
MRL CORPORATION LIMITED

ACN 007 870 760

NOTICE OF ANNUAL GENERAL MEETING

TIME: 10:00 am WST

DATE: Friday, 27 November 2015

PLACE: Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 1300 660 448.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:00 am (WST) on Friday, 27 November 2015 at:

Level 4, The Read Buildings
16 Milligan Street
Perth WA 6000

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00 pm (WST) on Wednesday, 25 November 2015.

Voting in person

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance

with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

REPORTS AND ACCOUNTS

To receive and consider the financial statements of the Company for the period ended 30 June 2015 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – REMUNERATION REPORT

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

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

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

Voting Prohibition Statement:

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

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

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

2. RESOLUTION 2 – ELECTION OF A DIRECTOR – MR CHRIS BANASIK

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

"That, for the purposes of clause 47 of the Constitution of the Company, and for all other purposes, Mr Chris Banasik, who was appointed a Director of the Company on 20 May 2015 and who retires, and being eligible, is re-elected as a Director."

3. **RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR PETER HEPBURN-BROWN**

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

"That, for the purposes of clause 58.1 of the Constitution of the Company, and for all other purposes, Mr Peter Hepburn-Brown, who retires, and being eligible, is elected as a Director."

4. **RESOLUTION 4 – RATIFICATION OF PRIOR SHARE ISSUE – PROFESSIONAL PAYMENT SERVICES**

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

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, this meeting ratifies the issue of 500,000 Shares on the terms and conditions set out in the Explanatory Statement."

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

5. **RESOLUTION 5 – RATIFICATION OF PRIOR SHARE ISSUE - TRANCHE 1 PLACEMENT**

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

"That, for the purposes of ASX Listing Rule 7.4 and all other purposes, Shareholders ratify the issue of 29,304,658 Shares on the terms and conditions set out in the Explanatory Statement."

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

6. **RESOLUTION 6 – APPROVAL TO ISSUE SHARES - TRANCHE 2 PLACEMENT**

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

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, Shareholders ratify the issue of 43,695,342 Shares on the terms and conditions set out in the Explanatory Statement."

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

7. **RESOLUTION 7 – APPROVAL TO ISSUE NEW OPTIONS**

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

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, Shareholders approve the offer and issue of 36,500,000 New Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. **RESOLUTION 8 – APPROVAL TO ISSUE NEW OPTIONS - CORPORATE ADVISER PLACEMENT**

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

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, Shareholders approve the offer and issue of 5,000,000 New Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. **RESOLUTION 9 – ADOPTION OF EMPLOYEE OPTION SCHEME**

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

"That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled "Employee Option Scheme" and for the issue of securities under that Employee Option Scheme, on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

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

- (a) the proxy is either:

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

However, the above prohibition does not apply if:

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

10. RESOLUTION 10 – ISSUE OF DIRECTOR OPTIONS – MR CRAIG MCGUCKIN

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

“That, subject to the passing of Resolution 9, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue, up to 5,000,000 Director Options to Mr Craig McGuckin (or his nominee) under the Employee Option Scheme in accordance with the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

11. RESOLUTION 11 - ISSUE OF DIRECTOR OPTIONS – MR PETER YOUD

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

"That, subject to the passing of Resolution 9, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue, up to 5,000,000 Director Options to Mr Peter Youd (or his nominee) under the Employee Option Scheme in accordance with terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

12. RESOLUTION 12 - ISSUE OF DIRECTOR OPTIONS – MR CHRIS BANASIK

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

"That, subject to the passing of Resolution 9, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue, up to 1,000,000 Director Options to Mr Chris Banasik (or his nominee) under the Employee Option Scheme in accordance with terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

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

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

However, the above prohibition does not apply if:

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

13. RESOLUTION 13 – APPROVAL TO ISSUE NEW OPTIONS – SPP OPTION PLACEMENT

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

"That, for the purposes of ASX Listing Rule 7.1 and all other purposes, Shareholders approve the offer and issue of 5,125,357 New Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

14. RESOLUTION 14 – ISSUE OF NEW OPTIONS TO MR PETER HEPBURN-BROWN – RELATED PARTY PARTICIPATION IN SPP OPTION PLACEMENT

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

"That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 45,455 New Options to Mr Peter Hepburn-Brown (or his associates or nominees) on the terms and conditions set out in the Explanatory Statement."

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

15. RESOLUTION 15 – ISSUE OF NEW OPTIONS TO PETER YOUD - RELATED PARTY PARTICIPATION IN SPP OPTION PLACEMENT

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

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 163,636 New Options to Mr Peter Youd (or his associates or nominees) on the terms and conditions set out in the Explanatory Statement.”

