

Notice of Annual General Meeting and Explanatory Statement

Annual General Meeting to be held at BDO, Level 7, BDO Centre, 420 King William Street, Adelaide SA 5000 on Friday 14 November 2014 at 11.00 am (CST)

UXA RESOURCES LIMITED

ABN 65 112 714 397

The Independent Expert has concluded that the Recapitalisation Proposal described in Resolutions 5 - 16 **IS FAIR AND REASONABLE** to the non-associated Shareholders.

Each of the Directors recommends shareholders vote in favour of the Resolutions.

This is an important document.

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety.

If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.

DISCLAIMERS

The Administrator (including in his capacity as Deed Administrator) has not independently verified any of the information contained in this Notice of Meeting. Neither the Administrator, nor his servants, agents or employees makes any representation or warranty express or implied as to the accuracy, reasonableness or completeness of the information contained in this Notice of Meeting. To the extent permissible by law, all such parties and entities expressly disclaim any and all liability for, or based on or relating to, any such information contained in, or errors in or omission from this Notice of Meeting and accompanying Explanatory Statement. Notwithstanding this, the Administrator consents to convene the meeting and the issue and dispatch of this Notice of Meeting and accompanying Explanatory Statement.

ASX & ASIC

A draft of this document was provided to ASX for review in accordance with Listing Rule 15.1.7 and with ASIC in accordance with the Corporations Act and ASIC Regulatory Guide 74. ASX, ASIC and their respective employees and officers do not take any responsibility for this document.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on 0419 035 297

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CORPORATE DIRECTORY

Directors

Peter Hunt	Non-Executive Chairman
David Walker	Managing Director
John Santich	Non-Executive Director

Company Secretary

Graham Seppelt

Registered and Principal Office

Level 7
420 King William Street
Adelaide, South Australia 5001
Telephone: +61 419 035 297
Facsimile: +61 8 7421 1499

Website

www.uxaresources.com.au

ASX Code

UXA

Auditors

KPMG
151 Pirie Street,
Adelaide, South Australia, 5000

Solicitors

Minter Ellison Lawyers
10th Floor, 25 Grenfell Street
Adelaide, South Australia 5001

Share Registry

Computershare Investor Services Pty Ltd
Level 4, 60 Carrington Street
Sydney, NSW, 2000

UXA RESOURCES LIMITED
(ACN 112 714 397)
(Subject to Deed of Company Arrangement)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**AGM**) of the members of UXA RESOURCES LIMITED (Subject to Deed of Company Arrangement) (**Company**) will be held

TIME: 11 am (CST)

DATE: Friday 14 November 2014

PLACE: at the offices of

BDO, Level 7, BDO Centre, 420 King William St, Adelaide SA 5000

The Explanatory Statement which accompanies this Notice forms part of the Notice.

ORDINARY BUSINESS

1. Annual Financial Reports

To receive and consider:

- (a) the financial statements;
- (b) the directors' report; and
- (c) the auditor's report

of UXA for the year ended 30 June 2013.

No resolution is required in respect of this agenda item. However, they provide Shareholders with the opportunity to ask questions of UXA's Directors and auditors in relation to UXA's results.

2. Adoption of Remuneration Report

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

"To adopt the Remuneration Report for the year ended 30 June 2013."

Note: the vote on this resolution is advisory only and does not bind the Directors of UXA.

Voting Exclusion: The Company will, in accordance with the requirements of the Corporations Act, disregard any votes cast on this Resolution by or on behalf of a member of the KMP named in UXA's Remuneration Report or that KMP's closely

related parties, unless the vote is cast by a person as Proxy for a person entitled to vote in accordance with a direction on the Proxy Form.

3. Election of Directors

To consider and if thought fit to pass the following resolutions as **ordinary resolutions**:

3.1 'That Mr. David Walker, who was appointed a non-executive director on 26 August 2014 and will retire at the close of the Meeting, in accordance with the Company's constitution, being eligible, be elected as a Director of the Company.'

3.2 'That Mr. Peter Hunt, who was appointed a non-executive director on 26 August 2014 and will retire at the close of the Meeting, in accordance with the Company's constitution, being eligible, be elected as a Director of the Company.'

3.3 'That Dr. John Santich, who was appointed a non-executive director on 26 August 2014 and will retire at the close of the Meeting, in accordance with the Company's constitution, being eligible, be elected as a Director of the Company.'

4. Appointment of Auditors

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

"That Grant Thornton Audit Pty Ltd being qualified to act, having consented to act and having been nominated by a member of the Company for appointment, be appointed as auditor of the Company with such appointment to take effect from the time at which the resignation of KPMG as auditor takes effect."

SPECIAL BUSINESS

5. RESOLUTION 5 – Consolidation of Capital

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

"That pursuant to section 254H of the Corporations Act and Article 47 of the Company's constitution and for all other purposes, the issued capital of the Company be consolidated on the basis that every 200 Shares be consolidated to 1 and where this consolidation results in a fraction of a Share the Directors are authorised to round that fraction up to the nearest whole Share, with consolidation to occur on a date announced to the ASX on the terms and conditions set out in in the Explanatory Statement accompanying this Notice of Meeting."

6. RESOLUTION 6 – Approval for Issue of Shares and Options to Lind-ASOF

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

"That, subject to Resolutions 5 and 7 to 16 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, the issue of 2,300,000 Shares and 5,000,000 Options (on a post-consolidation basis) on the terms and conditions set out in the Explanatory Statement to The Lind Partners, LLC as General Partner of Australian Special Opportunity Fund LP (ASOF) by way of conversion of convertible notes under, and for the mutual termination of, the Security Purchase Agreement dated 12 April 2012 between the Company and ASOF, be and is hereby approved."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by The Lind Partners, LLC as General Partner of Australian Special Opportunity Fund LP and any of its associates and a person (and their associates) that may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – Approval for Issue of Shares and Options to La Jolla Cove

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

"That, subject to Resolutions 5 and 6 and 8 to 16 (inclusive) being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, the issue of 1,000,000 Shares and 5,000,000 Options (on a post-consolidation basis) on the terms and conditions set out in the Explanatory Statement to La Jolla Cove Investors Inc (La Jolla) for the mutual termination of the UXA Resources Funding Agreement dated 26 September 2011 between the Company and La Jolla effective as at the close of this General Meeting be and is hereby approved."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by La Jolla Cove Investors Inc and any of its associates and a person (and their associates) that may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – Issue of Shares - Initial Placement

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

"That, subject to Resolutions 5 to 7 and 9 to 16 (inclusive) being passed, for the purposes of ASX Listing Rules 7.1 and 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 6,000,000 Shares (on a post-consolidation basis) pursuant to a placement under

the Reconstruction Deed within one month of this Meeting and otherwise on the terms and conditions detailed in the accompanying Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who participates in the placement and any of his associates and a person (and their associates) that may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.

9. RESOLUTION 9 – Issue of Shares in lieu of loan repayment

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

"That, subject to Resolutions 5 to 8 and 10 to 16 (inclusive) being passed, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 3,000,000 Shares (on a post-consolidation basis), in lieu of loan repayment within one month of this Meeting and otherwise on the terms and conditions detailed in the accompanying Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by David Walker and Dalkeith Resources Pty Ltd and any of their associates and a person (and their associates) that may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if 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 10 –Further Placement

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

"That, subject to Resolutions 5 to 9 and 11 to 16 (inclusive) being passed, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 9,000,000 Shares (on a post-consolidation basis) in the Company, to sophisticated investors, in lieu of loan repayments within three months of this Meeting at such price and otherwise on the terms and conditions detailed in the accompanying Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any sophisticated investor, and any associates of the sophisticated investor who participate in the share placement and any of their associates and a person (and their associates) that may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if 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 11 – Issue of Shares in lieu of fees and expense reimbursement

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

"That, subject to Resolutions 5 to 10 and 12 to 16 (inclusive) being passed, for the purposes of ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of up to 33,500,000 Shares (on a post-consolidation basis) to John Santich and David Walker (and his controlled entity) , in lieu of fees and expenses reimbursement within one month of this Meeting and otherwise on the terms and conditions detailed in the accompanying Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by David Walker and John Santich and any of their associates and a person (and their associates) that may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if 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 12 – Approval of Issue of Shares and Options to Directors

