
HAZELWOOD RESOURCES LIMITED

ACN 118 738 999

NOTICE OF ANNUAL GENERAL MEETING

TIME: 3.00pm (WST)

DATE: 16 December 2015

PLACE: BGC Conference Centre
Ground Floor, 28 The Esplanade
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 8 9320 5220.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 3.00pm on 16 December 2015 at:

BGC Conference Centre
Ground Floor, 28 The Esplanade
Perth 6000
Western Australia

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* (Cwth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00pm (WST) on 14 December 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 (ie 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 (ie 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 (ie 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

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

“That, for the purposes of section 250R(2) of the Corporations Act, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015.”

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion:

A vote on this Resolution must not be cast by or on behalf of any 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:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) 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 with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR JOHN CHEGWIDDEN

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

“That, for the purposes of Article 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr John Chegwidde, a Director who retires by rotation, and being eligible, is re-elected as a Director.”

4. RESOLUTION 3 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES AND ATTACHING OPTIONS TO LENDERS

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

“That, for the purposes of ASX Listing Rule 7.4, Shareholders ratify the issue on 9 September 2015 of 2 Convertible Notes with a face value of \$50,000 each and 20,000,000 attaching 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 a person who participated in the issue and any associates of those persons. 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.

5. RESOLUTION 4 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES TO LENDERS

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

“That, for the purposes of ASX Listing Rule 7.4, Shareholders ratify the issue on 8 October 2015 of 3 Convertible Notes with a face value of \$50,000 each 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 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.

6. RESOLUTION 5 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES TO LENDERS

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

“That, for the purposes of ASX Listing Rule 7.1, approval is given for the Company to issue 17 Convertible Notes with a face value of \$50,000 each, 6 Convertible Notes with a face value of \$20,000 each and 2 Convertible Notes with a face value of \$10,000 each 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 Convertible Notes 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.

7. RESOLUTION 6 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES TO HARTLEYS LIMITED

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

“That, for the purposes of ASX Listing Rule 7.1, approval is given for the Company to issue 2 Convertible Notes with a face value of \$50,000 each to Hartleys Limited or its nominee in part payment of fees owing to Hartleys Limited 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 Convertible Notes 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 7 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES TO LAWFIRST PTY LTD

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

“That, for the purposes of ASX Listing Rule 7.1, approval is given for the Company to issue 1 Convertible Note with a face value of \$50,000 to Lawfirst Pty Ltd trading as Bennett + Co or its nominee in part payment of fees owing to Lawfirst Pty Ltd 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 Convertible Notes 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 8 – APPROVAL OF ISSUE OF SHARES TO GMP SECURITIES AUSTRALIA PTY LIMITED

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

“That, for the purposes of ASX Listing Rule 7.1, approval is given for the Company to issue 68,400,000 Shares to GMP Securities Australia Pty Limited or its nominee in payment of fees owing to GMP Securities Australia Pty Limited 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 Shares 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.

10. RESOLUTION 9 – APPROVAL OF ISSUE OF SHARES FOR INTEREST ON CONVERTIBLE NOTES

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

“That, for the purposes of ASX Listing Rule 7.1, approval is given for the Company to issue Shares in payment of interest on Convertible Notes to parties other than Related Partners 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 Shares 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.

11. RESOLUTION 10 – APPROVAL OF ISSUE OF SHARES FOR INTEREST ON CONVERTIBLE NOTES TO DIRECTORS

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

“That, for the purposes of ASX Listing Rule 10.11, approval is given for the Company to issue Shares in payment of interest on Convertible Notes to the Directors of the Company or their nominees 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 Shares 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.

12. RESOLUTION 11 – APPROVAL OF ISSUE OF SHARES TO CREDITORS

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

“That, for the purposes of ASX Listing Rule 7.1, approval is given for the Company to issue up to 500,000,000 Shares to creditors of the Company who elect to have the monies owed by the Company to them paid in 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 any person who may participate in the issue of Shares 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.

13. RESOLUTION 12 – APPROVAL OF TERMINATION BENEFIT TO MARK McAULIFFE

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

“That, for the purposes of section 200E of the Corporations Act, approval is given for the Company or a subsidiary of the Company to pay of the sum of \$225,654.09 (or such lesser benefit as is approved by Shareholders) to Mr Mark McAuliffe in connection with Mr McAuliffe’s retirement as an officer of the Company and its subsidiaries.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr McAuliffe and any associates of Mr McAuliffe. 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.

14. RESOLUTION 13 – APPROVAL OF 10% PLACEMENT CAPACITY

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

“That, for the purposes of Listing Rule 7.1A, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions 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 Equity 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.

15. COMMENTS OR QUESTIONS

The Chair will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company.

Dated: 16 November 2015

By order of the Board



**MS CAROL NEW COMPANY
SECRETARY**

EXPLANATORY STATEMENT

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

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution and the Corporations Act, 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.hazelwoodresources.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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.

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.

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, a Spill Resolution is not relevant for this Annual General Meeting.

Proxy voting restrictions

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

Proxy	Directions given	No directions given
Key Management Personnel ¹	Vote as directed	Unable to vote ³
Chair ²	Vote as directed	Able to vote at discretion of Proxy ⁴
Other	Vote as directed	Able to vote 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 expressly authorises the Chair to exercise undirected proxies even if the Chair is a member of Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR RETIRING 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 years, whichever is the longer, and that an election of directors must be held each year.

Article 13.2 of the Constitution requires that at every annual general meeting 1/3 of the Directors other than:

- (a) Directors appointed to fill a casual vacancy under Article 13.4; and
- (b) a Managing Director;

or, if their number is not 3 or a multiple of 3, then the number nearest 1/3 (rounded up), will retire from office and each Director, other than a Managing Director, must retire no later than the third annual general meeting following that Director's appointment.

As at the date of this Notice the Company has 3 Directors, therefore 1 is required to retire in accordance with Article 13.2 and Listing Rule 14.4.

A Director who retires under Article 13.2 of the Constitution and Listing Rule 14.4 is eligible for re-election.

Accordingly, Mr John Chegwidden will retire at the AGM and being eligible seeks re-election.

Mr Chegwidden has over 20 years' experience as an accountant, including managing his own chartered accounting practice, providing advice in management, accounting and taxation, and consulting to manufacturing, mining, primary production and earthmoving operations. Mr Chegwidden has a strong knowledge of the mining and resources sector in Australia, with key competencies in exploration, materials processing, marketing and financial management in relation to junior mining companies. More recently he has consulted to a number of listed companies and negotiated with capital financiers for junior exploration companies. He is also a director of ASX listed 3D Resources Limited, and has sat on several ASX listed and unlisted public company boards.

4. RESOLUTION 3 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES AND ATTACHING OPTIONS TO LENDERS

Background

Resolution 3 seeks Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 2 Convertible Notes with a face value of \$50,000 each and 20,000,000 attaching Options on 9 September 2015 to raise \$100,000.

Reason Approval Required

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, including securities with rights of conversion to equity, if the number of those securities exceeds 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides however that an issue under Listing Rule 7.1 is treated as having been made with Shareholder approval if each of the following applies:

- the issue did not breach Listing Rule 7.1; and
- Shareholders subsequently approve it.

This issue of Convertible Notes and attaching Options was within the Company's 15% limit and subsequent approval under Listing Rule 7.4 is now being sought in order to reinstate the 15% limit.

Information Required by Listing Rules

For the purposes of Listing Rule 7.5, the following information is provided:

- (a) Number of securities issued – 2 Convertible Notes and 20,000,000 attaching Options.
- (b) The Convertible Notes were issued for a face value of \$50,000 each and are convertible into Shares at a conversion price of \$0.005 per Share. The Options were issued as attaching Options for no additional consideration.
- (c) The Convertible Notes were issued on the terms and conditions set out in schedule 2 to this Explanatory Statement. The attaching Options were issued on the terms and conditions set out in schedule 1 to this Explanatory Statement.

- (d) The Convertible Notes and attaching Options were issued to investors entitled to subscribe for securities pursuant to section 708 of the Corporations Act who have lent money to the Company and are not related parties of the Company.
- (e) The proceeds of the Convertible Notes were used for working capital. No funds were raised from the issue of the attaching Options. In the event the Options are exercised the funds raised will be used for general working capital and to progress the Company's projects.
- (f) A voting exclusion statement is included in the Notice.

5. RESOLUTION 4 – RATIFICATION OF ISSUE OF CONVERTIBLE NOTES TO LENDERS

Background

Resolution 4 seeks Shareholder approval pursuant to ASX Listing Rule 7.4 to ratify the issue of 3 Convertible Notes on 8 October 2015 with a face value of \$50,000 each to raise \$150,000.

Reason Approval Required

Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, including securities with rights of conversion to equity, if the number of those securities exceeds 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides however that an issue under Listing Rule 7.1 is treated as having been made with Shareholder approval if each of the following applies:

- the issue did not breach Listing Rule 7.1; and
- Shareholders subsequently approve it.

This issue of Convertible Notes was within the Company's 15% limit and subsequent approval under Listing Rule 7.4 is now being sought in order to reinstate the 15% limit.

Information Required by Listing Rules

For the purposes of Listing Rule 7.5, the following information is provided:

- (a) Number of securities issued – 3 Convertible Notes.
- (b) The Convertible Notes were issued for a face value of \$50,000 each and are convertible into Shares at a conversion price of \$0.001 per Share.
- (c) The Convertible Notes were issued on the terms and conditions set out in schedule 3 to this Explanatory Statement.
- (d) The Convertible Notes were issued to investors entitled to subscribe for securities pursuant to section 708 of the Corporations Act who have lent money to the Company and are not related parties of the Company.
- (e) The proceeds of the Convertible Notes were used for working capital.
- (f) A voting exclusion statement is included in the Notice.