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

16. RESOLUTION 16 – ISSUE OF NEW OPTIONS TO CRAIG MCGUCKIN - RELATED PARTY PARTICIPATION IN SPP OPTION PLACEMENT

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

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 272,728 New Options to Mr Craig McGuckin (or his associates or nominees) on the terms and conditions set out in the Explanatory Statement.”

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

17. RESOLUTION 17 – ISSUE OF NEW OPTIONS TO CHRIS BANASIK - RELATED PARTY PARTICIPATION IN SPP OPTION PLACEMENT

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

“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 136,364 New Options to Mr Chris Banasik (or his associates or nominees) on the terms and conditions set out in the Explanatory Statement.”

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

18. RESOLUTION 18 – CHANGE OF COMPANY NAME

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

"That, subject for the purposes of section 157(1)(a) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed to "First Graphite Limited""

19. RESOLUTION 19 – REPLACEMENT OF CONSTITUTION

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes."

Dated: 23 October 2015

By order of the Board

A handwritten signature in black ink, appearing to read 'Peter Youd', with a large, stylized flourish at the bottom.

Mr Peter Richard Youd
Director

EXPLANATORY STATEMENT

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

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.mrltd.com.au.

1. RESOLUTION 1 – REMUNERATION REPORT FOR YEAR ENDED 30 JUNE 2015

1.1 General

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

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

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

1.2 Voting consequences

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

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

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

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

1.3 Previous voting results

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

1.4 Proxy voting restrictions

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

Proxy	Directed	Undirected
Key Management Personnel ¹	Voted	Not voted ³
Chair ²	Voted	Voted at discretion of Proxy ⁴
Other	Voted	Voted at discretion of Proxy

Notes:

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

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

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

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

2. RESOLUTION 2 – ELECTION OF DIRECTOR CHRIS BANASIK

Clause 47 of the Constitution allows the Directors to appoint at any time a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified in the Company's constitution.

Pursuant to clause 47 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Mr Chris Banasik having been appointed on 20 May 2015, will retire in accordance with Clause 47 of the Constitution of the Company and being eligible seek election from Shareholders.

The Company considers the following information is relevant to Shareholders when considering whether or not to elect Mr Banasik.

**Chris Banasik, B App Sc (Physics), MSc (Econ Geol), Grad Dip Ed, MAusIMM
Non-Executive Director (Appointed 20 May 2015)**

Mr Banasik was a founding Director of Exploration and Geology for the ASX listed company Silver Lake Resources Limited and held this position from May 2007 until November 2014.

Mr Banasik has a Master's Degree in Mineral Economics from University of WA and Bachelor's Degree in Applied Physics from Curtin University.

Prior to becoming the Director of Exploration and Geology of Silver Lake Resources, he held senior geological management positions over 12 years' with organisations including WMC Resources Ltd, Reliance Mining Ltd, Goldfields Mine Management and Consolidated Minerals Ltd. He has gained extensive experience in every aspect of mining, mineral processing, smelting and refining primarily for gold and nickel. The Board considers that Mr Banasik is an independent director because he does not have a material or pecuniary relationship with company or related persons.

The Board considers that Mr Banasik is an independent director because he does not have a material or pecuniary relationship with the Company or related persons.

The Directors, with Mr Banasik abstaining, support the election of Mr Hepburn-Brown and recommend Shareholders vote in favour of Resolution 2 and are not aware of any additional information that would be considered material to Shareholders' decision to elect Mr Banasik.

The Directors, with Mr Chris Banasik abstaining, support the election of Mr Banasik and recommend Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – RE-ELECTION OF PETER HEPBURN-BROWN WHERE RETIRES BY ROTATION

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 year, whichever is the longer.

Clause 58 of the Constitution provides

- at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office;
- a Director (other than a Managing Director) must retire from office at the conclusion of the third annual general meeting after which the Director was elected or re-elected;
- the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by ballot; and
- a retiring Director is eligible for re-election;
- in determining the number of Directors to retire, no account is to be taken of:
 - (a) a Director who only holds office until the next annual general meeting pursuant to clause 47 of the Constitution; and
 - (b) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has 3 Directors (not including additional director Mr Chris Banasik or Managing Director Craig McGuckin) and accordingly 1 must retire.

Peter Hepburn-Brown, the Director longest in office since his last election, retires by rotation and seeks re-election.

