directors.

The following information in relation to the Incentive Options to be granted pursuant to Resolutions 3, 4 and 5 is provided to Shareholders for the purposes of Listing Rule 10.13:

- (a) the Incentive Options will be granted to the Participating Directors, or their nominees, as noted above;
- (b) the maximum number of Incentive Options to be granted is 20,000,000
- (c) the Incentive Options will be issued on a date which will be no later than 1 month after the date of this Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;

- (d) the Incentive Options will be granted for no consideration and the terms and conditions of the Incentive Options are set out in Annexure A to this Explanatory Memorandum; and
- (e) no funds will be raised by the grant of the Incentive Options.

If approval is given for the grant of the Incentive Options under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Voting

Note that a voting exclusion applies to Resolutions 3, 4 and 5 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote in favour of the Resolutions.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on these Resolutions.

RESOLUTION 6 – RATIFICATION OF ISSUE OF SHARES TO MANGO BAY ENTERPRISES INC

As announced on 30 September 2015 the Company issued 39,350,000 Shares to Mango Bay Enterprises Inc at an issue price of \$0.015 each, to raise \$530,969.30 (before costs). The funds from the issue will be used to replace part of the working capital used for the cash payments made in respect to the acquisition of the Razorback tenements in accordance with the Third Variation Deed between the Company and Goldus Pty Ltd as described in the announcement of 11 August 2015.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of the ratification is to restore the Company's maximum discretionary power to issue further Shares up to 15% of the issued capital of the Company without requiring Shareholder approval.

Resolution 6 seeks ratification under Listing Rule 7.4 of the issue of 39,350,000 Shares that were made on 29 September 2015 in order to restore the ability of the Company to issue further Shares within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 39,350,000 Shares were issued;
- (b) the Shares were issued at an issue price of \$0.015 each;
- (c) the Shares issued were fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (d) the Shares were issued to Mango Bay Enterprises Inc, an unrelated party of the Company; and
- (e) funds raised from the issue were used to replace part of the working capital used for the cash payments made in respect to the acquisition of the Razorback tenements in accordance with the Third Variation Deed between the Company and Goldus Pty Ltd as described in the announcement of 11 August 2015.

RESOLUTION 7 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

Background

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation of \$300 million or less; and
- (b) the entity that is not included in the S&P ASX 300 Index.

The Company has a market capitalisation of \$5,113,284 as at 14 October 2015 and is an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

Resolution 7 seeks Shareholders' approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards the Company's exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.

Listing Rule 7.1A

The effect of Resolution 7 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has Shares unlisted Options on issue.

Based on the number of Shares on issue at the date of this Notice, the Company will have 393,329,539 Shares on issue and therefore, subject to Shareholder approval being obtained under Resolution 7, 39,332,954 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities, that formula is:

$(A \times D) - E$

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

- (a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid Shares that became fully paid in the 12 months;
- (c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- (d) less the number of fully paid Shares cancelled in the 12 months.

Note that 'A' 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 Rules 7.1 or 7.4.

The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0065 Issue Price at half the current market price	\$0.013 Issue Price at current market price	\$0.026 Issue Price at double the current market price
Current Variable 'A' 393,329,539 Shares	Shares issued	39,332,954	39,332,954	39,332,954
	Funds raised	\$255,664.20	\$511,328.40	\$1,022,656.80
	Dilution	10%	10%	10%
50% increase in current Variable 'A' 589,994,308 Shares	Shares issued	58,999,431	58,999,431	58,999,431
	Funds raised	\$383,496.30	\$766,992.60	\$1,533,985.20
	Dilution	10%	10%	10%
100% increase in current variable 'A' 786,659,078 Shares	Shares issued	78,665,908	78,665,908	78,665,908
	Funds raised	\$511,328.40	\$1,022,656.80	\$2,045,313.60
	Dilution	10%	10%	10%

Note: This table assumes:

- No Options are exercised before the date of the issue of the Equity Securities.
- The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised into Shares for the purposes of calculating the voting dilution effect on existing Shareholders.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Resolution 7 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

Specific information required by Listing Rule 7.3A

The following information in relation to the Shares proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- The Equity Securities will be issued 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 immediately before:
 - 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 five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
 - (ii) the Equity Securities may be issued:
 - (A) at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities; or
 - (B) as consideration (or part thereof) for the acquisition of a new asset, both of which may have an effect on the amount of funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity.
- (c) The table above on page 9 shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable 'A' is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.