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

"That subject to Resolutions 5 to 11 and 13 to 16 (inclusive) being passed, for the purpose of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue the following Shares and Options (on a post-consolidation basis) to:

<i>Director*</i>	<i>No. of Shares</i>	<i>No. of 3 year Options</i>	<i>No. of 5 year Options</i>
<i>David Walker</i>	<i>3,000,000</i>	<i>1,000,000</i>	<i>2,000,000</i>
<i>Peter Hunt</i>	<i>3,000,000</i>	<i>1,000,000</i>	<i>2,000,000</i>
<i>John Santich</i>	<i>3,000,000</i>	<i>1,000,000</i>	<i>2,000,000</i>

** Or their nominee*

within one month of this Meeting 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 the Directors or their respective associates and a person (and their associates) that may 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 that person. However, the Company need not disregard a vote if it is cast by a person as a Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if 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 13 – Issue of Shares to strategic investors

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

"That, subject to Resolutions 5 to 12 and 14 to 16 (inclusive) being passed, for the purposes of ASX Listing Rules 7.1 and for all other purposes, approval is given for the issue of 5,240,000 Shares (on a post-consolidation basis) in the Company, by way of private placement to strategic investors at such price and otherwise on the terms and conditions detailed in the accompanying Explanatory Statement.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any strategic investor who will participate in the share placement and any of their associates and a person (and their associates) that may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.

14. RESOLUTION 14 – Issue of Shares under the Prospectus

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

"That, subject to Resolutions 5 to 13 (inclusive), and 15 and 16 being passed, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to raise up to \$3,200,000 under the Prospectus through the issue of Shares (on a post-consolidation basis) at an issue price and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will, in accordance with the ASX Listing Rules, disregard any votes cast on this Resolution by any person who may participate in the proposed issue of Shares under the Prospectus and a person who may 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 need not disregard a vote if it is cast by a person as a Proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.

15. RESOLUTION 15 – Right of Directors to apply for Shares under the Prospectus

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

"That, subject to Resolutions 5 to 14 (inclusive) and 16 being passed, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue up to 5,000,000 Shares (on a post-consolidation basis) to the Directors (other than

Mr. David Walker) or their respective nominees under the Prospectus within three month of the date of this Meeting and generally on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Peter Hunt and John Santich or their respective nominee and any associates of those persons and a person (and their associates) that may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However the Company need not disregard a vote if it is cast by a person as a Proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as Proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Proxy decides.

16. RESOLUTION 16 – Approval under s 611, item 7

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

"That, subject to Resolutions 5 to 15 (inclusive) being passed, pursuant to section 611 item 7 of the Corporations Act, that the Company approves the acquisition by David Walker, and Dalkeith Resources Pty Ltd (and consequently, as a matter of law, by each of them) of a relevant interest (within the meaning of the Corporations Act) in all Shares in the Company pursuant to each of the share issues referred to in Resolutions 8, 9, 11, and 12."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by David Walker and Dalkeith Resources Pty Ltd and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

17. RESOLUTION 17 – Capital Reduction – Cancellation of Lost Capital

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

"That, subject to Resolutions 5 to 16 (inclusive) being passed, pursuant to section 258F of the Corporations Act, the share capital of the Company be reduced by \$30,855,715 with effect from the Completion and that such reduction be effected by cancelling capital which has been lost or is unrepresented by available assets."

IMPORTANT INFORMATION

To assist you in deciding how to vote on the above resolutions, further details as background information to the resolutions are set out in the Explanatory Statement forming part of this Notice of Meeting.

YOUR VOTE IS IMPORTANT

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

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations *Regulations* 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 7:00pm (AEDT) on Wednesday 12 November 2014.

VOTING IN PERSON

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

VOTING BY ATTORNEY

A Shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by UXA at its registered office, or the addresses listed above for the receipt of proxy appointments, at least 48 hours before the meeting.

VOTING BY PROXY

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

- each member entitled to attend and vote at the Meeting has a right to appoint a Proxy;
- the Proxy need not be a member of the Company;
- a member who is entitled to cast 2 or more votes may appoint 2 Proxies and, in the case of such appointment, 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 half of the votes; and
- the Proxy form included with this Notice of Annual General Meeting must be signed by the member or the member's attorney. Proxies given by corporations must be signed under the hand of a duly authorized officer or attorney. **To be a valid Proxy, the executed Proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be lodged with UXA Resources Ltd as soon as possible and in any event by no later than 11 am on Wednesday 12 November 2014, being 48 hours before the time for holding the Meeting.** Any Proxy form received after that time will not be valid for the scheduled meeting.

By Mail:

Level 7, 420 King William Street
Adelaide SA 5000

Alternatively you can fax your form to:

(within Australia) (08) 7421 1499
(outside Australia) +61 8 7421 1499

- A Proxy may decide whether to vote on any motion, except where the Proxy is required by law or the Company's constitution to vote, or abstain from voting, in their capacity as Proxy. If a Proxy is directed how to vote on a resolution, the Proxy may vote on that resolution only in accordance with that direction. If a Proxy is not directed how to vote on a resolution, the Proxy may vote as he or she thinks fit.

Corporations Act

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting on or after 1 August 2011 (whether or not a Proxy was appointed before, on or after that date). Shareholders and their Proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes 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 of the meeting, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);
- 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;
- if the Proxy is the chair of the meeting at which the resolution is voted on - the Proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the Proxy is not the chair of the meeting - the Proxy need not vote on the poll, but if the Proxy does so, the Proxy must vote that way (i.e. as directed).

Transfer of non-chair Proxy to chair in certain circumstances

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

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

- the Proxy does not vote on the resolution,

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

DATED: 14 October 2014

BY ORDER OF THE BOARD

Graham Seppelt
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement accompanies and forms part of the Notice of Annual General Meeting dated 14 October 2014 and has been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting of the Company. Amongst other things, this Explanatory Statement provides Shareholders with the information required to be provided to Shareholders by the Corporations Act 2001 and the Official Listing Rules of ASX.

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting. The Administrator does not accept any responsibility for the contents of this statement, including the accuracy of any information included in the statement or failure to include any information in the statement.

Terms used in this Explanatory Statement will, unless the context otherwise requires, have the same meaning as given to them in the Glossary contained in this Explanatory Statement.

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company.

ORDINARY BUSINESS

1. Annual Financial Reports

Shareholders have been notified that the UXA Resources Limited Half Year Financial Report to 31 December 2012, the Full Year Report to 30 June 2013 can be found on the ASX website (www.asx.com.au).

During discussion of this Item, there will be an opportunity for Shareholders to ask questions about, or comment on, the Reports and the Company.

There is no requirement for these reports to be formally approved by shareholders.

2. Adoption of Remuneration Report

The Remuneration Report is contained in the Directors' Report section of the Annual Report. The Remuneration Report sets out the remuneration details for each director and specified executives of the Company (if any). A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. Under section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. This item is taken for advisory purposes only and any vote taken at the meeting will not bind the Directors or the Company.

Voting Consequences: Under the Corporations Act if, at consecutive annual general meetings, at least 25% of the votes cast on the remuneration report are voted against the adoption of the remuneration report, companies are required to put to shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**). Provided that a Spill Resolution was not put to vote at the first of those annual general meetings, the Spill Resolution must be put to vote at the second annual general meeting. If more than 50%

of votes are cast in favour of a Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general at which all directors other than the managing director who were in office at the time of the directors' report will cease to hold office immediately before the Spill Meeting. Persons who give notice of intention to stand for election, including those directors who ceased to hold office immediately prior to the Spill Meeting who elect to stand for re-election, who are elected or re-elected at the Spill Meeting will be the directors of the company.

Previous Voting Results: At the Company's last Annual General Meeting the resolution to adopt the remuneration report was passed unanimously on a show of hands. Accordingly, a Spill Resolution is not relevant to this Annual General Meeting.