A biography of Peter Hepburn-Brown, who was first appointed as a Director in February 2014, is set out in the Company's annual financial report for the year ended 30 June 2015.

The Board considers that Mr Hepburn-Brown is an independent director because he does not have a material or pecuniary relationship with company or related persons.

The Directors, with Mr Peter Hepburn-Brown abstaining, support the election of Mr Hepburn-Brown and recommend Shareholders vote in favour of Resolution 3 and are not aware of any additional information that would be considered material to Shareholders' decision to re-elect Mr Hepburn-Brown.

4. RESOLUTION 4 - RATIFICATION OF PRIOR SHARE ISSUE- PROFESSIONAL PAYMENT SERVICES

4.1 General

In December 2013, the Company entered into a corporate advisory mandate with Professional Payments Services Pty Ltd (**PPS**) (**Mandate**) whereby PPS was engaged to introduce suitable assets to the Company for the purpose of acquisition. Under the terms of Mandate and in consideration for the corporate advisory services provided by PPS, the Company agreed to issue 500,000 Shares to PPS. On 29 June 2015 the Company issued the 500,000 Shares to PPS (**PPS Placement**).

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

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

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 made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, 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.

4.2 Specific information require by ASX Listing Rule 7.5 with respect to Resolution 1

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 500,000 Shares were issued on 29 June 2015;
- (b) the Shares were issued for nil cash consideration in satisfaction of corporate advisory services provided by PPS;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing ordinary shares;
- (d) the Shares were issued to Professional Payments Services Pty Ltd, an Australian entity, which is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued in consideration of corporate advisory services and the introduction of suitable assets to the Company.

4.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the resolution.

5. BACKGROUND TO RESOLUTIONS 5, 6, 7 AND 8

In September the Company announced a share purchase plan offering eligible shareholders the opportunity to acquire up to \$15,000 worth of Shares at \$0.055 (**SPP**). Under the terms of the SPP eligible shareholders who subscribed under the SPP would also receive a free attaching New Option for every two Shares subscribed for. The SPP offer closed and on 1 October 2015, the Company issued 10,250,714 Shares under the SPP with a shortfall of 18,749,286 Shares (**Shortfall**).

Interest for the Shortfall was oversubscribed and on 9 October 2015, the Company announced it would raise up to \$4,015,000 via a private placement of up to 73,000,000 Shares at an issue price of \$0.055 per Share together with one (1) free attaching New Option for every two (2) Shares issued (the **Placement**). For avoidance of doubt this included the placing of the Shortfall.

The Company issued 29,304,658 Shares without prior Shareholder approval out of its 15% annual placement capacity (**Tranche 1 Placement**), however, the issue of the remaining 43,695,342 Shares (**Tranche 2 Placement**) and the New Options remains subject to Shareholder approval (subject to Resolution 6 and Resolution 7 respectively).

Far East Capital acted as the corporate advisor to the Placement and as consideration for those services, the Company has, subject to Shareholder approval under Resolution 8 agreed to issue Far East Capital 5,000,000 New Options (**Corporate Advisor Placement**).

6. RESOLUTION 5 – RATIFICATION OF PRIOR SHARE ISSUE - TRANCHE 1 PLACEMENT

6.1 General

On 20 October 2015, the Company issued the 29,304,658 Shares under the Tranche 1 Placement without prior Shareholder approval out of its 15% annual placement capacity.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

A summary of ASX Listing Rule 7.1 and 7.4 is set out in Section 4.1 above.

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 made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue of Shares under the Tranche 1 Placement, the Company will retain 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.

6.2 Specific information require by ASX Listing Rule 7.5 with respect to Resolution 1

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 29,304,658 Shares were issued on 20 October 2015;
- (b) the issue price of the Shares was \$0.055 each;
- (c) the Shares issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing ordinary shares;
- (d) the Shares were issued to sophisticated and professional investors who are clients of Far East Capital Limited to whom under section 708 of the Corporations Act a disclosure document under Chapter 6D of the Corporations Act is not required to be given, and none of whom is a related party of the Company; and
- (e) the funds from the Tranche 1 Placement will be used to progress development of MRL's high-grade graphite projects in Sri Lanka and to fund the next round of tests aimed at establishing the suitability of MRL's graphite for producing premium-priced graphene.

6.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the resolution.

7. RESOLUTION 6 – APPROVAL TO ISSUE SHARES - TRANCHE 2 PLACEMENT

7.1 General

The Company is yet to issue 43,695,342 Shares under the Tranche 2 Placement.