6. RESOLUTION 5 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES TO LENDERS
Background

As announced to ASX on 26 October 2015, the Company has secured significant debt funding which the Company intends to replace with Convertible Notes subject to Shareholder approval.

Resolution 5 seeks Shareholder approval in accordance with Listing Rule 7.1 for the issue of 17 Convertible Notes with a face value of \$50,000 each, 6 Convertible Notes with a face value of \$20,000 each and 2 Convertible Notes with a face value of \$10,000 each to parties who have provided debt funding to the Company. In the event Shareholder approval is not obtained, the lenders have the right to require repayment of their loans subject to the Siderian Debt having first been repaid.

Reason Approval Required

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Information Required by Listing Rules

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) Maximum number of securities to be issued – 17 Convertible Notes with a face value of \$50,000, 6 Convertible Notes with a face value of \$20,000 and 2 Convertible Notes with a face value of \$10,000.
- (b) The Convertible Notes will be issued no later than 3 months after approval of the Resolution or such longer period as approved by ASX by way of a waiver of the Listing Rules.
- (c) 17 Convertible Notes will be issued for a face value of \$50,000, 6 Convertible Notes will be issued with a face value of \$20,000 and 2 Convertible Notes with a face value of \$10,000 and each Convertible Note will be convertible into Shares at a conversion price of \$0.001 per Share.
- (d) The Convertible Notes will be issued to investors entitled to subscribe for securities pursuant to section 708 of the Corporations Act who have lent money to the Company and are not Related Parties.
- (e) The terms and conditions of the Convertible Notes are set out in Schedule 3 to this Explanatory Statement.
- (f) The proceeds of the debt raised by the Company will be used for working capital. No additional funds will be received by the Company in the event that the Convertible Notes are issued.
- (g) The Convertible Notes will be issued on one date as soon as practical after the AGM.
- (h) A voting exclusion statement is included in the Notice.

7. RESOLUTION 6 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES TO HARTLEYS LIMITED

Background

The Company owes Hartleys approximately \$138,000 comprised of \$80,000 in unpaid fees, \$35,000 in unpaid expenses and approximately \$23,000 in unpaid GST. Hartleys have agreed for \$100,000 of the amount owing to be repaid by way of an issue of Convertible Notes to Hartleys to conserve funds for the Company.

Resolution 6 seeks Shareholder approval in accordance with Listing Rule 7.1 for the issue of 2 Convertible Notes with a face value of \$50,000 each to Hartleys or its nominee in part payment of fees.

Reason approval required

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Information Required by Listing Rules

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) Maximum number of securities to be issued – 2 Convertible Notes with a face value of \$50,000 each.
- (b) The Convertible Notes will be issued no later than 3 months after approval of the Resolution or such longer period as approved by ASX by way of a waiver of the Listing Rules.
- (c) The Convertible Notes will be issued for a face value of \$50,000 each and will be convertible into Shares at a conversion price of \$0.001 per Share.
- (d) The Convertible Notes will be issued to Hartleys or its nominee.
- (e) The terms and conditions of the Convertible Notes are set out in Schedule 3 to this Explanatory Statement.
- (f) The Convertible Notes will be issued in partial payment of fees due to Hartleys. Accordingly, no funds will be received by the Company in the event that the Convertible Notes are issued.
- (g) The Convertible Notes will be issued on one date as soon as practical after the AGM.
- (h) A voting exclusion statement is included in the Notice.

8. RESOLUTION 7 – APPROVAL OF ISSUE OF CONVERTIBLE NOTES TO LAWFIRST PTY LTD

Background

Bennett + Co have acted as lawyers for the Company in relation to the Convertible Note Capital Raising and the Entitlements Issue. Bennett + Co have agreed to be paid part of their fees by way of the issue of a Convertible Note to Bennett + Co to conserve funds for the Company.

Resolution 7 seeks Shareholder approval in accordance with Listing Rule 7.1 for the issue of 1 Convertible Note with a face value of \$50,000 to Lawfirst Pty Ltd trading as Bennett + Co in part payment of fees.

Reason approval required

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Information Required by Listing Rules

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) Maximum number of securities to be issued – 1 Convertible Note with a face value of \$50,000.
- (b) The Convertible Note will be issued no later than 3 months after approval of the Resolution or such longer period as approved by ASX by way of a waiver of the Listing Rules.
- (c) The Convertible Note will be issued for a face value of \$50,000 each and will be convertible into Shares at a conversion price of \$0.001 per Share.
- (d) The Convertible Note will be issued to Lawfirst Pty Ltd or its nominee.
- (e) The terms and conditions of the Convertible Note are set out in Schedule 3 to this Explanatory Statement.
- (f) The Convertible Note will be issued in partial payment of fees due to Bennett + Co. Accordingly, no funds will be received by the Company in the event that the Convertible Note is issued.
- (g) The Convertible Note will be issued on one date as soon as practical after the AGM.
- (h) A voting exclusion statement is included in the Notice.

9. RESOLUTION 8 –APPROVAL OF ISSUE OF SHARES TO GMP SECURITIES AUSTRALIA PTY LIMITED

Background

The Company has appointed GMP as lead manager for the Convertible Note Capital Raising. GMP is entitled to a capital raising fee of 6% of the total amount raised. GMP has agreed for its fees to be paid by way of issue of Shares at \$0.001 per Share (equivalent to the conversion price of the Convertible Notes) to conserve funds for the Company.

Resolution 8 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 68,400,000 Shares to GMP in payment of fees.

Reason approval required

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Information required by Listing Rules

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) Maximum number of securities to be issued – 68,400,000 Shares.
- (b) The Shares will be issued no later than 3 months after approval of the Resolution or such longer period as approved by ASX by way of a waiver of the Listing Rules.
- (c) Issue Price – \$0.001 per Share.
- (d) The Shares will be issued to GMP or its nominee.
- (e) The Shares will rank equally in all respects with the existing Shares on issue.
- (f) The Shares will be issued in payment of the fees due to GMP in relation to the Convertible Note Capital Raising. Accordingly, no funds will be received by the Company in the event that the Shares are issued.
- (g) The Shares will be issued on one date as soon as practical after the AGM.
- (h) A voting exclusion statement is included in the Notice.

10. RESOLUTION 9 – APPROVAL OF ISSUE OF SHARES FOR INTEREST ON CONVERTIBLE NOTES
Background

Since July 2015 the Company has raised significant funds from lenders through the issue of Convertible Notes and has also issued Convertible Notes to creditors. The Company is seeking Shareholder approval at the AGM to issue further Convertible Notes. All Convertible Notes that have been issued as well as those proposed to be issued have an interest payment due on 31 December 2015. The terms of issue provide, that subject to compliance with the ASX Listing Rules and Corporations Act, interest will be payable by the issue of Shares. In the event that the Company is unable to issue Shares by reason of a restriction in the ASX Listing Rules or the Corporations Act interest is payable in cash subject to the Siderian Debt having first been repaid.

Resolution 9 seeks Shareholder approval in accordance with Listing Rule 7.1 for the issue of Shares to holders of Convertible Notes other than Related Parties as payment for interest due on 31 December 2015, to conserve cash.

Reason approval required

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Information required by Listing Rules

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) The formula for calculating the number of Shares to be issued is to divide the total amount of interest outstanding to the holders of Convertible Notes (other than Convertible Notes held by Related Parties) by 90% of the VWAP over the 30 calendar day period prior to 31 December 2015 (or if no Shares are traded over that period the lower of the conversion price of the Convertible Notes or 90% of the last price at which Shares traded on ASX).

- (b) The following information is provided in relation to calculating the number of shares:
- (i) the maximum amount of interest that will be due on 31 December 2015 if approval is given at the AGM to issue Convertible Notes pursuant to Resolutions 5, 6 and 7 and no Convertible Notes are converted prior to 31 December 2015 is approximately \$111,222 in relation to Convertible Notes (other than Convertible Notes held by Related Parties) with a conversion price of \$0.005 and approximately \$27,163 in relation to Convertible Notes with a conversion price of \$0.001;
 - (ii) the VWAP of Shares traded on ASX over the 30 calendar day period prior to the date this Notice was prepared was \$0.0016; and
 - (iii) by way of example only, the maximum number of Shares that would be issued if the VWAP in December 2015 was the same as the VWAP over the last 30 calendar day period would be approximately 98,850,000 Shares.
- (c) The Shares will be issued no later than 3 months after approval of the Resolution or such longer period as approved by ASX by way of a waiver of the Listing Rules.
- (d) Issue Price – 90% of the VWAP for December 2015 or if no shares are traded on ASX in December 2015 at an issue price the lower of the conversion price or 90% of the last price at which Shares traded on ASX. In the event that the issue price calculated pursuant to this formula is greater than 80% of the VWAP calculated over the last 5 days on which sales in Shares were recorded before the day on which the issue is made, Shares will not be able to be issued pursuant to this Resolution as the issue price would be below the minimum price permissible for the purpose of an approval under Listing Rule 7.1.
- (e) The Shares will be issued to the holders of Convertible Notes, being investors entitled to subscribe for securities pursuant to section 708 of the Corporations Act.
- (f) The Shares will rank equally in all respects with the existing Shares on issue.
- (g) The Shares will be issued in payment of interest on Convertible Notes. Accordingly, no funds will be received by the Company in the event that the Shares are issued.
- (h) The Shares will be issued on one day within 10 Business Days after the interest payment date of 31 December 2015.
- (i) A voting exclusion statement is included in the Notice.