Voting: Shareholders appointing a Proxy to vote on this Resolution should note that if you appoint a member of the 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 as your Proxy, you must direct your Proxy how to vote on this Resolution. Any 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. If you appoint the Chair as your Proxy (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), you do not need to direct your Proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you must expressly acknowledge and authorise the Chair to exercise your Proxy on this Resolution (except where you have indicated a different voting intention on the Proxy form) even if he has an interest in the outcome of the Resolution. You do this by marking both the first box to appoint the chair as your Proxy and the second box on the Proxy Form. If you appoint any other person as your Proxy, you do not need to direct your Proxy how to vote on this Resolution, and you do not need to mark any further acknowledgement on the Proxy Form.

The Board recommends that Shareholders vote in favour of this resolution, noting that the current Directors are not named in the Remuneration Report as they were appointed to office only after the end of the 2013 financial year.

3. Election of Directors

On 26 August 2014, Mr. David Walker, Mr. Peter Hunt and Dr. John Santich were appointed as directors of the Company to fill casual vacancies following the resignation of Mr. Neill Arthur, Mr. Scott McKay and Mr. David Sutich as directors.

In accordance with the Company's constitution, Dr. Santich and Messrs. Walker and Hunt hold office until the Annual General Meeting and thereafter are entitled to stand for election and being eligible, each of them are seeking election at the Meeting. Details of their qualifications and experience are set out below.

3.1 David Walker BSc (Hons), MSc, MAusIMM *Managing Director*

David Walker gained a Master of Science degree from Oxford University and a Bachelor of Science (Hons) from the University of Melbourne, is a qualified Geologist and has worked in the Mining Industry as an Exploration Geologist,

Mine Geologist, Mine Planning Engineer, Business Development Manager and a Managing Director. Mr. Walker has over 15 years professional experience in the stockbroking, corporate finance and resource banking areas, with specialist skills in resource banking, financial and securities analysis.

Mr. Walker was a founding Director of Regis Resources Ltd (a Perth based mineral explorer and producer), Auzeq Securities Ltd (an independent institutional resources research house), an Executive Director of ABN AMRO Australia Securities (the Australian arm of the global investment banking group), an Associate Director of CS First Boston Australia and a Manager with Rothschild Australia Ltd. In these capacities Mr. Walker was involved with management of sales, trading and research, investment banking, proprietary trading activities, risk management and compliance. Mr. Walker is a Member of the Australian Institute of Mining and Metallurgy and is the principal of Dalkeith Resources Pty Ltd and a Director of Tortuga Advisors Limited. Age 58.

3.2 **Peter Hunt** FCA, MAICD

Chairman (non-executive)

Mr. Peter Hunt retired on 30 June 2011 as a partner of PKF Adelaide, Chartered Accountants after being Managing Partner for 15 years, and became a consultant to the firm BDO Adelaide. He is a member of the Audit Committee and a Fellow of the Institute of Chartered Accountants in Australia, and is an experienced company Director. He has been the Non-Executive Chairman of Intermin Resources Ltd for 20 years and is also a current Non-Executive Chairman of Metaliko Resources Limited (appointed 28 June 2012).

Mr. Hunt was previously a Director of Adelaide Energy Ltd (resigned December 2011) and MUI Corporation Ltd (resigned December 2011). Most recently, he was a director of Strzelecki Metals Ltd until its transformation into ASX listed Wolf Petroleum Ltd and resigned 7 November 2012.

3.3 **John Santich** BE, MEngSc, PhD, DipLaw, MSocSc

Director (non-executive)

Dr John Santich is an engineer and lawyer with over four decades' experience in mining geosciences and industry. His qualifications in engineering, including a PhD in rock mechanics) are from the University of NSW, in law from the University of Sydney and the NSW Barristers Admission Board (he was admitted in South Australia in 1983) and in social science from the University of South Australia. Dr Santich was raised in Broken Hill and has been an active participant in the minerals industry as a researcher and lecturer in Australia and overseas and as a promoter and executive director of ASX listed companies, most recently Marathon Resources (resigned June 2008) and Strzelecki Metals until its transformation into ASX listed Wolf Petroleum Ltd (resigned 7 November 2012).

As well as a founder and/or director of a number of successful listed exploration companies including Burmine Limited, Minotaur Gold, Marathon Resources and Strzelecki Mining (acquired by Strzelecki Metals), Dr. Santich has established listed and private companies in other technological areas, including bottled water, machine vibration analysis and renewable energy. He has worked on and assessed

mining projects in Australia and overseas and specializes in company start ups, from concept through initiation and commercialization, and is currently working on the applications of algae in science and technology.

4. Appointment of Auditors

The Corporations Act requires shareholders in general meeting to approve the appointment of a new auditor of the Company.

Following a review of major accounting firms with the capabilities of undertaking the Company's audit, the Board recommends the appointment of Grant Thornton Audit Pty Ltd ('**Grant Thornton**') as auditor.

Subject to shareholder approval at the Annual General Meeting, the appointment of Grant Thornton will be effective for the 2013/2014 financial year. Arrangements are in place between the Company, Grant Thornton and the current auditor, KPMG to enable a smooth transition between audit firms.

Grant Thornton has consented to act as auditor of the Company and KPMG has tendered its resignation as auditor to the Company, subject to obtaining the necessary consent as discussed below. KPMG has advised the Company that it will apply to ASIC for consent to resign effective 14 November 2014, the date of the Annual General Meeting. It is anticipated that KPMG's resignation will take effect from the later of that date and the day on which ASIC gives its consent, and Grant Thornton will then commence as auditor of the Company. KPMG's resignation is subject to it obtaining the necessary consent from ASIC. The Company's expectation is that ASIC's consent will be obtained before the date of the Annual General Meeting.

In accordance with subsection 328B(1) of the Corporations Act 2001, notice in writing nominating Grant Thornton as auditor has been given to the Company by a shareholder. A copy of this notice is provided to shareholders with the Notice of Meeting as Annexure A.

The Chairman of the Meeting will be casting undirected proxies in favour of this Resolution. All Directors of the Company will be voting in favour of this Resolution and unanimously recommend that all Shareholders vote in favour of this Resolution.

SPECIAL BUSINESS

RECAPITALISATION PROPOSAL

If Resolutions 5 to 17 are passed and the proposed re-structuring set out in the recapitalisation proposal is completed, the Company will be in a position to seek the reinstatement of its Shares to official quotation on ASX. Although this reinstatement is subject to the discretion of ASX, the Company has received confirmation from ASX that it will, subject to certain conditions, allow reinstatement of the Shares to official quotation.

If Shareholders reject the proposed recapitalisation, the future of the Company is uncertain. It is likely that the Company would be placed in liquidation in which circumstance it is unlikely that there would be any return to Shareholders.

1. OVERVIEW

1.1 Background

On 26 July 2013 UXA was placed into voluntary administration and the Administrator was appointed. The securities of the Company were subsequently suspended from trading on the Official List of the ASX.

Prior to being placed into Administration, UXA carried out mineral exploration in South Australia, the Northern Territory and New South Wales. The Company had subsidiary companies involved in businesses ancillary to mineral exploration, namely down-hole logging of drill hole data in Australia and USA. The Company was listed on the ASX to provide investors with exposure to a range of mineral exploration projects as well as to subsidiaries involved in related businesses.

At the time it was placed in Administration, the Company had already sold its core logging businesses but had insufficient cash to continue operations. At that time, the Company was also indebted to US based investment firms, La Jolla under a UXA Funding Agreement dated 26 September 2011 and Lind Partners LLC as general partner of ASOF under a Security Purchase Agreement dated 12 April 2012.

1.2 Purpose of the Recapitalisation Proposal

Palgrave, an unlisted public mineral exploration company, proposed a Deed of Company Arrangement (DOCA) to deal with the claims of creditors and the DOCA was approved by creditors on 5 November 2013 and executed on 22 November 2013 when the Administrator was appointed the administrator of the DOCA.