Resolution 6 seeks Shareholder approval for the issue of the Shares under the Tranche 2 Placement.

A summary of ASX Listing Rules 7.1 is set out in Section 4.1 above.

The effect of Resolution 6 will be to allow the Company to issue the Shares pursuant to the Tranche 2 Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

7.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the maximum number of Shares to be issued is 43,695,342;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Shares will be issued at an issue price of \$0.055;
- (d) the Shares to be issued are fully paid ordinary shares in the Company and rank equally in all respects with the Company's existing ordinary shares;
- (e) the Shares will be issued to sophisticated and professional investors who are clients of Far East Capital Limited to whom under section 708 of the Corporations Act a disclosure document under Chapter 6D of the Corporations Act is not required to be given, and none of whom is a related party of the Company; and
- (f) the funds from the Tranche 2 Placement will be used to progress development of MRL's high-grade graphite projects in Sri Lanka and to fund the next round of tests aimed at establishing the suitability of MRL's graphite for producing premium-priced graphene.

7.3 Directors' recommendation

The Directors recommend that the Shareholders vote in favour of the resolution.

8. RESOLUTION 7 – APPROVAL TO ISSUE NEW OPTIONS

8.1 Background

As set out above the Company undertook the Placement to raise up to \$4,015,000 via the issue of up to 73,000,000 Shares. The Company has agreed to issue, subject to Shareholder approval, one free attaching New Option for every two Shares issued under the Placement (which includes the Shares to be issued under the Tranche 1 Placement and the Tranche 2 Placement). The New Options are exercisable at \$0.10 on or before 21 May 2017. In this regard they are the same series and terms and conditions as the existing option series (ASX:MRFAJ).

The Company seeks Shareholder approval for the issue of these 36,500,000 New Options to be issued to the sophisticated and professional investors who participated in the Placement.

The New Options will be offered pursuant to a prospectus that the Company intends to lodge with ASIC in the coming weeks.

A summary of ASX Listing Rules 7.1 is set out in Section 4.1 above.

The effect of Resolution 7 will be to allow the Company to issue the New Options pursuant to the Placement during the period of 3 months after the Meeting (or a

longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

8.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 7:

- (a) the maximum number of New Options to be issued is 36,500,000;
- (b) the New Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the New Options will occur on the same date;
- (c) the New Options will be issued for nil cash consideration as free attaching to the Shares issued under the Placement on a one for two basis;
- (d) the New Options will be issued to sophisticated and professional investors who are clients of Far East Capital Limited and participated in the Placement. None of these subscribers are related parties of the Company;
- (e) the New Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue as the New Options are being issued as free attaching to the Shares issued under the Placement on a one for two basis.

8.3 Directors' recommendation

The directors recommend that the shareholders vote in favour of the resolution

9. RESOLUTION 8 – APPROVAL TO ISSUE NEW OPTIONS – CORPORATE ADVISER PLACEMENT

9.1 General

Resolution 8 seeks Shareholder approval for the issue of 5,000,000 New Options, in consideration for services provided by Far East Capital (**Corporate Adviser Placement**).

The purpose of this Resolution is to issue New Options to Far East Capital in relation to the corporate advisory services provided by Far East Capital in relation to the Placement.

A summary of ASX Listing Rules 7.1 is set out in Section 4.1 above.

The effect of Resolution 8 will be to allow the Company to issue the New Options pursuant to the Corporate Adviser Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

9.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 8:

- (a) the maximum number of New Options to be issued is 5,000,000;
- (b) the New Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the New Options will occur on the same date;
- (c) the issue price of the New Options will be for nil cash consideration in satisfaction of the corporate advisory services provided by Far East Capital in relation to the Placement;
- (d) the New Options will be issued to Far East Capital (and/or its nominees). The Company confirms none of the receivers will be related parties of the Company;
- (e) the New Options will be issued on the terms and conditions set out in Schedule1; and
- (f) no funds will be raised from the Corporate Adviser Placement as the New Options are being issued in consideration for the services provided by Far East Capital in relation to the Placement.

9.3 Directors' recommendation

The directors recommend that the shareholders vote in favour of the resolution

10. RESOLUTION 9 – ADOPTION OF EMPLOYEE OPTION SCHEME

As approved by Shareholders on 10 December 2012, the Company previously adopted an employee incentive scheme. Given recent changes to the statutory framework surrounding employee incentive schemes the Directors, have agreed to adopt a new incentive scheme that is consistent with the changes to the legislation.