11. **RESOLUTION 10 – APPROVAL OF ISSUE OF SHARES FOR INTEREST ON CONVERTIBLE NOTES TO DIRECTORS**

Background

At the EGM held in July 2015 Shareholders approved the issue of Convertible Notes to each of the Directors or their nominees. Subject to compliance with the ASX Listing Rules and the Corporations Act, the interest on the Convertible Notes will be payable by the issue of Shares. In the event that the Company is unable to issue Shares by reason of a restriction in the ASX Listing Rules or the Corporations Act interest shall be payable in cash subject to the Siderian Debt having been repaid in full.

Resolution 10 seeks Shareholder approval in accordance with Listing Rule 10.1 for the issue of Shares to the Directors or their nominees as payment for interest, to conserve cash.

Reason approval required

Shareholder approval is required under Listing Rule 10.11 because the Directors' nominees are related parties of the Company.

If Shareholder approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Shareholder approval is not required under section 208 of the Corporations Act because the proposed issue of Shares is on the same terms as offered to the lenders to the Company and would therefore be reasonable in the circumstances if the Company and the Directors were dealing at arm's length.

Information required by Listing Rules

For the purposes of Listing Rule 10.13, the following information is provided:

- (a) It is proposed that Shares are issued to each of the Company's 3 Directors, namely Mr Mark Warren, Mr John Chegvidden and Mr Patrick Burke, or their respective nominees.
- (b) The formula for calculating the number of Shares to be issued is to divide the total amount of interest outstanding to the holders of Convertible Notes by 90% of the VWAP over the 30 calendar day period prior to 31 December 2015 (or if no Shares are traded over that period the lower of the conversion price of the Convertible Notes or 90% of the last price at which Shares traded on ASX).
- (c) The following information is provided in relation to calculating the number of shares:
 - (i) the maximum amount of interest that will be due on 31 December 2015 to the Related Parties if no Convertible Notes are converted prior to 31 December 2015 is approximately \$6,329;
 - (ii) the conversion price is \$0.005;
 - (iii) the VWAP of Shares traded on ASX over the 30 calendar day period prior to the date this Notice was prepared was \$0.0016;
 - (iv) by way of example only, the maximum number of Shares that would be issued if the VWAP in December 2015 was the same as the VWAP over the last 30 calendar day period would be approximately 4,520,000 Shares.

- (d) The Shares will be issued no later than 1 month after approval of the Resolution or such longer period as approved by ASX by way of a waiver of the Listing Rules.
- (e) Issue Price – 90% of the VWAP for December 2015 or if no shares are traded on ASX in December 2015 at an issue price the lower of the conversion price or 90% of the last price at which Shares traded on ASX.
- (f) The Shares will rank equally in all respects with the existing Shares on issue.
- (g) The Shares will be issued in payment of interest on Convertible Notes. Accordingly, no funds will be received by the Company in the event that the Shares are issued.
- (h) A voting exclusion statement is included in the Notice.

12. RESOLUTION 11 – APPROVAL OF ISSUE OF SHARES TO CREDITORS

Background

The Company intends to offer creditors the option to elect to have the monies owed by the Company to them paid in Shares at the same price as the Entitlements Issue.

Resolution 11 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of up to 500,000,000 Shares to creditors who elect to have the monies owed by the Company to them paid in Shares.

Reason Approval Required

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Information required by Listing Rules

For the purposes of Listing Rule 7.3, the following information is provided:

- (a) Maximum number of securities to be issued – 500,000,000 Shares.
- (b) The Shares will be issued no later than 3 months after approval of the Resolution or such longer period as approved by ASX by way of a waiver of the Listing Rules.
- (c) Issue Price – \$0.001 per Share.
- (d) The Shares will be issued to creditors of the Company or their nominees, other than Related Parties.
- (e) The Shares will rank equally in all respects with the existing Shares on issue.
- (f) The Shares will be issued in payment of debts owed to creditors. Accordingly, no funds will be received by the Company in the event that the Shares are issued.
- (g) The Shares will be issued progressively on the dates (if any) that the creditors elect to receive the Shares in payment of all or part of the monies owed to them.
- (h) A voting exclusion statement is included in the Notice.

13. RESOLUTION 12 – APPROVAL OF TERMINATION BENEFIT TO MARK McAULIFFE
Background

Mr Mark McAuliffe was executive chairman of the Company from 16 May 2006 to 23 August 2011. In connection with his resignation from the Company and its subsidiaries, a Deed of Release dated 23 August 2011 was entered into between the Company, Mr McAuliffe and Asian Commodity Services Limited (ACS) (**Deed of Release**). Pursuant to the Deed of Release, amongst other things, Mr McAuliffe was entitled to 12 month's salary from each of the Company and ATC HK, being \$218,000 from the Company and \$120,000 from ATC HK.

The termination payments to which Mr McAuliffe is entitled under the Deed of Release exceed the maximum termination benefits permissible under the Corporations Act without Shareholder approval having been obtained. Accordingly, Resolution 12 seeks Shareholder approval in accordance with section 200E of the Corporations Act for the payment of up to \$225,654.09 to Mr McAuliffe by way of termination benefit.

Reason Approval Required

Part 2D of the Corporations Act provides that a Company must not give a person benefit in connection with the person's retirement from a managerial or executive office unless Shareholder approval is obtained under section 200E of the Corporations Act except to the extent that the termination benefits are exempt benefits within the meaning of section 200F of the Corporations Act or are payments for past services and are less than the maximum payable under section 200G of the Corporations Act.

The amounts payable to Mr McAuliffe pursuant to his Deed of Release exceed the amounts that could be paid without Shareholder approval and therefore Shareholder approval is required.

Information required by Corporations Act

For the purposes of the Corporations Act, the following information is provided:

- (a) The amount payable to Mr McAuliffe if Shareholder approval is obtained is up to \$74,154.09 payable by the Company and up to \$151,500.00 payable by ATC (or such lesser amounts approved by Shareholders).
- (b) If Shareholders do not approve the termination benefit no further payment will be made to Mr McAuliffe.
- (c) Shareholders may approve the payment of a lesser benefit to Mr McAuliffe.
- (d) A voting exclusion statement is included in the Notice.

14. RESOLUTION 13 – APPROVAL OF 10% PLACEMENT CAPACITY
General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to 10% of its issued capital (10% Placement Capacity).

If Shareholders approve Resolution 13, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 13.2).

The effect of Resolution 13 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 13 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 13 for it to be passed.

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation as at 4 November 2015 of approximately \$2,700,000, based on the closing price of \$0.002.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
 - (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 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 ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of Shares cancelled in the previous 12 months.
- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

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

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 13.3(b), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 13 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.001 50% decrease in Issue Price	\$0.002 Issue Price	\$0.004 100% increase in Issue Price
1,341,924,900 (Current Variable A)	Shares issued - 10% voting dilution	134,192,490 Shares	134,192,490 Shares	134,192,490 Shares
	Funds raised	\$134,192	\$268,385	\$536,770
2,012,887,350 (50% increase in Variable A)	Shares issued - 10% voting dilution	201,288,735 Shares	201,288,735 Shares	201,288,735 Shares
	Funds raised	\$201,289	\$402,577	\$805,155
2,683,849,800 (100% increase in Variable A)	Shares issued - 10% voting dilution	268,384,980 Shares	268,384,980 Shares	268,384,980 Shares
	Funds raised	\$268,385	\$536,770	\$1,073,540

The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer or an exercise of Options or conversion of Convertible Notes) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. Variable A assumes that there are currently 1,341,924,900 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 4 November 2015.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1 or 7.1A.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options or Convertible Notes are exercised or converted into Shares before the date of issue of the Equity Securities.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the AGM; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for working capital; or
- (ii) as non-cash consideration for the acquisition of new assets and investments and in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3. The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

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

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 26 November 2014 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

The total number of Equity Securities issued in the 12 month period prior to the preparation of this Notice was 1,249,110,551 representing approximately 88% of the total number of Equity Securities on issue in the Company on 4 November 2014 (being 12 months before the date this Notice was prepared) of 1,411,543,248.

Information relating to issues of Equity Securities by the Company in the 12 months prior to 4 November 2015 are as follows:

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price ¹ on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration
21 January 2015	57,346,667	Fully paid ordinary shares ²	Institutional and sophisticated investors	\$0.015 per share (Issue Price) ³	\$860,200. Funds raised were used to increase production at the Company's ferrotungsten plant in Vietnam and for working capital.
13 February 2015	7,500,000	Fully paid ordinary shares ²	Institutional and sophisticated investors	\$0.015 per share (Issue Price) ³	\$112,500. Funds raised were used to increase production at the Company's ferrotungsten plant in Vietnam and for working capital.
	2,000,000	Fully paid ordinary shares ²	George Chen – Joint Venture Partner	\$0.023 per share (Issue Price) ³	\$46,000. Issued under the terms of the Joint Venture agreements.
10 March 2015	7,000,000	Fully paid ordinary shares ²	Institutional and sophisticated investors	\$0.015 per share (Issue Price) ³	\$105,000. Funds raised were used to increase production at the Company's ferrotungsten plant in Vietnam and for working capital.
	7,000,000	Fully paid ordinary shares ²	John Chegwidan or his nominee	\$0.015 per share (Issue Price) ³	Issued in satisfaction of consultancy and director fees to the value of \$105,000. The current value of the shares is \$14,000.
	71,846,667	Options exercisable at \$0.015 on or before 9 March 2017	Institutional and sophisticated investors	Nil (Issue Price) ⁴	Issued as attaching options to shares issued on 21 January 2015 and 13 February 2015. The current value of the options is \$7,156.
	7,000,000	Options exercisable at \$0.015 on or before 9 March 2017	John Chegwidan or his nominee	Nil (Issue Price) ⁴	Issued as attaching options to shares issued on 10 March 2015. The current value of the options is \$697.
31 July 2015	4,310,800	Fully paid ordinary shares ²	Hartleys Pty Ltd or nominee	\$0.015 per share (Issue Price) \$0.01 (Market Price) Nil (Discount)	Issued in satisfaction of capital raising fees to the value of \$64,662.
	4,310,800	Options exercisable at \$0.015 on or before 9 March 2017	Hartleys Pty Ltd or nominee	Nil (Issue Price) ⁴	Issued as attaching options to shares issued on 31 July 2015. The current value of the options is \$429.