The Company intends to raise sufficient funds to meet the terms of its Recapitalisation Proposal. The major Shareholders have already indicated that they will vote in favour of the Resolutions. **For the remaining assets, the intended use of funds and the Company's future strategy remain the same as previously stated.**

Completion of the Recapitalisation Proposal will provide working capital to finalise and complete the Recapitalisation and will allow the Company to continue its existing activities and to pursue new projects by way of acquisition or investment. Further, due to the DOCA all existing provable debts against the Company will be released, extinguished and barred, with Admitted Creditors' claims only able to be met from the assets of the Creditors' Trust in accordance with the terms of the DOCA and the Creditors' Trust Deed.

Subject to the satisfaction of certain conditions imposed by the ASX, the Company will then be in a position to have its Shares reinstated to trading on the Official List of the ASX.

The future operational and expenditure plans of the Company once the Recapitalisation is complete, are set out in **sections 4.3 and 4.4** below.

1.3 Principal Elements of the Recapitalisation Proposal

The Recapitalisation Proposal has 4 principal elements. They are:

- (a) **Extinguishment of current debt:** Through the DOCA, once fully implemented, all provable debts against the Company as at the date the Company went into administration will be released, extinguished and barred, with Admitted Creditors' Claims only able to be met from the Creditors' Trust in accordance with the terms of the DOCA and the Creditors' Trust Deed. A summary of the DOCA terms is set out in **section 4.5** below.
- (b) **Restructure of Share Capital:** The Directors are of the view that the Company's share capital structure with in excess of 1,016 million shares on issue is not conducive to raising further capital. Accordingly, it is proposed to address this issue by consolidating the existing shares on a 200:1 basis (**Resolution 5**) and a reduction of the capital of the Company (**Resolution 17**) by applying \$30,855,715 (being a proportion of the accumulated losses of the Company as at 30 June 2014) against the share capital which is considered permanently lost.
- (c) **Reconstruction Deed:** The Company and Administrator entered into the Reconstruction Deed which set out the details of what was to occur to give effect to the DOCA. **Resolutions 6 to 11** are to give effect to the terms of the Reconstruction Deed and deal with satisfying certain funding requirements agreed to in the Reconstruction Deed such as extinguishing the debts owed to convertible note holders, Lind – ASOF and La Jolla and payments made to the Administrator for contribution to the Creditors Trust and for funding the costs associated with the DOCA and Recapitalisation Proposal including convening the Meeting and preparation of documents.
- (d) **Capital Raisings:** In order to allow the Company to raise funds as contemplated in the Reconstruction Deed and in the future in a prompt and efficient manner when the opportunity arises, the Company requires certain approvals from shareholders. Those approvals (**Resolutions 12 to 16**) relate to a proposed further issue of Shares to strategic investors which the Directors believe will be beneficial to further fund raising in the future and to a proposed priority and public offer to seek to raise up to \$3.2 million under a prospectus.

1.4 Indicative timetable

Set out in the table below is the expected timing for completion of the Recapitalisation Proposal. The dates are indicative only and may be varied without prior notice (subject to any regulatory requirements).

Event	Date
Dispatch of Notice of Annual General Meeting	14 October 2014
Annual General Meeting	14 November 2014
Lodgement of Prospectus with ASIC	17 November 2014
Capital reduction and share consolidation effective*	21 November 2014
Payments to Deed Administrator, DOCA effectuated and Deed Administrator retires	21 November 2014
Issue of Shares approved at AGM	21 November 2014
Record Date for Priority Offer	21 November 2014
Prospectus offer opens	24 November 2014
Prospectus offer closes	12 December 2014
Issue of new Shares pursuant to the Prospectus	30 December 2014
Commencement of trading of new Shares on ASX - subject to re- quotation of securities on ASX	7 January 2015

* See separate timetable for reorganisation of capital in **section 2.1** below.

1.5 Pro forma Capital Structure

The pro forma capital structure of the Company following completion of the Recapitalisation Proposal will be as shown in the table below:

Shareholder Group	Pre Proposal	Post consol	Proposal	Total post Proposal ^{9,10}	% of Issued Shares (min sub.)	% of Issued Shares ¹⁰ (max sub.)
Legacy (other) ¹	972,733,769	4,863,668		4,863,668	5.78	4.16
La Jolla ²	38,891,514	194,458	1,000,000	1,194,458	1.42	1.02
ASOF ³	5,119,502	25,598	2,300,000	2,325,598	2.76	1.99
Initial Placement ⁴			9,000,000	9,000,000	10.70	7.71

Issue of shares to convert loans and expenses ⁵			33,500,000		33,500,000		39.82	28.68
Further Placement ⁶			9,000,000		9,000,000		10.70	7.71
Issue of Shares to Directors ⁷			9,000,000		9,000,000		10.70	7.71
Issue of Shares to strategic investors ⁸			5,240,000		5,240,000		6.23	4.49
Issue of Shares to public under the Prospectus ^{9,10}			Min ⁹	Max. ¹⁰	Min. ⁹	Max. ¹⁰	11.89	36.15
			10,000,000	42,666,666	10,000,000	42,666,666		
Total	1,016,744,785	5,084,255*	79,040,000	111,706,666	84,124,255	116,790,921	100.00	100.00

* adjusted for rounding on consolidation

Notes

1. current shareholders excluding ASOF and La Jolla but includes September 2014 placement
2. Resolution 6
3. Resolution 7
4. Resolutions 8 and 9
5. Resolutions 11
6. Resolution 10
7. Resolution 12
8. Resolution 13
9. Resolution 14 and assumes minimum subscription level under Prospectus of \$1,000,000 at \$0.10 per share
10. Assumes maximum subscription level under Prospectus of \$3,200,000 at \$0.075 per share

1.6 Pro forma Statement of Financial Position

Included below is the Pro-Forma Statement of Financial Position for the Company, assuming completion of the Recapitalisation Proposal. At the time of entering into Administration the Company was in breach of its reporting requirements to ASIC in that it had not yet lodged accounts for the half year ending 31 December 2012 and for the full year ending 30 June 2013. These accounts have now been lodged. The accounts for the half year to 31 December 2013 and full year to 30 June 2014 have been finalised but are still subject to audit review and audit. The audit review and audit will be undertaken once the change of auditor to Grant Thornton has become effective.

In order for the Company to be reinstated to trading on the ASX the Company will be required to prepare the half year accounts to 31 December 2013 and the full year to 30 June 2014 showing that it has sufficient funds to conduct its operations for a period of not less than 15 months. Shareholders should be aware that any delay in preparing these accounts, could delay the Company's reinstatement to trading on the ASX. The costs of preparing the accounts will be borne out of the costs of the Recapitalisation Proposal.

The unaudited accounts as at 30 June 2014 used below have been based on Company liabilities whilst the Company remains in DOCA and additional liabilities incurred since

and are of little relevance to the entity moving forward as the assets (with the exception of the Company's mineral tenement interests) will have either been sold or been placed in liquidation, while the Admitted Creditors are to be paid from the Creditors Trust and will have no further claim on the Company once the DOCA has been effectuated.

As the Company is likely to be in a position to continue trading following the Recapitalisation Proposal, the net assets on a going concern basis is the most appropriate methodology for valuing a Company share post completion of the Recapitalisation Proposal.

	Note	Unaudited, 30 June 2014	Pro-Forma post Re- capitalisation Minimum
Assets			
<i>Current</i>			
Cash and cash equivalents	1	317,844	1,336,182
Total Current Assets		317,844	1,336,182
<i>Non-Current</i>			
Exploration & Evaluation Expl	2	1,207,678	1,207,678
Total Non-Current Assets		1,207,678	1,207,678
Total Assets		1,525,522	2,543,860
Liabilities			
<i>Current Liabilities</i>			
Trade and Other Payables	3	1,223,915	-
Borrowings		1,755,587	-
Total Current Liabilities		2,979,502	-
Total Non-Current Liabilities		-	-
Total Liabilities		2,979,502	-
Net Assets / (Liabilities)		(1,453,980)	2,543,860
Shares on issue	4	886,744,785	84,123,724
Value of Shares		(0.0016)	0.03

NOTES

1. Cash and Cash Equivalents

Cash and cash equivalents have been adjusted for the expected changes that will result from the recapitalisation of the Company. These adjustments are set out below:

Description	\$ Amount
Cash prior to DOCA	119,114

Cash Received from New Shares	1,250,540
Cash Received from Prospectus (Minimum Raise)	1,000,000
Final Payment to Creditor's under DOCA	(200,000)
Payment for Recapitalisation and Prospectus costs	(150,000)
Expenses/Exploration & Admin	(683,472)
Cash following Completion of Proposal	\$1,336,182

2. *Non-Current Assets*

The financial assets considered in the unaudited accounts reflect the Company's interest in a variety of assets at the time of Administration, most specifically its interest in its mineral tenements and in certain other assets held by the Company's subsidiaries. These assets, with the exception of the mineral tenements, have been sold or liquidated.