Resolution 9 seeks Shareholders approval for the adoption of the employee incentive scheme titled "Employee Option Scheme" (**Employee Option Scheme**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 9 is passed, the Company will be able to issue Options under the Employee Option Scheme to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that no Options have previously been issued under the Employee Option Scheme. However a total of 25,000,000 Options were issued under the Company's previous employee incentive scheme since its approval in December 2012.

The objective of the Employee Option Scheme is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Employee Option Scheme and the future issue of Options under the Employee Option Scheme will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Options under the Employee Option Scheme to a related party or a person whose relationship with the company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time. For this reason, the Company is also seeking approval under Resolutions 10 to 12 for the issue of Options to certain Directors pursuant to the Employee Option Scheme.

A summary of the key terms and conditions of the Employee Option Scheme is set out in Schedule 2. In addition, a copy of the Employee Option Scheme is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Employee Option Scheme can also be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

11. RESOLUTIONS 10, 11 AND 12 – ISSUE OF DIRECTOR OPTIONS TO CRAIG MCGUCKIN, PETER YOUD AND CHRIS BANASIK

11.1 General

The Company has agreed, subject to obtaining Shareholder approval and to the adoption of the Employee Option Scheme (refer Resolution 9), to issue a total of 10,000,000 Director Options to Messrs McGuckin, Youd and Banasik (**Related Parties**) under the Employee Option Scheme as an incentive to further motivate and reward their performances with the Company, in accordance with the terms and conditions set out below.

Under the Employee Option Scheme rules, the Board in its absolute discretion may from time-to-time determine that eligible persons (which includes directors and employees) be invited to participate in the Employee Option Scheme.

The Employee Option Scheme has been used as part of the remuneration planning for executive Directors and employees. The Corporate Governance Council Principles and Recommendations recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the Company's circumstances and goals.

The Company considers that the issue of the Director Options is an appropriate method to:

- (a) reward Directors and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior employees; and

- (d) assist to retain the services of valuable Directors and employees.

The terms and conditions of the Director Options are contained in Schedule 3 of this Notice.

11.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act requires that for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

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

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

The grant of the Director Options constitutes giving a financial benefit and Messrs McGuckin and Youd are related parties of the Company by virtue of being Directors.

With respect to Resolution 10, the Directors (other than Mr Craig McGuckin, who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Director Options to be issued to Mr Craig McGuckin because the reasonable remuneration exception in Section 211 of the Corporations Act applies.

With respect to Resolution 11, the Directors (other than Mr Peter Youd, who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Director Options to be issued to Mr Peter Youd because the reasonable remuneration exception in Section 211 of the Corporations Act applies.

With respect to Resolution 12, the Directors (other than Mr Chris Banasik, who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Director Options to be issued to Mr Chris Banasik because the reasonable remuneration exception in Section 211 of the Corporations Act applies.

11.3 ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

If Resolutions 10 and 11 are passed, Director Options will be issued to the Related Parties, Directors or past Directors of the Company within the past 6 months. Therefore, the Company requires Shareholder approval to issue the Director Options to the Related Parties.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being obtained under ASX Listing Rule 10.14

and Exception 9(b) of ASX Listing Rule 7.2. The issue of Director Options to the Related Parties will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

11.4 Technical Information required by ASX Listing Rule 10.15

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Director Options to the Related Parties:

- (a) the Related Parties are Messrs McGuckin, Youd and Banasik who are related parties by virtue of being Directors;
- (b) a maximum number of 11,000,000 Director Options will be issued as follows:
 - (i) up to 5,000,000 Director Options to Mr McGuckin (or his nominee);
 - (ii) up to 5,000,000 Director Options to Mr Youd (or his nominee); and
 - (iii) up to 1,000,000 Director Options to Mr Banasik (or his nominee);
- (c) the Director Options will be issued for nil cash consideration under the terms of the Employee Option Scheme and no cash consideration will be payable upon the exercising of the Director Options or the subsequent issue of Shares (if any);
 - (i) no Options have previously been issued under the Employee Option Scheme;
- (d) as at the date of this Notice, Messrs McGuckin, Youd and Banasik are the only persons covered by ASX Listing Rule 10.14 that the Board has declared to be eligible to be issued Options under the Employee Option Scheme (i.e. a Director, an associate of the Director, or a person whose relationship with the Company, Director or associate of the Director is, in ASX's opinion, such that approval should be obtained);
- (e) no loans have been provided to the Related Parties in relation to the acquisition of the Director Options;
- (f) the Director Options will be issued to the Related Parties no later than 12 months after the date of the Meeting;
- (g) the Director Options will be issued on the terms and conditions set out in Schedule 3; and
- (h) no funds will be raised from the issue of the Director Options as they are being issued for nil consideration.