The table shows:

- (i) examples of where variable 'A' is at its current level, and where variable 'A' has increased by 50% and by 100%;
 - (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 14 October 2015, being \$0.013, (current market price), where the issue price is halved, and where it is doubled; and
 - (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.
- (d) Approval of the Additional 10% Placement Capacity will be valid during the period (**Additional Placement Period**) from the date of the Annual General Meeting and will expire on the earlier of:
 - (i) the date that is 12 months after the date of the Annual General Meeting; and
 - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (e) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) If Equity Securities are issued for cash consideration, the Company intends to use the funds for exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital; and
 - (ii) If Equity Securities are issued for non-cash consideration to acquire access to strategic tenements or assets identified by the Company to further existing projects and future growth. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.3 and 3.10.5A upon issue of any Equity Securities.

- (f) The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities, including consideration of matters including, but not limited to:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
 - (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The persons to whom Shares will be issued under the Additional 10% Placement Capacity have not been determined as at the date of this Notice, but will not include related parties (or their Associates) of the Company.

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 28 November 2014. In the 12 months preceding the date of the Meeting, the Company has issued 39,350,000 Equity Securities which represents 11.12% of the total number of Equity Securities on issue at the commencement of that 12 month period. The following information is provided in relation to that issue of Equity Securities being the only issue in the 12 months preceding the date of the Meeting:

- (i) 39,350,000 Equity Securities were issued;
 - (ii) the Equity Securities issued were Shares which rank equally in all respects with the existing fully paid ordinary Shares on issue;
 - (iii) the Equity Securities were issued to Mango Bay Enterprises Inc and cash consideration will be used to replace part of the working capital used for the cash payments made in respect to the acquisition of the Razorback tenement in accordance with the Third Variation Deed between the Company and Goldus Pty Ltd dated 11 August 2015, as announced on 11 August 2015;
 - (iv) the Equity Securities were issued at an issue price of A\$0.015 each. The issue price was a 11.76% discount to the market price at the time of issue; and
 - (v) the total cash consideration raised was \$590,250 (before costs) and this will be spent on an ongoing basis for the purposes of working capital expenses.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined its allocation policy for the issue of Equity Securities under the Additional 10% Placement Capacity, other than noting the persons to whom Shares will be issued will be determined on a case by case basis having regard to the factors outlined in paragraph (f) above. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, therefore no existing security holders' votes would be excluded under the voting exclusion statement included in this Notice.

RESOLUTION 8 – PROPOSED ISSUE OF SHARES

Resolution 8 seeks Shareholder approval for the purpose of Listing Rule 7.1 and for all other purposes for the issue of a maximum of 50,000,000 Shares at an issue price of not less than 80% of the volume weighted average market price of the closing sale price of the Company's Shares on the ASX, calculated over the last five days on which sales of the Shares are recorded immediately preceding the date of issue (or, if there is a prospectus, product disclosure statement or offer information statement relating to the issue, over the last five days on which sales in the Shares were recorded before the date of the prospectus, product disclosure statement or offer information statement is signed) (**Placement**).

It is intended that the proposed Placement be made in order to progress the Company's Razorback Premium Iron Project including for payment of optimisation, metallurgical, design, environmental and feasibility study costs and negotiation of a native title agreement.

The effect of the Placement (on an undiluted basis) on the capital structure of the Company can be summarised as follows:

Shares	Number	Percentage of Shares based on Total Shares upon completion of Placement being 100%
Shares currently on issue	393,329,539	88.72%
Shares to be issued under the Placement	50,000,000	11.28%
Total Shares upon completion of the Placement	443,329,539	100%

There will be no changes to the number of Options on issue.