The financial assets that will remain following the recapitalisation process are the Company's interest in the mineral tenements.

3. *Provision for Legal and Deed Administrator Fees/Unsecured Creditors*

If the Recapitalisation Proposal is approved then the provision for Deed Administrators fees and unsecured creditors will be settled by the total payment of \$300,000 to the Deed Administrator and the Admitted Creditors in accordance with the DOCA.

4. *Quotation of New Shares on ASX*

The Company is already admitted to the Official List. However, trading in the Company's Shares was suspended on 1 October 2012. Following completion of the Recapitalisation Proposal, the Company will apply to have its Shares reinstated to trading on the Official List, including applying for quotation of the Shares offered under the Recapitalisation Proposal.

Reinstatement to the Official List is at the discretion of ASX and will be subject to compliance with ASX regulatory requirements.

The ASX has provided confirmation that providing the Company complies with the ASX regulatory requirements, that it will be re-instated.

1.7 *Forgiveness of Creditors' Claims*

As part of the DOCA:

- (a) a Creditors' Trust will be established for the benefit of the Creditors;
- (b) the balance of funds paid into a Deed Fund established under the DOCA after payment of administration fees and expenses will be paid to the Creditors Trust; and

- (c) the Administrator shall become the trustee of the Creditors Trust.

Under the DOCA, the claims of the Admitted Creditors against the Company are released and extinguished by the payments from the Deed Fund to the eligible creditors or Creditors Trust and the admitted creditors will become beneficiaries of the Creditors Trust.

The DOCA will be fully effectuated after the Deed Fund has been fully expended by payment to the eligible creditors or all above payments have been made to the Creditors Trust. However, if any such obligations are not performed, the DOCA may be terminated and the Company may be placed in liquidation or alternatively, the Administrator (at his discretion) may elect another proponent to undertake the recapitalisation of the Company (subject to the terms of the DOCA and the provisions of the Corporations Act).

2. RESOLUTIONS TO EFFECT RECAPITALISATION PROPOSAL

In order to proceed with the Recapitalisation Proposal, the Company convened this Meeting to for the purpose of passing **Resolutions 5 to 17** referred to below in compliance with the Corporations Act and the ASX Listing Rules. Each of those Resolutions relates to implementation of the Recapitalisation Proposal and are, for the most part, conditional on the passing of each of the other Resolutions.

Certain voting restrictions are imposed in relation to these Resolutions as detailed in the Notice under the "Voting Exclusion" statement section of each Resolution.

Information in respect of each of those Resolutions follows.

2.1 Consolidation of Share Capital (Resolution 5)

Section 254H of the Corporations Act enables a company to convert all or any of its shares into a smaller or greater number of shares by a resolution passed at a general meeting. Any fractions of Shares arising from the consolidation will be rounded up to the next whole number. ASX Listing Rule 7.22 provides that in a consolidation of shares the number of the company's options on issue must be consolidated in the same ratio as the ordinary shares and the exercise price of the options must be amended in inverse proportion to that ratio.

Resolution 5 provides for the consolidation of the Company's share capital in a ratio of one (1) new share for every two hundred (200) shares held, with fractional entitlements being rounded up to the nearest whole number. If passed, it will result in the number of ordinary shares on issue being reduced from 1,016,744,785 shares to approximately 5,084,255 shares with individual holdings being reduced in accordance with the 200 to 1 consolidation ratio. The Company has an abnormally high number of shares on issue for a company of its size and market capitalisation, and the Company's directors believe that the share consolidation will help to establish a share price that is more appropriate for a listed entity of its size.

As the consolidation applies equally to all Shareholders (subject only to the rounding of fractions) it will have no material effect on the percentage interest of each Shareholder of the Company. Furthermore, the aggregate value of each Shareholder's proportionate interest in the Company should not materially change solely as a result of the

consolidation. Theoretically the market price per share following the consolidation should be 200 times the market price per share before the consolidation. In reality the actual effect on the per share market price will depend on a number of factors outside the control of the Company and may be higher or lower than the theoretic post consolidation price.

The Directors believe that the consolidation is fair and reasonable to the Company's shareholders as a whole. The consolidation will have no tax implications for Shareholders whose shares are consolidated.

If **Resolution 5** is passed the Company's options on issue will be treated in the manner following:

Conversion of Options

Pre-Consolidation	Post-Consolidation
5,000,000 options exercisable at 0.899 cents per option on or before 12 April 2015	25,000 options exercisable at \$1.798 per option on or before 12 April 2015
1,500,000 options exercisable at 20 cents per option on or before 28 November 2014	7,500 options exercisable at \$40.00 per option on or before 28 November 2014

If **Resolution 5** is passed the following timetable will apply to actions taken in respect of the Company's securities:

Conversion Timetable

Date	Action
14 November 2014	Shareholders approve 1 for 200 share consolidation and ASX is advised
17 November 2014	Last day for trading in pre-consolidation shares
18 November 2014	Trading in consolidated shares on a deferred settlement basis commences
20 November 2014	last day to register transfers on a pre-consolidation basis
21 November 2014	Share consolidation takes effect and Company sends notices to each security holder and: a) in the case of uncertificated holdings, first day for the Company to register securities on a post-reorganisation basis and first day for issue of holding statements; b) in the case of certificated holdings, first day for issue of new certificates.
27 November 2014	a) despatch date; b) Last date for consolidated securities to be entered into the holders' security holdings. If securities are certificated, last day for the Company to issue them and send the certificates to the holders; and c) Last day for the Company to send notice to each security

	holder.
3 December 2014	Normal trading in the Company's securities ("UXA") commences subject to re- quotation of securities on ASX

The Board recommends that Shareholders vote in favour of the Resolution.

2.2 Issue of Shares and Options to Lind-ASOF (Resolution 6)

This Resolution seeks Shareholder approval for the allotment and issue of 2.3 million post consolidation shares to The Lind Partners, LLC as General Partner of Australian Special Opportunity Fund LP (ASOF) on conversion of an existing convertible note. The convertible note was established under a Security Purchase Agreement dated 12 April 2012 between the Company and ASOF and previously approved by Shareholders. Under the Reconstruction Deed and DOCA, it was agreed that the outstanding loan under the convertible note would be converted and extinguished on the conversion of the outstanding loan into 460 million pre-consolidation shares.

Pursuant to agreement between the parties the effective conversion price is 0.1086957 cents per pre consolidation share and the effect of the Resolution will be to approve the issue of Shares on conversion of the convertible note and allow Directors to issue the Shares during the period of 3 months after the Meeting. Because of the previous shareholder approval of the transaction the issue would in any event take place without using the Company's 15% annual placement capacity. Ratification is sought to ensure transparency in respect of the agreed conversion price.

This Resolution also seeks Shareholder approval for the issue of 5 million post consolidation Options to ASOF as part of the settlement and agreement to terminate the Security Purchase Agreement dated 12 April 2012 between the Company and ASOF and approved by Shareholders.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than the amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of the 12 month period without shareholder approval. The ability to issue up to 15% is often known as the 15% annual placement capacity.

The effect of Resolution 6 will be to allow the Company to issue the Shares and Options after the Meeting without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the securities on conversion of the convertible notes.