12. RESOLUTION 13 – APPROVAL TO ISSUE NEW OPTIONS – SPP OPTION PLACEMENT

12.1 General

As set out in Section 5, the Company issued 10,250,714 Shares under the SPP.

Under the terms of the SPP eligible shareholders who subscribed under the SPP would also receive a free attaching New Option for every two Shares subscribed for.

The New Options will be offered pursuant to a prospectus that the Company intends to lodge with ASIC in the coming weeks.

Resolution 13 seeks Shareholder approval for the issue of 5,125,357 New Options to the SPP participants (**SPP Option Placement**).

The purpose of this Resolution is to issue New Options to the SPP participants in accordance with the SPP terms.

A summary of ASX Listing Rules 7.1 is set out in Section 4.1 above.

The effect of Resolution 13 will be to allow the Company to issue the New Options pursuant to the SPP Option Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

12.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 13:

- (a) the maximum number of New Options to be issued is 5,125,357;
- (b) the New Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the New Options will occur on the same date;
- (c) the New Options will be issued for nil cash consideration as free attaching to the Shares issued under the SPP on a one for two basis;
- (d) the New Options will be issued to SPP participants who participated in the SPP. None of these subscribers are related parties of the Company, other than Mr Hepburn-Brown, Youd, McGuckin and Banasik (or their respective nominees) whom Shareholder approval to participate in the SPP Option Placement is being sought under Resolutions 14, 15, 16 and 17);
- (e) the New Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue as the New Options are being issued as free attaching to the Shares issued under the SPP on a one for two basis.

12.3 Directors' recommendation

The directors recommend that the shareholders vote in favour of the resolution

13. RESOLUTIONS 14, 15, 16 AND 17– ISSUE OF NEW OPTIONS TO RELATED PARTY

13.1 General

Pursuant to Resolution 13 the Company is seeking Shareholder approval for the issue of up to 5,125,357 New Options under the SPP Options Placement.

Directors, Mr Hepburn-Brown, Youd, McGuckin and Banasik (or their respective nominees) participated in the SPP and accordingly, are eligible to receive 1 New Option for every Share they subscribed for under the SPP. Therefore on the terms of the SPP they will be eligible to participate in the SPP Option Placement.

Resolutions 14, 15, 16 and 17 seek Shareholder approval for the issue of up to 618,183 New Options to Mr Hepburn-Brown, Youd, McGuckin and Banasik (or their respective nominees) arising from the participation in the SPP Options Placement (**Participation**).

13.2 Chapter 2E of the Corporations Act

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

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

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

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Mr Hepburn-Brown, Youd, McGuckin and Banasik are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Hepburn-Brown in relation to Resolution 14, Mr Youd in relation to Resolution 15, Mr McGuckin in relation to Resolution 16 and Mr Banasik in relation to Resolution 6, due to their material personal interest in those Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the New Options will be issued to and Mr Hepburn-Brown, Youd, McGuckin and Banasik (or their respective nominees and associates) on the same terms as New Options issued to non-related party participants in the SPP Option Placement and as such the giving of the financial benefit is on arm's length terms.

13.3 ASX Listing Rule 10.11

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

As the Placement involves the issue of New Options to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

13.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the maximum number of New Options to be issued is 5,125,357, being
 - (i) 45,455 New Options to Mr Hepburn-Brown (or his nominees or associates);
 - (ii) 163,636 New Options to Mr Youd (or his nominees or associates);
 - (iii) 272,728 New Options to Mr Youd (or his nominees or associates); and
 - (iv) 136,364 New Options to Mr Banasik (or his nominees or associates);
- (b) the New Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the New Options will be issued for nil cash consideration as free attaching to the Shares issued under the SPP on a one for two basis (which is the same as all other New Options issued under the SPP Option Placement);
- (d) the New Options issued will be on the terms and conditions as the as set out in Schedule 1; and
- (e) no funds will be raised from the issue as the New Options are being issued as free attaching to the Shares issued under the SPP on a one for two basis.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of New Options to Mr Hepburn-Brown, Youd, McGuckin and Banasik (or their nominees or associates) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

14. RESOLUTION 18 CHANGE OF COMPANY NAME

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 18 seeks the approval of Shareholders for the Company to change its name to "*First Graphite Limited*".

If Resolution 18 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 18 is passed, the Company will lodge a copy of the special resolution with ASIC in order to effect the change.

The Board proposes this change of name on the basis that it more accurately reflects the proposed future operations of the Company.