As noted above, Listing Rule 7.1 requires Shareholder approval for the proposed issue of securities in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

The following information in relation to the Shares to be issued is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Shares the Company can issue is 50,000,000;
- (b) the Company will issue the Shares no later than three months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
- (c) the Shares will be issued at a price not less than 80% of the volume weighted average market price of the closing sale price of Shares on the ASX, calculated over the last five days on which sales of the Shares are recorded immediately preceding the date of issue (or, if there is a prospectus, product disclosure statement or offer information statement relating to the issue, over the last five days on which sales in the Shares were recorded before the date of the prospectus, product disclosure statement or offer information statement is signed);
- (d) the Shares will be issued to applicants to be determined by the Directors. No decision has, as yet, been made by the Directors in respect of determining the identity of the persons to whom Shares will be issued, save that those persons will be sophisticated and institutional investors that are unrelated parties of the Company;
- (e) the Shares will be fully paid ordinary Shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary Shares on issue;

- (f) the funds raised by the issue will be used for in order to progress the Company's Razorback Premium Iron Project, including for payment of optimisation, metallurgical, design, environmental and feasibility study costs and negotiation of a native title agreement; and
- (g) the Shares will be issued on one date.

RESOLUTION 9 – CHANGE OF COMPANY NAME

In accordance with section 157(1) of the Corporations Act, if a company wants to change its name, it must pass a special resolution adopting a new name. It is proposed that shareholders approve the Company's name being changed from Royal Resources Limited to Magnetite Mines Limited. The Board has approved this change of name subject to the approval of Shareholders.

The Board considers that the change of name is appropriate because the existing name is quite generic and does not give a clear impression of the Company's business. The Board considers that the name should define the Company and reflect where the Company is heading. The Board considers the new name Magnetite Mines Limited is reflective of the core business of the Company. The change will not affect the legal status of the Company.

Resolution 9 is a special resolution and, therefore, requires approval of 75% or more of all votes cast by shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a member which is a corporation, by a representative).

In accordance with section 157(3) of the Corporations Act, the change of name will take effect when ASIC alters the details of the Company's registration. The name Magnetite Mines Limited has been reserved by the Company.

The Board will also request that ASX change the Company's ASX listing code from "ROY" to "MFE" after the change of name takes effect. The ASX listing code "MFE" has been reserved by the Company.

Recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 9.

GLOSSARY

\$ means Australian dollars.

Accounting Standards has the meaning given to that term in the Corporations Act.

ACDT means Australian central daylight time as recognised in Adelaide, South Australia.

Additional 10% Placement Capacity has the meaning set out on page 8 of the Explanatory Memorandum.

Additional Placement Period has the meaning set out on page 11 of the Explanatory Memorandum.

Annexure A means the annexure to this Notice of Meeting.

Annual Report means the annual report of the Company for the year ended 30 June 2015.

Associate has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Auditor means the Company’s auditor from time to time (if any).

Auditor’s Report means the report of the Auditor contained in the Annual Report for the year ended 30 June 2015.

Board means the Directors.

Chair or Chair means the individual elected to chair any meeting of the Company from time to time.

Child Entity has the meaning given to that term in the Listing Rules.

Closely Related Party has the meaning given to that term in the Corporations Act.

Company means Royal Resources Limited ABN 34 108 102 432.

Constitution means the Company’s constitution, as amended from time to time.

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

Directors means the directors of the Company.

Directors’ Report means the directors’ report set out in the Annual Report for the year ended 30 June 2015.

Equity Securities has the meaning set out in the ASX Listing Rules.

Expiry Date has the meaning set out on page 1 of Annexure A.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Incentive Option means an option to acquire a Share the terms of which are set out in Annexure A.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Listing Rules means the ASX Listing Rules.

Meeting means the Annual General Meeting convened by the Notice.

Notice means this Notice of Annual General Meeting.

Notice of Meeting means this Notice of Annual General Meeting.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Option Notice has the meaning set out on page 1 of Annexure A.