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price ¹ on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration
	33	Convertible Notes - convertible at \$0.005 per share on or before 1 July 2018 and 12% coupon rate	Lenders	\$50,000 (Face Value) ⁵	\$1,650,000. Funds raised were used for working capital including payment of creditors.
	330,000,000	Options exercisable at \$0.015 on or before 9 March 2017	Lenders	Nil (Issue Price) ⁴	Issued as attaching options to 33 x convertible notes with a Face Value of \$50,000 convertible at \$0.005 per share issued on 31 July 2015.
	2	Convertible Notes convertible at \$0.005 per share Convertible Notes -convertible at \$0.005 per share on or before 1 July 2018 and 12% coupon rate	Lead Managers	\$50,000 (Face Value) ⁵	Issued in satisfaction of capital raising fees to the value of \$100,000.
	20,000,000	Options exercisable at \$0.015 on or before 9 March 2017	Lead Managers	Nil (Issue Price) ⁴	Issued as attaching options to 2 x convertible notes with a Face Value of \$50,000 convertible at \$0.005 per share issued on 31 July 2015 in payment of outstanding fees.
	1	Convertible Notes - convertible at \$0.005 per share on or before 1 July 2018 and 12% coupon rate	M Warren	\$50,000 (Face Value) ⁵	Issued in payment of outstanding fees to the value of \$50,000.
	10,000,000	Options exercisable at \$0.015 on or before 9 March 2017	M Warren	Nil (Issue Price) ⁴	Issued as attaching options to 1 x convertible note with a Face Value of \$50,000 convertible at \$0.005 per share issued on 31 July 2015 in payment of outstanding fees.
	1	Convertible Notes - convertible at \$0.005 per share on or before 1 July 2018 and 12% coupon rate	J Chegidden	\$50,000 (Face Value) ⁵	Issued in payment of outstanding fees to the value of \$50,000.
	10,000,000	Options exercisable at \$0.015 on or before 9 March 2017	J Chegidden	Nil (Issue Price) ⁴	Issued as attaching options to 1 x convertible note with a Face Value of \$50,000 convertible at \$0.005 per share issued on 31 July 2015 in payment of outstanding fees.
	1	Convertible Notes - convertible at \$0.005 per share on or before 1 July 2018 and 12% coupon rate	P Burke	\$25,000 (Face Value) ⁵	Issued in payment of outstanding fees to the value of \$25,000.
	5,000,000	Options exercisable at \$0.015 on or before 9 March 2017	P Burke	Nil (Issue Price) ⁴	Issued as attaching options to 1 x convertible note with a Face Value of \$25,000 convertible at \$0.005 per share issued on 31 July 2015 in payment of outstanding fees.
	1	Convertible Notes - convertible at \$0.005 per share on or before 1 July 2018 and 12% coupon rate	Lawfirst Pty Ltd trading as Bennett & Co	\$25,000 (Face Value) ⁵	Issued in payment of outstanding fees to the value of \$25,000.

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price ¹ on the trading day prior to the issue	If issued for cash – the total consideration, what it was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration
	5,000,000	Options exercisable at \$0.015 on or before 9 March 2017	Lawfirst Pty Ltd trading as Bennett & Co	Nil (Issue Price) ⁴	Issued as attaching options to 1 x convertible note with a Face Value of \$25,000 issued on 31 July 2015 in payment of outstanding fees.
	15,000,000	Options exercisable at \$0.0116 on or before 31 July 2018	T Butler-Blaxell	\$0.00204 (Issue Price) ⁴	Issued pursuant to a Deed of Termination and Release for no monetary consideration. The current value of the options is \$7,460.
	75,000,000	Options exercisable at \$0.015 on or before 31 July 2019	M Warren	\$0.00245 (Issue Price) ⁴	\$183,750 issued to motivate and retain Mr Warren whilst minimising cash outflows through the payment of executive salaries. The current value of the options is \$47,822.
20 August 2015	30,703,562	Fully paid ordinary shares	Lenders	\$0.005 per share (Issue Price) \$0.01 (Market Price) 50% (Discount)	30,000,000 shares issued on conversion of 3 x convertible notes with a Face Value of \$50,000 each and 703,562 shares issued in lieu of interest on those notes totalling \$3,518. No funds raised.
27 August 2015	10,092,055	Fully paid ordinary shares	Lead Managers	\$0.005 per share (Issue Price) \$0.008 (Market Price) 37.5% (Discount)	10,000,000 shares issued on conversion of 1 x convertible notes with a Face Value of \$50,000 each and 92,055 shares issued in lieu of interest on those notes totalling \$460. No funds raised.
2 September 2015	1	Convertible Notes - convertible at \$0.005 per share on or before 1 July 2018 and 12% coupon rate	Lender	\$50,000 (Face Value) ⁵	\$50,000. Funds raised used for working capital.
	10,000,000	Options exercisable at \$0.015 on or before 9 March 2017	Lender	Nil (Issue Price) ⁴	Issued as attaching options to 1 x convertible note with a Face Value of \$50,000 convertible at \$0.005 per share issued on 2 September 2015.
3 September 2015	1	Convertible Notes - convertible at \$0.005 per share on or before 1 July 2018 and 12% coupon rate	Lender	\$50,000 (Face Value) ⁵	\$50,000. Funds raised used for working capital.
3 September 2015	10,000,000	Options exercisable at \$0.015 on or before 9 March 2017	Lender	Nil (Issue Price) ⁴	Issued as attaching options to 1 x convertible note with a Face Value of \$50,000 convertible at \$0.005 per share issued on 2 September 2015.
7 October 2015	3	Convertible Notes - convertible at \$0.001 per share on or before 1 July 2018 and 12% coupon rate	Lead Manager	\$50,000 (Face Value) ⁵	\$150,000. Funds raised used for working capital.

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises).
2. Fully paid ordinary shares in the capital of the Company, ASX Code: HAZ (terms are set out in the Constitution).
3. The Company's shares were suspended in the period 16 December 2014 to 8 July 2015 and 29 September 2015 to 28 October 2015 therefore there was no Market Price in those periods.
4. Options are unlisted therefore no Market Price.
5. Convertible Notes are unlisted therefore no Market Price.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 13.

15. QUESTIONS AND COMMENTS

In accordance with the Corporations Act at the Annual General Meeting the Chair will provide an opportunity for Shareholders to ask questions and make comments in relation to the management of the Company.

GLOSSARY

\$ means Australian dollars.

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

Annual General Meeting or **AGM** 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.

ATC HK means Asia Tungsten Products Co Limited, being the Company's 60% owned Hong Kong subsidiary.

ATC Vietnam means Asia Tungsten Products Vietnam Limited, a company registered in Vietnam and 100% owned by ATC HK.

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) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Hazelwood Resources Limited (ACN 118 738 999).

Constitution means the Company's constitution.

Convertible Note means a note issued by the Company convertible into Shares.

Convertible Note Capital Raising means the capital raising undertaken by the Company in October and November 2015 to raise \$1.14 million through the issue of Convertible Notes and loans to be replaced by Convertible Notes subject to Shareholder approval.

Directors means the current directors of the Company.

Entitlements Issue means the offer of Shares to Hazelwood Shareholders and Convertible Noteholders made pursuant to the Prospectus dated 30 October 2015.

Equity Securities includes a Share, a right to a Share or Option, an Option, a Convertible Note and any security that ASX decides to classify as an Equity Security.

Explanatory Statement means the explanatory statement accompanying the Notice.

GMP means GMP Securities Australia Limited (ACN 149 263 543)

Hartleys means Hartleys Limited (ACN 104 195 057).

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

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.

Optionholder means a holder of an Option.

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

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2015.

Related Party has the meaning set out in the ASX Listing Rules.

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

Section means a section of the Explanatory Statement.

Siderian means Siderian Resources Capital Limited.

Siderian Debt means all monies owing by the Company to Siderian, the first ranking secured lender to the Company.

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

Shareholder means a registered holder of a Share.

Variable A means "A" as set out in the calculation in Section 14.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The terms and conditions of the Options the subject of Resolution 3 is set out below:

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (j), the amount payable upon exercise of each Option will be \$0.015 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 9 March 2017 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company; and
- (ii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Quotation of Shares issued on exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) **Reconstruction of capital**

If at any time the issued capital of the Company is reorganised or reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation or reconstruction.

(k) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(l) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Quotation of Options**

If admitted to the official list of ASX at the time, the Company will apply for quotation of the Options on ASX. However, if the criterion for quotation of the Options on ASX is unable to be satisfied, the Options will not be quoted.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF CONVERTIBLE NOTES

Convertible Note Terms

1 THE NOTE ISSUE

1.1 Terms

The Convertible Notes will:

- (a) bear interest at the Interest Rate pursuant to clause 2;
- (b) be convertible into Shares at the Conversion Price pursuant to clause 4; and
- (c) where the whole of the face value has not been converted, be redeemed pursuant to clause 4.