- 1) the number of securities to be issued is 460 million pre-consolidation shares (which will become 2.3 million Shares after consolidation) or 2.3 million post consolidation shares. Approval is also being sought for the issue of 5,000,000 post-consolidation Options;
- 2) the Shares and Options will be issued no later than 3 months after the date of the Meeting and it is intended that allotment will occur on the same date;

- 3) the securities will be issued to ASOF. ASOF is not a related party of the Company; and
- 4) the conversion price of the Convertible Note and hence the issue price of the Shares will be 0.1086957 cents per pre consolidation Share or \$0.217 per post consolidation Share and the issue price for the Options is nil;
- 5) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Options will have an expiry date of 22 October 2017 and an exercise price of \$0.10 per option and otherwise on the terms and conditions set out in Schedule 1; and
- 6) no funds will be raised from the termination of the ASOF convertible note but it will satisfy a term of the DOCA and thereby reduce debt.

The Board recommends that Shareholders vote in favour of the Resolution.

2.3 Issue of Shares and Options to La Jolla (Resolution 7)

This Resolution seeks Shareholder approval for the allotment and issue of 1.0 million post consolidation Shares to La Jolla Cove Investors Inc (**La Jolla**) for the mutual termination of a convertible note established by the UXA Resources Funding Agreement dated 26 September 2011 entered into between the Company and La Jolla (**La Jolla convertible note**).

This Resolution also seeks Shareholder approval for the issue of 5,000,000 post consolidation Options to La Jolla as part of the settlement and agreement to terminate the La Jolla convertible note.

ASX Listing Rule 7.1

The effect of Resolution 7 will be to allow the issue of Shares and Options to La Jolla during the period of 3 months after the Meeting. Approval of the issue will allow the issue to take place without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the securities on termination of the La Jolla convertible note.

- 1) the number of securities to be issued is 1,000,000 post consolidation Shares and 5,000,000 post consolidation Options;
- 2) the Shares and Options will be issued no later than 3 months after the date of the Meeting and it is intended that allotment will occur on the same date;
- 3) the securities will be issued to La Jolla. La Jolla is not a related party of the Company; and
- 4) the issue price for the Shares is nil as the Shares are being issued for the agreed mutual termination of the La Jolla convertible note. The issue price for the Options is nil;

- 5) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares. The Options will have an expiry date of 22 October 2017 and an exercise price of \$0.10 per option and otherwise on the terms and conditions set out in Schedule 1;
- 6) no funds will be raised from the termination of the La Jolla convertible note but it will satisfy a term of the DOCA and thereby reduce debt.

The Board recommends that Shareholders vote in favour of the Resolution.

2.4 Initial Placement (Resolution 8)

Under the Reconstruction Deed and DOCA, Palgrave was required to contribute to the Company a total of \$300,000, \$100,000 of which was a non-refundable deposit with the balance of \$200,000 payable at Completion. The funds provided are for the issue of Shares at the rate of \$0.05 per share subject to shareholder approval.

To date, Palgrave has provided the \$100,000 deposit to the Administrator. Palgrave has assigned this advance to Mr. David Walker in consideration of debt extinguishment and therefore the 2 million Shares will be issued to Mr. Walker. It is intended that other investors will provide the further \$200,000. However, if other investors cannot be sourced to provide the \$200,000, then the shortfall will be provided by Mr. Walker either personally or through his controlled entity, Dalkeith Resources Pty Ltd.

This Resolution seeks Shareholder approval for the allotment and issue of 6 million Shares at an issue price of \$0.05 to raise the \$300,000 required under the DOCA. The outstanding balance of \$200,000 is to be provided at Completion following the Meeting and subject to receipt of shareholder approval.

Palgrave and Dalkeith are companies controlled by Mr. David Walker. As Mr. Walker is a Director of the Company, Mr. Walker and both Palgrave and Dalkeith are related parties of the Company.

As some or all of the Shares are to be issued to a related party, the Company is seeking shareholder approval under this Resolution for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

Shareholder approval is sought under Chapter 2E of the Corporations Act, which regulates any financial benefits to be given by a public company (or an entity controlled by that company) only either under an exception to that section or with the approval by members in accordance with the requirements of sections 217 – 228 of the Corporations Act. An issue of shares and options by a public company to related parties falls under Chapter 2E of the Corporations Act.

The Directors (other than Mr. Walker) believe that the issue of Shares is appropriate and reasonable in all the circumstances, as part of the Recapitalisation Proposal. It is noted that the price per share being paid by Mr. Walker and Dalkeith is as per the Reconstruction Deed and DOCA negotiated with the Administrator and will be the same as that payable by other investors and as such is considered to be on arms' length terms.

In accordance with the requirements of Chapter 2E, and in particular with section 219 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed issue of Shares:

- 1) the proposed Resolution will permit financial benefits to be given to each of the following:
 - a) Mr. David Walker
 - b) Palgrave Resources Ltd
 - c) Dalkeith Resources Pty Ltd
- 2) the nature of the financial benefit to be given to each of them is the issuing of the Shares at \$0.05 per Share.

ASX Listing Rule 10.11

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

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

Approval of the issue to Mr. Walker and Dalkeith will allow the issue to take place without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following additional information is provided in relation to the issue of the Shares:

- 1) The maximum number of Shares to be issued to Mr. Walker and Dalkeith is 6,000,000 Shares.
- 2) If Shareholder approval is obtained the Company will issue the Shares no later than 1 month after this Meeting;
- 3) The Shares will be issued for an issue price of \$0.05 per Share.
- 4) The Shares that are issued will rank equally in all respects with existing Shares from the issue date, in accordance with the terms of the Constitution;
- 5) No less than \$100,000 and no more than \$300,000 will be raised from the issuing of the Shares. The funds raised from the issuing of the Shares will be used by the Company to assist with payment of \$300,000 to the Administrator as part of the DOCA and the Reconstruction Deed.

In the Directors' opinion there is no other information that:

- (a) is material in making a decision by a Shareholder in relation to the Resolution, being information that is within the knowledge of any director of

the Company or any related body corporate at the time of issue of this statement; and

- (b) has not previously been disclosed to the Shareholders of the Company, other than the information set out in this document.

ASX Listing Rule 7.1

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares to Mr. Walker and Dalkeith as approval is being obtained under ASX Listing Rule 10.11. Approval of the issue to Mr. Walker and Dalkeith will allow the issue to take place without using the 15% annual placement capacity.

However, as \$200,000 of Shares may be placed with investors which may not be a related party, approval is also being sought for the purposes of ASX Listing Rule 7.1 so that any Shares issued to investors can be issued without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares to the investors:

- 1) The maximum number of Shares to be issued to investors is 4,000,000 Shares.
- 2) If Shareholder approval is obtained the Company will issue the Shares no later than 3 month after this Meeting. The Company is not bound to issue the maximum number of Shares for which Shareholder approval is sought and the Company may, in its absolute discretion, issue such lesser number of Shares as it may determine. The issue of Shares may occur progressively, provided that any Shares are issued no later than 3 months after the date of this Meeting;
- 3) The Shares will be issued at a price \$0.05 per Share to raise not more than \$200,000;
- 4) The Shares will be issued to investors that are identified by Palgrave, or its brokers, as investors who qualify for one or more of the exemptions specified in section 708 of the Corporations Act (for example "sophisticated investors" or "professional investors" within the meaning given by those terms under the Corporations Act);
- 5) The Shares that are issued will rank equally in all respects with existing Shares from the issue date, in accordance with the terms of the Constitution;
- 6) The funds raised from the issuing of the Shares will be used by the Company to assist with payment of \$300,000 to the Administrator as part of the DOCA and the termination of the Convertible Note agreements.

Effect of Capital Raising

If this Resolution is passed it will allow the Company to issue 6 million new Shares which will raise \$300,000 at the issue price \$0.05. This issue of new Shares will have a dilutive effect on the existing Shareholders. The exact dilutive effect will depend on the price the

Shares are issued at, and the number of Shares allotted and issued pursuant to the other capital raisings contemplated by the Recapitalisation Proposal.

The table at **section 1.5** shows pro forma capital structure of the Company after the Recapitalisation Proposal is implemented and the dilution of existing Shareholders on the basis that all Resolutions put to Shareholders at this Meeting are passed, including the consolidation of share capital on a 1 for 200 basis.