Participating Directors has the meaning set out on page 2 of the Explanatory Memorandum.

Placement has the meaning set out on page 12 of the Explanatory Memorandum.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Annual Report for the year ended 30 June 2015.

Resolution means a resolution contained in the Notice.

Restricted Voter means Key Management Personnel and their Closely Related Parties.

ROY means the Company.

Shareholder means a member of the Company from time to time.

Shares means fully paid ordinary shares in the capital of the Company.

Spill Meeting has the meaning set out on page 1 of the Explanatory Memorandum.

Spill Resolution the meaning set out on page 1 of the Explanatory Memorandum.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

ANNEXURE A: INCENTIVE OPTION TERMS

The terms and conditions of the Options are:

1. Each Option will be issued for no consideration;
2. Each Option has an exercise price of \$0.02;
3. Each Option entitles the Optionholder to subscribe for and be allotted one fully paid ordinary share in the capital of Royal Resources Limited ("**ROY**") at the exercise price for the Option;
4. The Options are exercisable at any time on or prior to 5.00 pm Western Standard Time on 26 November 2020 ("**Expiry Date**") by completing a notice in writing ("**Option Notice**") stating the intention of the Optionholder to exercise all or a specified number of Options held by him and delivering it to the registered office of ROY accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Option Notice must be received by the Company before the Expiry Date. An Option not exercised before the Expiry Date will lapse. An exercise of only some Options shall not affect the rights of the Optionholder to the balance of the Options held by him;
5. The Options are not assignable or transferable without the prior written consent of the directors of ROY and will not be listed on the ASX;
6. All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options;
7. There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options unless the Options are first exercised in accordance with these terms and conditions. However, ROY must ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 10 Business Days after the issue is announced and the Optionholder will be notified of the proposed issue at least 6 Business Days before the record date. This will give the Optionholder the opportunity to exercise its Options prior to the date for determining entitlements to participate in any such issue;
8. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of ROY prior to the Expiry Date, the rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation;
9. If there is a pro rata issue (except a bonus issue) to ROY shareholders, the exercise price of an Option will be reduced according to the following formula:

$$O^n = O - \frac{E [(P - (S + D))]}{N + 1}$$

Where:

O^n = the new exercise price of the Option;

O = the old exercise price of the Option;

E = the number of underlying securities into which one Option is exercisable;

P = the average market price of Shares (weighted by reference to volume) sold in the ordinary course of trading on ASX during the five trading days ending on the day before the ex rights date or the ex entitlements date;

S = the subscription price for new Shares issued under the pro rata issue;

D = any dividends due but not yet paid on the existing Shares (except those to be issued under the pro rata issue); and

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

10. If there is a bonus issue to ROY shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue; and
11. Shares allotted and issued pursuant to the exercise of the Options will be allotted and issued on the above terms and conditions not more than 14 days after the receipt of a properly executed Option exercise form and the exercise price in respect of the Option.

— 000001 000 ROY
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
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Alternatively you can fax your form to
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For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX

For your vote to be effective it must be received by 10.30am (ACDT) (Adelaide time) Tuesday, 24 November 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

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

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View the annual report 24 hours a day, 7 days a week:

www.royalresources.com.au

To view and update your securityholding:

www.investorcentre.com

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Royal Resources Limited hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Royal Resources Limited to be held at the Two Stables Room, The Junction, 470 Anzac Highway, Camden Park, South Australia on Thursday, 26 November 2015 at 10.30am (ACDT) (Adelaide time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 3, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolution 1, 3, 4 and 5 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 3, 4 and 5 by marking the appropriate box in step 2 below.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Malcolm R J Randall as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Grant of Incentive Options to a Director – Mr Gordon L Toll or his nominee(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Grant of Incentive Options to a Director – Mr Frank DeMarte or his nominee(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Incentive Options to a Director – Mr Malcolm R J Randall or his nominee(s)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of issue of Shares to Mango Bay Enterprises Inc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Proposed issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

_____ / _____ / _____

Date

ROY

205470A

Computershare +