1.2 Withholding Tax

- (a) All payments or credits to, or to the account of the Noteholder (including payment of, and credits in respect of interest) will be made net of any tax in respect thereof required by law to be withheld, deducted or paid by the Company except to the extent that the Company is satisfied that the Noteholder is exempt from any such tax or is a person in respect of whom any such withholding, deduction or payment is not required to be made. Any Noteholder claiming any such exemption or to be such a person will provide the Company with such evidence as the Company may from time to time require to satisfy itself as to the validity of such claim.
- (b) The Company may make any deduction or withholding from any amount payable to a Noteholder in respect of Convertible Notes for or on account of withholding or other tax required by law to be deducted or withheld, and, where any such deduction or withholding has been made and the amount thereof accounted for by the Company to the Commissioner of Taxation or other appropriate taxing authority and the balance of the amount payable has been paid to the Noteholder concerned, the full amount payable to such Noteholder will be deemed to have been duly paid and satisfied by the Company.

1.3 Entry in Register

The Company must ensure that the Noteholder's details are entered in the Register.

1.4 Person registered

The person registered as a Noteholder of an amount of Convertible Notes will be treated by the Company as the absolute owner of that number of Convertible Notes. The Company will not, except as ordered by a Court or as required by statute, be obliged to take notice of any claim to a Convertible Note. Entry in the Register of the name and address of a Noteholder and the number of Notes held by that Noteholder is conclusive evidence of title subject to rectification for fraud or error.

1.5 Security

The Convertible Notes will be secured by the Security.

2 INTEREST

2.1 Interest Rate

- (a) Interest will be payable on the Convertible Notes at the Interest Rate.
- (b) Interest will accrue from day to day from the date the Principal is advanced to the Maturity Date and subject to clause 2.2 and 3.2 will be payable in arrears on the Interest Payment Dates.
- (c) In respect of interest payable on the First Interest Payment Date, interest will accrue from the date the Principal is advanced until the First Interest Payment Date and will be payable in arrears for that period.
- (d) Interest payable will be paid no later than 10 Business Days after the relevant Interest Payment Date.
- (e) Subject to compliance with the ASX Listing Rules and the Corporations Act interest will be payable by issue of Shares to the Noteholder at an issue price of 90% of VWAP or if no Shares are traded on ASX over the 30 calendar day period prior to the relevant Interest Payment Date at an issue price the lower of the Conversion Price or 90% of the last price at which Shares traded on ASX.
- (f) In the event that the Company is unable to issue Shares pursuant to clause 1.5(e) by reason of a restriction in the ASX Listing Rules or the Corporations Act interest shall be payable in cash subject to the holder of the Priority Encumbrance having been repaid in full.

2.2 Payment following Conversion

If a Convertible Note is converted into Shares all interest that has accrued since the last Interest Payment Date shall be payable by issue of Shares to the Noteholder at the Conversion Price.

3 REDEMPTION

3.1 Redemption

A Convertible Note will be redeemed on the first to occur of the following:

- (a) if the Noteholder has not converted the Convertible Note prior to the Maturity Date, the Maturity Date;
- (b) at the election of the Company under clause 5(f);
- (c) on the receipt by the Company of a Redemption Notice as a result of the exercise by the Noteholder of its rights under clause 10.2(a); or
- (d) at the election of the Company by written notice to each Noteholder, provided that the Noteholder may elect within 5 Business Days after the notice is sent to Noteholders to convert all of the Convertible Notes held by that Noteholder to Shares in accordance with clause 4.1(a).

3.2 Timing of redemption

In the event of redemption other than on the Maturity Date a Convertible Note will be redeemed:

- (a) in the event of the occurrence of an event in accordance with clause 3.1(c), within 10 Business Days after the Company receives a Redemption Notice from the Noteholder;

- (b) in the event of a takeover in accordance with clause 5(a), within 10 Business Days after the later of the close of the takeover offer and the date that the Company's shareholders receive their consideration under the takeover bid;
- (c) in the event of a change of control in accordance with clause 5(b), within 10 Business Days after the transfer or issue of shares to the new controlling shareholder;
- (d) in the event of a sale of the main undertaking of the Company in accordance with clause 5(c), within 10 Business Days after completion of the sale of the main undertaking; or
- (e) in the event the Company elects to redeem the Convertible Note in accordance with clause 3.1(d), within 10 Business Days after the Company sends notice of redemption to the Noteholder,

and the Company will pay to the Noteholder the Principal plus the amount of any accrued interest.

3.3 Redemption of the Convertible Note

The Noteholder will only be entitled to issue a Redemption Notice pursuant to an exercise of its rights under clause 10.2(a) in respect of all of the Convertible Notes held by the Noteholder.

3.4 Exclusion

The Noteholder will not be entitled to require redemption of any Convertible Notes held by it otherwise than in accordance with this clause 3.

3.5 Subordination

Notwithstanding any other provision of the Conditions, the Noteholder's right to receive any payment in the event of redemption is subordinated to the rights of the holder of the Priority Encumbrance to be repaid in full in accordance with the Subordination Provisions.

4 CONVERSION

4.1 Conversion

- (a) A Noteholder will be entitled to convert each Convertible Note held by that Noteholder in accordance with this clause 4.1 by delivering a Conversion Notice to the Company at any time during the Conversion Period.
- (b) Within 10 Business Days of receipt of the Conversion Notice, the Company will proceed to issue to the Noteholder that number of Shares as calculated in accordance with clause 4.2.
- (c) The issue of Shares on conversion pursuant to this clause will be and be deemed for all purposes to be in full satisfaction and discharge of the Principal owing to the Noteholder pursuant to the Convertible Notes the subject of the Conversion Notice but the conversion pursuant to this clause will in no way affect any liability of the Company for unpaid interest accrued up to the Date of Conversion.
- (d) The Shares issued upon conversion pursuant to this clause will rank equally in all respects with all issued ordinary shares in the capital of the Company at the Date of Conversion.
- (e) The Company will make application for Official Quotation of all Shares issued upon conversion pursuant to this clause. Such application will be made as soon as reasonably practicable after Shares are issued.
- (f) Within 10 Business Days of the issue of Shares to a Noteholder upon conversion pursuant to this clause, the Company will deliver to the Noteholder a holding statement in respect of the Shares so issued.

- (g) If only a portion of the Convertible Notes held by the Noteholder are converted, the Company will, within 10 Business Days of the issue of Shares to a Noteholder upon conversion pursuant to this clause, deliver to the Noteholder a new Note Certificate detailing the reduced number of Convertible Notes held by the Noteholder.

4.2 Conversion Rate

Subject to clause 6.1, the number of Shares to which a Noteholder will be entitled on exercise of the Conversion Option will be determined in accordance with the following formula:

$$N = \frac{B}{CP}$$

Where:

N = the number of Shares to be issued to the Noteholder pursuant to clause 4.1;

B = the aggregate face value of the Convertible Notes which are the subject of the Conversion Notice; and

CP = the Conversion Price.

PROVIDED THAT if upon application of the formula it would include a fractional part of a share then that fractional part will be rounded up to the nearest whole share.

4.3 No other rights of conversion

A Convertible Note will only be convertible to Shares as set out in this clause 3.5.

5 TAKEOVER, CHANGE IN CONTROL, OR SALE OF MAIN UNDERTAKING

If:

- (a) a takeover bid (as defined in the Corporations Act) is made for 50% or more of the Shares and that bidder is successful in acquiring a relevant interest in 50% or more of the Shares; or
- (b) there is a change in control of the Company such that any person acquires a relevant interest in 50% or more of the Shares; or
- (c) there is a sale of the main undertaking of the Company that would require approval of the ordinary shareholders of the Company in accordance with ASX Listing Rule 11.2,

then:

- (d) the Company will give to each Noteholder written notice of the takeover bid, change of control, or sale of main business undertaking within 5 Business Days of receiving notice of it; and
- (e) the Noteholder may elect within 5 Business Days after the notice is sent to Noteholders to convert all the Convertible Notes held by that Noteholder to Shares in accordance with clause 4.1 (a).
- (f) If no election is made under clause 5(e) within the time period specified in that clause, then the Company may redeem all the Convertible Notes held by that Noteholder in accordance with clause 3.

6 RECONSTRUCTION, BONUS ISSUES AND PRO RATA ISSUES

6.1 Reconstruction

- (a) If there is a reconstruction (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for conversion of the Convertible Notes will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on the shareholders of the Company, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Convertible Notes will remain unchanged.
- (b) The adjustments in this clause 6.1 will, subject to the ASX Listing Rules, be determined by the Company.

6.2 Bonus Share allotment

If a bonus share allotment is made by the Company to its ordinary shareholders, at any time during the period subsequent to the issue of a Convertible Note to a Noteholder and prior to conversion, and if the Noteholder issues a Conversion Notice the Company will issue and allot to that Noteholder:

- (a) shares in the capital of the Company of the same class as the shares the subject of the bonus share allotment; and
- (b) the number of shares so issued will be equal to the number of shares in the capital of the Company to which that Noteholder would have been entitled, if the face value of the Convertible Notes held by that Noteholder in respect of which the Conversion Notice is issued, had been converted immediately prior to the making of the bonus share allotment,

on terms and conditions that are the same as or correspond with or are no more favourable to the Noteholder than the terms and conditions on which such shares are allotted to any ordinary shareholder of the Company.

6.3 Pro Rata Issue

If a Pro Rata Issue is made by the Company to its ordinary shareholders, at any time during the period subsequent to the issue of a Convertible Note to a Noteholder and prior to conversion, the Noteholder shall be entitled to participate in the Pro Rata Issue for the number of shares or other securities to which that Noteholder would have been entitled, if the face value of the Convertible Notes held by that Noteholder had been converted immediately prior to the Record Date, on terms and conditions that are the same as or correspond with or are no more favourable to the Noteholder than the terms and conditions on which such shares or other securities are offered to any ordinary shareholder of the Company.