15. RESOLUTION 19 – REPLACEMENT OF CONSTITUTION

15.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 19 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in 2005.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and
- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.mrltd.com.au and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 1300 660 448). Shareholders are invited to contact the Company if they have any queries or concerns.

15.2 Summary of material proposed changes

Minimum Shareholding (clause 3)

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

Fee for registration of off market transfers (clause 8.4(c))

On 24 January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being made to enable the Company to charge a reasonable fee when it is required to register off-market transfers from Shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

Dividends (clause 21)

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

Partial (proportional) takeover provisions (new clause 35)

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

Information required by section 648G of the Corporations Act

Effect of proposed proportional takeover provisions

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

Reasons for proportional takeover provisions

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

Knowledge of any acquisition proposals

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages of proportional takeover provisions

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;

- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

Recommendation of the Board

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 19.

GLOSSARY

\$ means Australian dollars.

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

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

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

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

Company means MRL Corporation Limited (ACN 007 870 760).

Constitution means the Company's constitution.

Corporate Advisor Placement has the meaning given to the term in Section 5 of the Explanatory Statement.

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

Directors means the current directors of the Company.

Director Option means an option to acquire a Share with the terms and conditions set out in Schedule 3.

Employee Option Scheme has the meaning given to the term in Section 11.1 of the Explanatory Statement.

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing

and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Managing Director means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

New Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share including New Options and Director Options as the context requires.

Optionholder means a holder of a New Option or Director Option as the context requires.

Placement has the meaning given to the term in Section 5 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

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

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

Shareholder means a registered holder of a Share.

SPP has the meaning given to the term in Section 5 of the Explanatory Statement.

SPP Option Placement has the meaning given to the term in Section 12.1 of the Explanatory Statement.

Tranche 1 Placement has the meaning given to the term in Section 5 of the Explanatory Statement.

Tranche 2 Placement has the meaning given to the term in Section 5 of the Explanatory Statement.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF NEW OPTIONS

The Options will be granted on the terms set out below:

- (a) Each Option entitles the holder to subscribe for one Share in the Company at an exercise price of 0.10 cents (**Exercise Price**).
- (b) The Options will expire at 5:00 pm (AEST) on 17 May 2017 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The Company will apply for quotation of Options on ASX within 7 days after the issue of the options. If ASX does not grant official quotation of the Shares and Options within 3 months after the date of the Prospectus, the Company will not issue any Options.
- (d) There is no obligation to exercise the Options.
- (e) The Options may be exercised in whole or in part, and if exercised in part, multiples of 500 Options must be exercised on each occasion. Where less than 500 Options are held, all Options must be exercised together.
- (f) A holder of Options may exercise its Options by lodging with the Company Secretary at the Company's registered office, before the Expiry Date:
 - (i) A written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - (ii) A cheque or electronic funds transfer for the total Exercise Price for the number of Options being exercised.
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the appropriate Exercise Price, the Company will allot the number of Shares required under these terms in respect of the number of Options specified in the Exercise Notice.
- (i) The Options are freely transferable.
- (j) All Shares issued upon the exercise of Options will be fully paid and will rank pari passu in all respects with other issued Shares.
- (k) The Company will apply for Official Quotation by ASX of the Shares issued upon exercise of Options within 10 Business Days of issue of the Shares.
- (l) If the Company offers Shares by way of a pro rata issue (except a bonus issue) to the holders of Shares (whether renounceable or non-renounceable), the exercise price of a Options may be reduced in accordance with the formula set out in Listing Rule 6.22.2.
- (m) If there is a bonus issue to the holders of Shares in the Company then the number of Shares over which each Option is exercisable will be increased by the number of Shares which the holder would have received under the bonus issue if the Option had been exercised before the record date for the bonus issue.

- (n) In the event of any reorganisation (including a consolidation, sub-division, reduction, cancellation or return) of the issued capital of the Company, the rights of the Option holder 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.
- (o) Options do not entitle the holder to:
 - (i) participate in a new issue of Shares or other Securities;
 - (ii) receive dividends; or
 - (iii) attend, or vote at, meetings of the Company,without first exercising the Option.
- (p) Other than as set out above, an Option does not confer the right to a change in the Exercise Price or a change in the number of underlying Securities over which the Option can be exercised.

SCHEDULE 2 – EMPLOYEE OPTION PLAN

The Board has adopted the Employee Option Scheme to allow eligible participants to be granted Options to acquire Shares in the Company. The principle terms of the Employee Option Scheme are summarised below.