The Company notes that those workings are an example only and the actual issue price and/or the number of securities issued may differ. This will result in the maximum number of Shares to differ and, accordingly, the effect on each Shareholders shareholding. Nonetheless, each existing Shareholder's percentage ownership in the Company will be reduced upon the issue of any new Shares, reducing the existing Shareholder's percentage ownership and their control over the affairs of the Company.

The Directors other than David Walker (who has an interest in the Resolution) recommends that Shareholders vote in favour of the Resolution.

2.5 Issue of Shares in lieu of Loan Repayment (Resolution 9)

Pursuant to the DOCA, Palgrave procured an amount of \$150,000 to be provided to the Company via the Administrator for the purpose of payment to La Jolla (\$100,000) and ASOF (\$50,000). The \$150,000 was loaned to the Company by Mr. Walker (\$50,000) and Dalkeith (\$100,000) an entity controlled by Mr. Walker (**the Funders**).

The Funders can elect to have those funds repaid by the issue of Shares at \$0.05 per Share, subject to shareholder approval and the Funders have elected to be repaid in Shares.

This Resolution seeks Shareholder approval for the allotment and issue of 3 million Shares at an issue price of \$0.05 to convert \$150,000 of loans as permitted under the Reconstruction Deed and the DOCA.

Dalkeith is a company controlled by Mr. Walker. As Mr. Walker is a Director of the Company, both Mr. Walker and Dalkeith are related parties of the Company. As the Shares are being issued to related parties, the Company is seeking shareholder approval under this Resolution for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

The Directors (other than Mr. Walker) believe that the issue of Shares is appropriate and reasonable in all the circumstances, as part of the Recapitalisation Proposal. It is noted that the price per share being paid by the Funders is as per the Reconstruction Deed and DOCA negotiated with the Administrator and will be the same as that payable by other investors and as such is considered to be on arms' length terms.

In accordance with the requirements of Chapter 2E, and in particular with section 219 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed issue of Shares:

- 3) the proposed Resolution will permit financial benefits to be given to each of the following:

- a) David Walker
 - b) Dalkeith Resources Pty Ltd
- 4) the nature of the financial benefit to be given to each of them is the issuing of the Shares at \$0.05 per Share.

ASX Listing Rule 10.11

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

Approval of the issue to the Funders will allow the issue to take place without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following additional information is provided in relation to the issue of the Shares to the Funders:

- 1) The number of Shares to be issued to Mr. Walker is 1,000,000 Shares and to Dalkeith, 2,000,000 Shares.
- 2) If Shareholder approval is obtained the Company will issue the Shares no later than 1 month after this Meeting;
- 3) The Shares will be issued for an issue price of \$0.05 per Share.
- 4) The Shares that are issued will rank equally in all respects with existing Shares from the issue date, in accordance with the terms of the Constitution;
- 5) No additional funds will be raised by this issue but it will reduce the debt of the Company by \$150,000 in accordance with the DOCA and the Reconstruction Deed.

In the Directors' opinion there is no other information that:

- (a) is material in making a decision by a Shareholder in relation to the Resolution, being information that is within the knowledge of any director of the Company or any related body corporate at the time of issue of this statement; and
- (b) has not previously been disclosed to the Shareholders of the Company, other than the information set out in this document.

ASX Listing Rule 7.1

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares to the Funders as approval is being obtained under ASX Listing Rule 10.11. Approval of the issue to the Funders will allow the issue to take place without using the 15% annual placement capacity.

Effect of Capital Raising

If this Resolution is passed it will allow the Company to issue 3 million new Shares which will convert \$150,000 of loans at the issue price \$0.05. This issue of new Shares will have a dilutive effect on the existing Shareholders. The exact dilutive effect will depend on the price the Shares are issued at, and the number of Shares allotted and issued pursuant to the other capital raisings contemplated by the Recapitalisation Proposal.

The table at **section 1.5** shows pro forma capital structure of the Company after the Recapitalisation Proposal is implemented and the dilution of existing Shareholders on the basis that all Resolutions put to Shareholders at this Meeting are passed, including the consolidation of share capital on a 1 for 200 basis.

The Company notes that those workings are an example only and the actual issue price and/or the number of securities issued may differ. This will result in the maximum number of Shares to differ and, accordingly, the effect on each Shareholders shareholding. Nonetheless, each existing Shareholder's percentage ownership in the Company will be reduced upon the issue of any new Shares, reducing the existing Shareholder's percentage ownership and their control over the affairs of the Company.

The Directors other than David Walker (who has an interest in the Resolution) recommends that Shareholders vote in favour of the Resolution.

2.6 Further Placement (Resolution 10)

This Resolution seeks Shareholder approval for the allotment and issue of up to 9 million Shares at an issue price of \$0.05 to raise up to \$450,000 from investors identified by the Directors. The purpose of the issue is to provide working capital in the short and medium term. However, the Directors reserve the right to vary the application of funds raised by the issue of the Shares in the best interests of the Company.

ASX Listing Rule 7.1

Approval is being sought for the purposes of ASX Listing Rule 7.1 so that any Shares issued to investors can be issued without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares to the investors:

- 1) The maximum number of Shares to be issued to investors is 9,000,000 Shares.
- 2) If Shareholder approval is obtained the Company will issue the Shares no later than 3 month after this Meeting. The Company is not bound to issue the maximum number of Shares for which Shareholder approval is sought and the Company may, in its absolute discretion, issue such lesser number of Shares as the Company determines. The issue of Shares may occur progressively, provided that any Shares are issued no later than 3 months after the date of this Meeting;
- 3) The Shares will be issued at a price of not less than \$0.05 per Share to raise up to \$450,000;

- 4) The Shares will be issued to investors that are identified by the Directors, or the Company's brokers, as an investor who qualifies for one or more of the exemptions specified in section 708 of the Corporations Act (for example "sophisticated investors" or "professional investors" within the meaning given by those terms under the Corporations Act);
- 5) The Shares that are issued will rank equally in all respects with existing Shares from the issue date, in accordance with the terms of the Constitution;
- 6) The funds raised from the issuing of the Shares will be used by the Company to provide working capital in the short and medium term. However, the Directors reserve the right to vary the application of funds raised by the issue of the Shares in the best interests of the Company.

The Board recommends that Shareholders vote in favour of the Resolution.

2.7 Issue of Shares in lieu of fees and expenses reimbursement (Resolution 11)

The Company has incurred significant fees and expenses as part of its day to day operations and various costs have been incurred in the preparation of this Notice. As the Company presently does not have sufficient funds to meet all those expenses, most of those expenses have been paid by David Walker or his controlled entities on behalf of the Company and is entitled to be reimbursed those expenses. In addition, John Santich has provided legal services to the Company (**Related Party Debts**).

In order to discharge some of the Related Party Debts and maintain a greater proportion of the Company's cash to be raised under the Recapitalisation Proposal, the Company, David Walker and John Santich have agreed that, subject to shareholder approval, some of the Related Party Debts be satisfied by the issue of Shares.

Set out in the table below is a list of the Related Party Debts being satisfied by the issue of the Shares and to whom they are being issued.

Provider/Allottee	Purpose	\$ amount	No. of Shares
Dr John Santich	Legal Fees	\$35,000	3,500,000
Mr. David Walker	Reimbursement of expenses and loans	\$150,000	15,000,000
Dalkeith Resources Pty Ltd (an entity controlled by Mr. Walker)	Reimbursement of expenses and loans	\$150,000	15,000,000
Total		\$335,000	33,500,000

This Resolution seeks Shareholder approval for the allotment and issue of 33.5 million Shares at an issue price of \$0.01 in order to satisfy \$335,000 of Related Party Debts. As the Shares will be issued to related parties, the Company is seeking shareholder approval

under this Resolution for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

Mr. Peter Hunt (as the only director without an interest in this Resolution) believes that the issue of Shares is appropriate and reasonable in all the circumstances, as part of the Recapitalisation Proposal. It is noted that by discharging certain expenses and loans by the issue of shares, the Company is able to preserve a significant amount of the cash being raised by the Recapitalisation Proposal allowing funds to spent on other matters .