7 FOREIGN HOLDERS

Where Convertible Notes are held by or on behalf of a person resident outside Australia, then, but despite any other terms or conditions applicable to such Convertible Notes, it will be a condition precedent to the right of the Noteholder to receive payment of any amount payable under the Conditions or to obtain Shares on conversion that the requirements of all applicable laws of the Commonwealth of Australia or any of its States or Territories and of the country of residence of the Noteholder in respect of such payment or conversion are satisfied so that such payment or conversion will not result in a breach of any such applicable law by the Company.

8 CONVERSION TO VOTING SHARES PRECLUDED

8.1 Breaches of law

Notwithstanding any other term of these Conditions, a Noteholder is not entitled to convert (and the Company is entitled to refuse to convert) such number of Convertible Notes that would result in:

- (a) a person acquiring Voting Shares in the Company in breach of section 606 of the Corporations Act (or any equivalent provision); or
- (b) a person acquiring Shares where a notification or consent is required under any legislation by which the Company and its Related Bodies Corporate are bound that has not been sent or obtained.

8.2 Statutory Declaration

The Company may in its discretion require a Noteholder to provide a statutory declaration confirming that the circumstances referred to in clause 8.1 do not exist in respect of any conversion by that Noteholder.

9 REGISTRATION OF TRANSFERS

9.1 Transfer

The Noteholder may transfer all or any of the Convertible Notes that it holds by an instrument in writing in the form set out in Schedule 2 or in any other form that the directors of the Company approve.

9.2 Transfer form

In relation to all transfers of Convertible Notes the transfer form must be:

- (a) lodged at the Specified Office together with payment of any duty, taxes or other governmental charges payable thereon; and
- (b) accompanied by such evidence as the Company may require to prove the title and identity of the transferor and the transferee, the right of entitlement of the transferee to receive a transfer of the relevant Convertible Note, the due execution of the transfer form and the due compliance and observance with all applicable laws and regulations of the Commonwealth of Australia and each State and Territory thereof.

9.3 Recording transfers

The Company will promptly upon being satisfied with the transfer form, the information lodged therewith, the identity of the transferor and the transferee and the due compliance with such reasonable regulations as the Company may determine from time to time, accept the application contained in the transfer form by making an inscription in the Register recording the transfer of the relevant Convertible Note.

9.4 Registration

On the inscription being made in the Register, the Company will recognise the transferee as the registered owner of the relevant Convertible Note and as being entitled to the repayment of the Principal and the payment of all interest in respect thereof and to all other rights vested in Noteholder under these Conditions. The transferor will for all purposes be and be deemed to be the registered owner of the relevant Convertible Note until an inscription is made in the Register recording the transfer, the name and address of the transferee and the other matters required to be entered into the Register by the Company from time to time.

9.5 Administration

- (a) The Company will procure that all transfer forms which are registered will be retained by the Company for a period of 7 years after receipt but any transfer form which the Company declines to register will (except in the case of fraud or suspected fraud) be returned on demand to the person depositing the same.
- (b) The Company will not register the transfer of a Convertible Note on or after the Maturity Date.

9.6 Directions

- (a) Subject to these Conditions, and any conditions proposed by the Company at the time the Convertible Notes are issued and any notations on the Register, the Company will comply with any payment or distribution direction made by a transferee:
 - (i) in an application for transfer of Convertible Notes on and from the time of registration of that transfer; and
 - (ii) at any subsequent time in such form as the Company will from time to time determine.
- (b) A direction from any one or more joint holders of a Convertible Note will bind all the joint holders. If more than one direction is received from joint holders of a Convertible Note the direction of the senior is to be accepted to the exclusion of the other directions and for this purpose seniority is determined by the order in which the names appear in the Register of Noteholders in respect of the joint holding.

9.7 Transmission

A person becoming entitled to Convertible Notes as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Company consider sufficient, transfer the Convertible Notes of that Noteholder or, if so entitled, become registered as the holder of the Convertible Notes.

9.8 No Registration Fee

Transfers will be inscribed in the Register without charge provided taxes or other governmental charges (if any) imposed in relation to the transfer have been paid.

10 EVENTS OF DEFAULT

10.1 Events

Each of the following events is an Event of Default:

- (a) if the Company makes default in the payment of any outstanding moneys in respect of the Convertible Notes and that default continues unremedied by the Company for a period of 21 days after demand for those moneys is made by the Noteholder;
- (b) if the Company commits a material breach of a covenant, condition or obligation imposed on it by the Conditions and that breach has not been remedied within 21 days of receiving notice of the breach from the Noteholder requiring that breach to be remedied;
- (c) the holder of the Priority Encumbrance takes any steps to enforce its security in relation to the Company or any of its subsidiaries or assets.

10.2 Action upon an Event of Default

Where an Event of Default has occurred, the Noteholder will only become entitled to take the following action if the Event of Default occurred after Siderian is repaid in full or otherwise with the prior written consent of Siderian (in its absolute discretion):

- (a) to issue a Redemption Notice to the Company and redeem the Convertible Notes;
- (b) to commence proceedings for the winding up of the Company or take such other action relating to enforcement of payment of outstanding moneys to the Noteholder; and
- (c) to prove in any Liquidation of the Company (irrespective of when that Liquidation is commenced).

11 DEFINITIONS AND INTERPRETATION

11.1 Definitions

ASX means ASX Limited.

ASX Listing Rules means the Official ASX Listing Rules of ASX from time to time with any modification or waivers in their application to the Company which ASX may grant.

Business Day means a day on which banks are open for general banking business in Perth, other than a Saturday or a Sunday or public holiday and which is also a Business Day for the purposes of the ASX Listing Rules.

Company means Hazelwood Resources Limited, ACN 118 738 999.

Conditions means these terms and conditions applicable to Convertible Notes.

Conversion Notice means the notice in substantially the same form as Schedule 1 which may be given by the Noteholder to the Company pursuant to clause 3.5.

Convertible Note means a convertible note issued by the Company in accordance with these Conditions which is outstanding.

Conversion Period means the period commencing on the date the Company's shareholders approve the issue of the Convertible Notes and ending on the day prior to the Maturity Date.

Conversion Price means \$0.005 per Share.

Corporations Act means the Corporations Act 2001 (Cth).

Date of Conversion means the date on which Shares are issued to the Noteholder in accordance with clause 4.1 (c) consequent upon the issue of a Conversion Notice.

Event of Default means each of the events set out in clause 10.1.

First Interest Payment Date means 31 December 2015.

Interest Payment Date means 30 June and 31 December in each year commencing on the First Interest Payment Date, and the Maturity Date.

Interest Rate means 12% per annum.

Liquidation includes winding up, dissolution, deregistration, administration, amalgamation, receivership, reconstruction, assignment for the benefit of creditors, arrangement or compromise with creditors or bankruptcy.

Maturity Date means 1 July 2018.

Noteholder means the holder of the Convertible Notes.

Official Quotation means official quotation by ASX.

Principal means the face value of the Convertible Notes.

Priority Encumbrance means all encumbrances granted by the Company and its subsidiaries in favour of Siderian on or before the date the Principal is advanced.

Pro Rata Issue has the meaning given to it in the ASX Listing Rules.

Record Date has the meaning given to it in the ASX Listing Rules.

Redemption Notice means a notice in writing which may be given by the Noteholder in accordance with clause 3.1.

Register means a register of holders of Convertible Notes established and maintained under clause 1.3.

Related Body Corporate has the meaning given to it in the Corporations Act.

Security means a general security deed ranking behind and subordinated to the Priority Encumbrance over the assets and undertakings of the Company securing the repayment of the Principal and any other monies that may become payable to the Noteholder in relation to the Convertible Notes or as a consequence of enforcement of the Noteholder's rights pursuant to these Conditions.

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

Siderian means Siderian Resource Capital Limited, CR No. 1986529.

Specified Office means the registered office of the Company or such other office advised by the Company to the Noteholder from time to time.

Subordination Provisions means the terms of the subordination of the Noteholder, in right of priority of payment and security, behind the rights of Siderian, as set out in Schedule 3.

Voting Share has the meaning given to it in section 9 of the Corporations Act.

VWAP means the volume weighted average price of Shares traded on ASX over the 30 calendar day period prior to the relevant Interest Payment Date.

11.2 Interpretation

In these Conditions unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression person includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Deed) is to that document as varied, novated, ratified or replaced from time to time;

- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Deed and a reference to this Deed includes any schedule, exhibit or annexure to this Deed;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to \$ or dollar is to Australian currency.

SCHEDULE 3 – TERMS AND CONDITIONS OF CONVERTIBLE NOTES

Convertible Note Terms**1 THE NOTE ISSUE****1.1 Terms**

The Convertible Notes will:

- (a) bear interest at the Interest Rate pursuant to clause 2;
- (b) be convertible into Shares at the Conversion Price pursuant to clause 4; and
- (c) where the whole of the face value has not been converted, be redeemed pursuant to clause 3.

1.2 Withholding Tax

- (a) All payments or credits to, or to the account of the Noteholder (including payment of, and credits in respect of interest) will be made net of any tax in respect thereof required by law to be withheld, deducted or paid by the Company except to the extent that the Company is satisfied that the Noteholder is exempt from any such tax or is a person in respect of whom any such withholding, deduction or payment is not required to be made. Any Noteholder claiming any such exemption or to be such a person will provide the Company with such evidence as the Company may from time to time require to satisfy itself as to the validity of such claim.
- (b) The Company may make any deduction or withholding from any amount payable to a Noteholder in respect of Convertible Notes for or on account of withholding or other tax required by law to be deducted or withheld, and, where any such deduction or withholding has been made and the amount thereof accounted for by the Company to the Commissioner of Taxation or other appropriate taxing authority and the balance of the amount payable has been paid to the Noteholder concerned, the full amount payable to such Noteholder will be deemed to have been duly paid and satisfied by the Company.