- (a) **Eligibility and Grant of Options:** The Board may grant Options to any Director, full or part time employee, or casual employee, consultant or contractor who falls within ASIC Class Order 14/1000, of the Company or an associated body corporate (**Eligible Participant**). The Board may also offer Options to a prospective Eligible Participant provided the Offer can only be accepted if they become an Eligible Participant. Options may be granted by the Board at any time.
- (b) **Consideration:** Each Option granted under the Scheme will be granted for nil or no more than nominal cash consideration.
- (c) **Conversion:** Each Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Options granted under the Scheme will be determined by the Board prior to the grant of the Options.
- (e) **Exercise Restrictions:** The Options granted under the Scheme may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Options.
- (f) **Lapsing of Options:** An unexercised Option will lapse:
 - (i) on its Expiry Date;
 - (ii) if any Exercise Condition is unable to be met and is not waived, as determined by the Board; or
 - (iii) subject to certain good leaver exceptions, where the Eligible Participant ceases to be an Eligible Participant.
- (g) **Disposal of Options:** Options will not be transferable except to the extent the Scheme or any offer provides otherwise.
- (h) **Quotation of Options:** Options will not be quoted on the ASX, except to the extent provided for by the Scheme or unless an offer provides otherwise.
- (i) **Trigger Events:** Upon certain trigger events, being a change in control of the Company (including by takeover or entry into a scheme of arrangement) or redundancy, any Option which has not at that time become exercisable or lapsed, becomes exercisable.
- (j) **Disposal of Shares:** The Board may, in its discretion, determine that a restriction period will apply to some or all of the Shares issued on exercise of Options, up to a maximum of five (5) years from the date of grant of the Options.
- (k) **Participation in Rights Issues and Bonus Issues:** There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

- (l) **Reorganisation:** The terms upon which Options will be granted will not prevent the Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.
- (m) **Limitations on Offers:** The Company must have reasonable grounds to believe, when making an Offer, that the number of Shares to be received on exercise of Options offered under an Offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.

SCHEDULE 3 – TERMS AND CONDITIONS OF DIRECTOR OPTIONS

The Options will be granted on the terms set out below:

- (n) Each Option entitles the holder to subscribe for one Share in the Company at an exercise price of 0.10 cents (**Exercise Price**).
- (o) The Options will expire at 5:00 pm (AEST) on 21 May 2017 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (p) The Company will apply for quotation of Options on ASX within 7 days after the date of the prospectus. If ASX does not grant official quotation of the Shares and Options within 3 months after the date of the Prospectus, the Company will not issue any Options.
- (q) There is no obligation to exercise the Options.
- (r) The Options may be exercised in whole or in part, and if exercised in part, multiples of 500 Options must be exercised on each occasion. Where less than 500 Options are held, all Options must be exercised together.
- (s) A holder of Options may exercise its Options by lodging with the Company Secretary at the Company's registered office, before the Expiry Date:
 - (i) A written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
 - (ii) A cheque or electronic funds transfer for the total Exercise Price for the number of Options being exercised.
- (t) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (u) Within 10 Business Days of receipt of the Exercise Notice accompanied by the appropriate Exercise Price, the Company will allot the number of Shares required under these terms in respect of the number of Options specified in the Exercise Notice.
- (v) The Options are freely transferable.
- (w) All Shares issued upon the exercise of Options will be fully paid and will rank pari passu in all respects with other issued Shares.
- (x) The Company will apply for Official Quotation by ASX of the Shares issued upon exercise of Options within 10 Business Days of issue of the Shares.
- (y) If the Company offers Shares by way of a pro rata issue (except a bonus issue) to the holders of Shares (whether renounceable or non-renounceable), the exercise price of a Options may be reduced in accordance with the formula set out in Listing Rule 6.22.2.
- (z) If there is a bonus issue to the holders of Shares in the Company then the number of Shares over which each Option is exercisable will be increased by the number of Shares which the holder would have received under the bonus issue if the Option had been exercised before the record date for the bonus issue.

- (aa) In the event of any reorganisation (including a consolidation, sub-division, reduction, cancellation or return) of the issued capital of the Company, the rights of the Option holder 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.
- (bb) Options do not entitle the holder to:
- (i) participate in a new issue of Shares or other Securities;
 - (ii) receive dividends; or
 - (iii) attend, or vote at, meetings of the Company,
- without first exercising the Option.
- (cc) Other than as set out above, an Option does not confer the right to a change in the Exercise Price or a change in the number of underlying Securities over which the Option can be exercised.