1.3 Entry in Register

The Company must ensure that the Noteholder's details are entered in the Register.

1.4 Person registered

The person registered as a Noteholder of an amount of Convertible Notes will be treated by the Company as the absolute owner of that number of Convertible Notes. The Company will not, except as ordered by a Court or as required by statute, be obliged to take notice of any claim to a Convertible Note. Entry in the Register of the name and address of a Noteholder and the number of Notes held by that Noteholder is conclusive evidence of title subject to rectification for fraud or error.

1.5 Security

The Convertible Notes will be secured by the Security.

2 INTEREST

2.1 Interest Rate

- (a) Interest will be payable on the Convertible Notes at the Interest Rate.
- (b) Interest will accrue from day to day from the date the Principal is advanced to the Maturity Date and subject to clause 2.2 and 3.2 will be payable in arrears on the Interest Payment Dates.
- (c) In respect of interest payable on the First Interest Payment Date, interest will accrue from the date the Principal is advanced until the First Interest Payment Date and will be payable in arrears for that period.
- (d) Interest payable will be paid no later than 10 Business Days after the relevant Interest Payment Date.
- (e) Subject to compliance with the ASX Listing Rules and the Corporations Act interest will be payable by issue of Shares to the Noteholder at an issue price of 90% of VWAP or if no Shares are traded on ASX over the 30 calendar day period prior to the relevant Interest Payment Date at an issue price the lower of the Conversion Price or 90% of the last price at which Shares traded on ASX.
- (f) In the event that the Company is unable to issue Shares pursuant to clause 1.5(e) by reason of a restriction in the ASX Listing Rules or the Corporations Act interest shall be payable in cash subject to the holder of the Priority Encumbrance having been repaid in full.

2.2 Payment following Conversion

If a Convertible Note is converted into Shares all interest that has accrued since the last Interest Payment Date shall be payable by issue of Shares to the Noteholder at the Conversion Price.

3 REDEMPTION

3.1 Redemption

A Convertible Note will be redeemed on the first to occur of the following:

- (a) if the Noteholder has not converted the Convertible Note prior to the Maturity Date, the Maturity Date;
- (b) at the election of the Company under clause 5(f);
- (c) on the receipt by the Company of a Redemption Notice as a result of the exercise by the Noteholder of its rights under clause 10.2(a); or
- (d) at the election of the Company by written notice to each Noteholder, provided that the Noteholder may elect within 5 Business Days after the notice is sent to Noteholders to convert all of the Convertible Notes held by that Noteholder to Shares in accordance with clause 4.1(a).

3.2 Timing of redemption

In the event of redemption other than on the Maturity Date a Convertible Note will be redeemed:

- (a) in the event of the occurrence of an event in accordance with clause 3.1 (c), within 10 Business Days after the Company receives a Redemption Notice from the Noteholder;

- (b) in the event of a takeover in accordance with clause 5(a), within 10 Business Days after the later of the close of the takeover offer and the date that the Company's shareholders receive their consideration under the takeover bid;
- (c) in the event of a change of control in accordance with clause 5(b), within 10 Business Days after the transfer or issue of shares to the new controlling shareholder;
- (d) in the event of a sale of the main undertaking of the Company in accordance with clause 5(c), within 10 Business Days after completion of the sale of the main undertaking; or
- (e) in the event the Company elects to redeem the Convertible Note in accordance with clause 3.1(d), within 10 Business Days after the Company sends notice of redemption to the Noteholder,

and the Company will pay to the Noteholder the Principal plus the amount of any accrued interest.

3.3 Redemption of the Convertible Note

The Noteholder will only be entitled to issue a Redemption Notice pursuant to an exercise of its rights under clause 10.2(a) in respect of all of the Convertible Notes held by the Noteholder.

3.4 Exclusion

The Noteholder will not be entitled to require redemption of any Convertible Notes held by it otherwise than in accordance with this clause 3.

3.5 Subordination

Notwithstanding any other provision of the Conditions, the Noteholder's right to receive any payment in the event of redemption is subordinated to the rights of the holder of the Priority Encumbrance to be repaid in full in accordance with the Subordination Provisions.

4 CONVERSION

4.1 Conversion

- (a) A Noteholder will be entitled to convert each Convertible Note held by that Noteholder in accordance with this clause 4.1 by delivering a Conversion Notice to the Company at any time during the Conversion Period.
- (b) Within 10 Business Days of receipt of the Conversion Notice, the Company will proceed to issue to the Noteholder that number of Shares as calculated in accordance with clause 4.2.
- (c) The issue of Shares on conversion pursuant to this clause will be and be deemed for all purposes to be in full satisfaction and discharge of the Principal owing to the Noteholder pursuant to the Convertible Notes the subject of the Conversion Notice but the conversion pursuant to this clause will in no way affect any liability of the Company for unpaid interest accrued up to the Date of Conversion.
- (d) The Shares issued upon conversion pursuant to this clause will rank equally in all respects with all issued ordinary shares in the capital of the Company at the Date of Conversion.
- (e) The Company will make application for Official Quotation of all Shares issued upon conversion pursuant to this clause. Such application will be made as soon as reasonably practicable after Shares are issued.
- (f) Within 10 Business Days of the issue of Shares to a Noteholder upon conversion pursuant to this clause, the Company will deliver to the Noteholder a holding statement in respect of the Shares so issued.

- (g) If only a portion of the Convertible Notes held by the Noteholder are converted, the Company will, within 10 Business Days of the issue of Shares to a Noteholder upon conversion pursuant to this clause, deliver to the Noteholder a new Note Certificate detailing the reduced number of Convertible Notes held by the Noteholder.

4.2 Conversion Rate

Subject to clause 6.1, the number of Shares to which a Noteholder will be entitled on exercise of the Conversion Option will be determined in accordance with the following formula:

$$N = \frac{B}{CP}$$

Where:

N = the number of Shares to be issued to the Noteholder pursuant to clause 4.1;

B = the aggregate face value of the Convertible Notes which are the subject of the Conversion Notice; and

CP = the Conversion Price.

PROVIDED THAT if upon application of the formula it would include a fractional part of a share then that fractional part will be rounded up to the nearest whole share.

4.3 No other rights of conversion

A Convertible Note will only be convertible to Shares as set out in this clause 3.5.

5 TAKEOVER, CHANGE IN CONTROL, OR SALE OF MAIN UNDERTAKING

If:

- (a) a takeover bid (as defined in the Corporations Act) is made for 50% or more of the Shares and that bidder is successful in acquiring a relevant interest in 50% or more of the Shares; or
- (b) there is a change in control of the Company such that any person acquires a relevant interest in 50% or more of the Shares; or
- (c) there is a sale of the main undertaking of the Company that would require approval of the ordinary shareholders of the Company in accordance with ASX Listing Rule 11.2,

then:

- (d) the Company will give to each Noteholder written notice of the takeover bid, change of control, or sale of main business undertaking within 5 Business Days of receiving notice of it; and
- (e) the Noteholder may elect within 5 Business Days after the notice is sent to Noteholders to convert all the Convertible Notes held by that Noteholder to Shares in accordance with clause 4.1 (a).
- (f) If no election is made under clause 5(e) within the time period specified in that clause, then the Company may redeem all the Convertible Notes held by that Noteholder in accordance with clause 3.

6 RECONSTRUCTION, BONUS ISSUES AND PRO RATA ISSUES

6.1 Reconstruction

- (a) If there is a reconstruction (including, consolidation, subdivision, reduction or return) of the issued capital of the Company, the basis for conversion of the Convertible Notes will be reconstructed in the same proportion as the issued capital of the Company is reconstructed and in a manner which will not result in any additional benefits being conferred on the Noteholder which are not conferred on the shareholders of the Company, (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms for conversion of the Convertible Notes will remain unchanged.
- (b) The adjustments in this clause 6.1 will, subject to the ASX Listing Rules, be determined by the Company.

6.2 Bonus Share allotment

If a bonus share allotment is made by the Company to its ordinary shareholders, at any time during the period subsequent to the issue of a Convertible Note to a Noteholder and prior to conversion, and if the Noteholder issues a Conversion Notice the Company will issue and allot to that Noteholder:

- (a) shares in the capital of the Company of the same class as the shares the subject of the bonus share allotment; and
- (b) the number of shares so issued will be equal to the number of shares in the capital of the Company to which that Noteholder would have been entitled, if the face value of the Convertible Notes held by that Noteholder in respect of which the Conversion Notice is issued, had been converted immediately prior to the making of the bonus share allotment,

on terms and conditions that are the same as or correspond with or are no more favourable to the Noteholder than the terms and conditions on which such shares are allotted to any ordinary shareholder of the Company.

6.3 Pro Rata Issue

If a Pro Rata Issue is made by the Company to its ordinary shareholders, at any time during the period subsequent to the issue of a Convertible Note to a Noteholder and prior to conversion, the Noteholder shall be entitled to participate in the Pro Rata Issue for the number of shares or other securities to which that Noteholder would have been entitled, if the face value of the Convertible Notes held by that Noteholder had been converted immediately prior to the Record Date, on terms and conditions that are the same as or correspond with or are no more favourable to the Noteholder than the terms and conditions on which such shares or other securities are offered to any ordinary shareholder of the Company.

7 FOREIGN HOLDERS

Where Convertible Notes are held by or on behalf of a person resident outside Australia, then, but despite any other terms or conditions applicable to such Convertible Notes, it will be a condition precedent to the right of the Noteholder to receive payment of any amount payable under the Conditions or to obtain Shares on conversion that the requirements of all applicable laws of the Commonwealth of Australia or any of its States or Territories and of the country of residence of the Noteholder in respect of such payment or conversion are satisfied so that such payment or conversion will not result in a breach of any such applicable law by the Company.

8 CONVERSION TO VOTING SHARES PRECLUDED

8.1 Breaches of law

Notwithstanding any other term of these Conditions, a Noteholder is not entitled to convert (and the Company is entitled to refuse to convert) such number of Convertible Notes that would result in:

- (a) a person acquiring Voting Shares in the Company in breach of section 606 of the Corporations Act (or any equivalent provision); or
- (b) a person acquiring Shares where a notification or consent is required under any legislation by which the Company and its Related Bodies Corporate are bound that has not been sent or obtained.

8.2 Statutory Declaration

The Company may in its discretion require a Noteholder to provide a statutory declaration confirming that the circumstances referred to in clause 8.1 do not exist in respect of any conversion by that Noteholder.

9 REGISTRATION OF TRANSFERS

9.1 Transfer

The Noteholder may transfer all or any of the Convertible Notes that it holds by an instrument in writing in the form set out in Schedule 2 or in any other form that the directors of the Company approve.

9.2 Transfer form

In relation to all transfers of Convertible Notes the transfer form must be:

- (a) lodged at the Specified Office together with payment of any duty, taxes or other governmental charges payable thereon; and
- (b) accompanied by such evidence as the Company may require to prove the title and identity of the transferor and the transferee, the right of entitlement of the transferee to receive a transfer of the relevant Convertible Note, the due execution of the transfer form and the due compliance and observance with all applicable laws and regulations of the Commonwealth of Australia and each State and Territory thereof.

9.3 Recording transfers

The Company will promptly upon being satisfied with the transfer form, the information lodged therewith, the identity of the transferor and the transferee and the due compliance with such reasonable regulations as the Company may determine from time to time, accept the application contained in the transfer form by making an inscription in the Register recording the transfer of the relevant Convertible Note.

9.4 Registration

On the inscription being made in the Register, the Company will recognise the transferee as the registered owner of the relevant Convertible Note and as being entitled to the repayment of the Principal and the payment of all interest in respect thereof and to all other rights vested in Noteholder under these Conditions. The transferor will for all purposes be and be deemed to be the registered owner of the relevant Convertible Note until an inscription is made in the Register recording the transfer, the name and address of the transferee and the other matters required to be entered into the Register by the Company from time to time.

9.5 Administration

- (a) The Company will procure that all transfer forms which are registered will be retained by the Company for a period of 7 years after receipt but any transfer form which the Company declines to register will (except in the case of fraud or suspected fraud) be returned on demand to the person depositing the same.
- (b) The Company will not register the transfer of a Convertible Note on or after the Maturity Date.

9.6 Directions

- (a) Subject to these Conditions, and any conditions proposed by the Company at the time the Convertible Notes are issued and any notations on the Register, the Company will comply with any payment or distribution direction made by a transferee:
 - (i) in an application for transfer of Convertible Notes on and from the time of registration of that transfer; and
 - (ii) at any subsequent time in such form as the Company will from time to time determine.
- (b) A direction from any one or more joint holders of a Convertible Note will bind all the joint holders. If more than one direction is received from joint holders of a Convertible Note the direction of the senior is to be accepted to the exclusion of the other directions and for this purpose seniority is determined by the order in which the names appear in the Register of Noteholders in respect of the joint holding.

9.7 Transmission

A person becoming entitled to Convertible Notes as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Company consider sufficient, transfer the Convertible Notes of that Noteholder or, if so entitled, become registered as the holder of the Convertible Notes.

9.8 No Registration Fee

Transfers will be inscribed in the Register without charge provided taxes or other governmental charges (if any) imposed in relation to the transfer have been paid.

10 EVENTS OF DEFAULT

10.1 Events

Each of the following events is an Event of Default:

- (a) if the Company makes default in the payment of any outstanding moneys in respect of the Convertible Notes and that default continues unremedied by the Company for a period of 21 days after demand for those moneys is made by the Noteholder;
- (b) if the Company commits a material breach of a covenant, condition or obligation imposed on it by the Conditions and that breach has not been remedied within 21 days of receiving notice of the breach from the Noteholder requiring that breach to be remedied;
- (c) the holder of the Priority Encumbrance takes any steps to enforce its security in relation to the Company or any of its subsidiaries or assets.

10.2 Action upon an Event of Default

Where an Event of Default has occurred, the Noteholder will only become entitled to take the following action if the Event of Default occurred after Siderian is repaid in full or otherwise with the prior written consent of Siderian (in its absolute discretion):

- (a) to issue a Redemption Notice to the Company and redeem the Convertible Notes;
- (b) to commence proceedings for the winding up of the Company or take such other action relating to enforcement of payment of outstanding moneys to the Noteholder; and
- (c) to prove in any Liquidation of the Company (irrespective of when that Liquidation is commenced).

11 DEFINITIONS AND INTERPRETATION

11.1 Definitions

ASX means ASX Limited.

ASX Listing Rules means the Official ASX Listing Rules of ASX from time to time with any modification or waivers in their application to the Company which ASX may grant.

Business Day means a day on which banks are open for general banking business in Perth, other than a Saturday or a Sunday or public holiday and which is also a Business Day for the purposes of the ASX Listing Rules.

Company means Hazelwood Resources Limited, ACN 118 738 999.

Conditions means these terms and conditions applicable to Convertible Notes.

Conversion Notice means the notice in substantially the same form as Schedule 1 which may be given by the Noteholder to the Company pursuant to clause 3.5.

Convertible Note means a convertible note issued by the Company in accordance with these Conditions which is outstanding.

Conversion Period means the period commencing on the date the Company's shareholders approve the issue of the Convertible Notes and ending on the day prior to the Maturity Date.

Conversion Price means \$0.001 per Share.

Corporations Act means the Corporations Act 2001 (Cth).

Date of Conversion means the date on which Shares are issued to the Noteholder in accordance with clause 4.1 (c) consequent upon the issue of a Conversion Notice.

Event of Default means each of the events set out in clause 10.1.

First Interest Payment Date means 31 December 2015.

Interest Payment Date means 30 June and 31 December in each year commencing on the First Interest Payment Date, and the Maturity Date.

Interest Rate means 12% per annum.

Liquidation includes winding up, dissolution, deregistration, administration, amalgamation, receivership, reconstruction, assignment for the benefit of creditors, arrangement or compromise with creditors or bankruptcy.

Maturity Date means 1 July 2018.

Noteholder means the holder of the Convertible Notes.

Official Quotation means official quotation by ASX.

Principal means the face value of the Convertible Notes.

Priority Encumbrance means all encumbrances granted by the Company and its subsidiaries in favour of Siderian on or before the date the Principal is advanced.

Pro Rata Issue has the meaning given to it in the ASX Listing Rules.

Record Date has the meaning given to it in the ASX Listing Rules.

Redemption Notice means a notice in writing which may be given by the Noteholder in accordance with clause 3.1.

Register means a register of holders of Convertible Notes established and maintained under clause 1.3.

Related Body Corporate has the meaning given to it in the Corporations Act.

Security means a general security deed ranking behind and subordinated to the Priority Encumbrance over the assets and undertakings of the Company securing the repayment of the Principal and any other monies that may become payable to the Noteholder in relation to the Convertible Notes or as a consequence of enforcement of the Noteholder's rights pursuant to these Conditions.

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

Siderian means Siderian Resource Capital Limited, CR No. 1986529.

Specified Office means the registered office of the Company or such other office advised by the Company to the Noteholder from time to time.

Subordination Provisions means the terms of the subordination of the Noteholder, in right of priority of payment and security, behind the rights of Siderian, as set out in Schedule 3.

Voting Share has the meaning given to it in section 9 of the Corporations Act.

VWAP means the volume weighted average price of Shares traded on ASX over the 30 calendar day period prior to the relevant Interest Payment Date.

11.2 Interpretation

In these Conditions unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more Parties binds or benefits all of them jointly and each of them severally;
- (c) the expression person includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this Deed) is to that document as varied, novated, ratified or replaced from time to time;

- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this Deed and a reference to this Deed includes any schedule, exhibit or annexure to this Deed;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- (j) a reference to \$ or dollar is to Australian currency.

APPOINTMENT OF PROXY FORM

HAZELWOOD RESOURCES LTD
ACN 118 738 999

GENERAL MEETING

I/We _____

of: _____

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name: _____

OR: the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 3.00 pm (WST), on 16 December 2015 at BGC Conference Centre, Ground Floor, 28 The Esplanade, Perth, Western Australia, 6000, and at any adjournment thereof.

If you appoint the Chair as your proxy and do not direct the Chair how to vote you authorise the Chair to exercise your proxy even if they have an interest in the Resolution including as a member of the Key Management Personnel.

Voting on business of the Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director – Mr John Chegwiddden	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of issue of Convertible Notes and attaching Options to Lenders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of issue of Convertible Notes to Lenders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of issue of Convertible Notes to Lenders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval of Convertible Notes to Hartleys Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of issue of Convertible Notes to Lawfirst Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Approval of issue of Shares to GMP Securities Australia Pty Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Approval of issue of Shares for interest on Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 Approval of issue of Shares for interest on Convertible Notes to Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Approval of issue of Shares to creditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 Approval of termination benefit to Mr Mark McAuliffe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

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

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: _____

Contact name: _____

Contact ph (daytime): _____

E-mail address: _____

Consent for contact by e-mail: YES ☐ NO ☐

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
 - **(Individual):** Where the holding is in one name, the Shareholder must sign.
 - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
 - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post or delivery to Hazelwood Resources Ltd, 33 Ord Street, West Perth, WA 6005; or
 - (b) facsimile to the Company on facsimile number (+61 8) 9320 5299; or
 - (c) email to Company at info@hazelwood.com.au.

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy Forms received later than this time will be invalid.