In accordance with the requirements of Chapter 2E, and in particular with section 219 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed issue of Shares:

- 1) the proposed Resolution will permit financial benefits to be given to each of the following:
 - a) John Santich
 - b) David Walker
 - c) Dalkeith Resources Pty Ltd
- 2) the nature of the financial benefit to be given to each of them is the issuing of the Shares at \$0.01 per Share.

ASX Listing Rule 10.11

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Shares to John Santich and David Walker (and his controlled entities) as approval is being obtained under ASX Listing Rule 10.11. Approval of the issue to John Santich and David Walker (and his controlled entities) will allow the issue to take place without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following additional information is provided in relation to the issue of the Shares to John Santich and David Walker (and his controlled entities):

- 1) If Shareholder approval is obtained the Company will issue the Shares no later than 1 month after this Meeting;
- 2) The Shares will be issued for nil consideration but at a notional price of \$0.01 per Share;
- 3) The Shares that are issued will rank equally in all respects with existing Shares from the issue date, in accordance with the terms of the Constitution;
- 4) No actual funds will be raised from the issuing of the Shares but the Company's debt will be reduced by \$335,000 in satisfaction of some of the Related Party Debts as outlined in the table above.

In the Directors' opinion there is no other information that:

- (a) is material in making a decision by a Shareholder in relation to the Resolution, being information that is within the knowledge of any director of the

Company or any related body corporate at the time of issue of this statement;
and

(b) has not previously been disclosed to the Shareholders of the Company,

other than the information set out in this document.

Peter Hunt as the only Director that does not have an interest in the Resolution recommends that Shareholders vote in favour of the Resolution.

2.8 Issue of Shares and Options to Directors (Resolution 12)

The Board of the Company is seeking to grant Shares and Options to the Directors of the Company which grants are subject to the Recapitalisation Proposal being approved by Shareholders as a result of passing the Resolutions in this Notice.

The Shares and Options to be issued are set out in the table below:

Director*	No. of Shares	No. of 3 year Options	No. of 5 year Options
<i>David Walker</i>	<i>3,000,000</i>	<i>1,000,000</i>	<i>2,000,000</i>
<i>Peter Hunt</i>	<i>3,000,000</i>	<i>1,000,000</i>	<i>2,000,000</i>
<i>John Santich</i>	<i>3,000,000</i>	<i>1,000,000</i>	<i>2,000,000</i>

* Or their nominee

The 3 year Options will expire on 22 October 2017 and have an exercise price of \$0.10 per Share. The 5 year Options will expire on 22 October 2019 and have an exercise price of \$0.15 per Share and the other terms and conditions of the Options are set out in Schedule 1.

The Board believes that the issue of the Shares and Options to Directors of the Company is an effective and appropriate means of rewarding them in their roles as Directors. Additionally, Shares and Options act to align those benefits for Directors with the Board objectives to grow shareholder value.

Shareholder approval is sought under Chapter 2E of the Corporations Act, which regulates any financial benefits to be given by a public company (or an entity controlled by that company) only either under an exception to that section or with the approval by members in accordance with the requirements of sections 217 – 228 of the Corporations Act. An issue of shares and options by a public company to related parties falls under Chapter 2E of the Corporations Act. As Directors of the Company, Messrs. Walker, Hunt and Santich are related parties for these purposes.

The Directors believe that the issue of Shares and Options is appropriate and reasonable in all the circumstances, as part of the remuneration for each of the Directors' roles as a Director.

In accordance with the requirements of Chapter 2E, and in particular with section 219 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed issue of Shares and Options:

- 1) the proposed Resolution will permit financial benefits to be given to each of the following:
 - a) David Walker
 - b) Peter Hunt
 - c) John Santich(the **Directors**)
- 2) the nature of the financial benefit to be given to each of the Directors is the issuing of the Shares and Options (the terms of which are described above) entitling each of the Directors to subscribe for ordinary fully paid shares in the Company.

ASX Listing Rule 10.11

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

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

Approval of the issue to the Directors will allow the issue to take place without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following additional information is provided in relation to the issue of the Shares and Options to the Directors:

- 1) If Shareholder approval is obtained the Company will issue the Shares and Options no later than 1 month after this Meeting;
- 2) The Shares will be issued at a price of \$0.001 per Share and Options will be issued for nil consideration but the Options have an exercise price of \$0.10 per Share for the 3 Year Options and \$0.15 per Share for the 5 Year Options.
- 3) The Shares that are issued will rank equally in all respects with existing Shares from the issue date, in accordance with the terms of the Constitution;
- 4) \$9000 will be raised from the issuing of the Shares which will be used to reduce debt.

In the Directors' opinion there is no other information that:

- (a) is material in making a decision by a Shareholder in relation to the Resolution, being information that is within the knowledge of any director of

the Company or any related body corporate at the time of issue of this statement; and

- (b) has not previously been disclosed to the Shareholders of the Company, other than the information set out in this document.

Since each of the Directors have a personal interest in the outcome of Resolution 12, as the proposed recipients of the Shares and Options, they refrain from making any recommendation to shareholders about the proposed resolution.

2.9 Issue of Shares to Strategic Investors (Resolution 13)

This Resolution is an ordinary resolution and seeks shareholder approval under ASX Listing Rule 7.1 for the issue of 5,240,000 Shares for \$0.001 per share to the strategic investors as listed in the table below.

Strategic Investor	No of Shares
Bethville Pty Ltd	100,000
Monomond Pty Ltd	200,000
Firemat Pty Ltd	200,000
Mrs. JM & Mr. DR Bourne	200,000
Stephanie Grose Advertising Pty Ltd	300,000
Darren Garth	40,000
Matar Super Fund Pty Ltd	300,000
Donald Maxwell Triggs	300,000
Diesel Property Group Pty Ltd	200,000
Mr. Anthony John Burge	200,000
G & P Moore Investments Pty Ltd	500,000
Blueroom Capital Pty Ltd	1,000,000
Express Discovery Pty Ltd	800,000
Klemish Pty Ltd	200,000
G & P Moore Investments Pty Ltd	400,000

Monomond Pty Ltd	200,000
Shane Ronald Stafford	100,000
Total	5,240,000

The Directors have determined to issue the Shares to the Strategic Investors for the purpose of facilitating the Recapitalisation Proposal. The Directors believe that the Strategic Investors will support future capital raisings by the Company.

ASX Listing Rule 7.1

The effect of Resolution 13 will be to allow the issue of Shares to the Strategic Investors during the period of 3 months after the Meeting. Approval of the issue will allow the issue to take place without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the securities to the Strategic Investors.

- 1) the number of securities to be issued is 5,240,000 Shares;
- 2) the issue price will be \$0.001 per Share;
- 3) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- 4) a total of \$5,240 funds will be raised and will be used to reduce debt.

The Board recommends that Shareholders vote in favour of the Resolution.

2.10 Capital Raising by Public Offer (Resolution 14)

Resolution 14 seeks Shareholder approval for the allotment and issue of Shares to raise up to a total of \$3,200,000 (before costs) (**Capital Raising**) under a prospectus to be issued by the Company (**Prospectus**). The Capital Raising will include a minimum subscription of \$1,000,000. The Capital Raising may include a priority offer to UXA Shareholders.

The Company intends to lodge a prospectus for the Capital Raising with ASIC shortly after the date of the Meeting.

ASX Listing Rule 7.1

The effect of this Resolution will be to allow the Directors to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX). Approval of the issue will allow the issue to take place without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the offer of Shares under the Prospectus:

- 1) the maximum number of Shares to be issued is 42,666,666;
- 2) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- 3) the issue price will be not less than \$0.075 and not more than \$0.10 per Share;
- 4) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's Shares;
- 5) Shareholders, both retail and sophisticated investors and related parties of the Company may apply for Shares. The Directors will determine to whom the Shares will be issued and if there is an excess of applications they would be reduced pro rata provided that no application will be reduced beyond the minimum parcel;
- 6) the Company intends to use the funds raised (\$1,000,000 in raising the minimum subscription and \$3,200,000 in raising the maximum subscription) from the Capital Raising for the purposes as set out in **Sections 1.2, 1.3 and 4.4** of this Explanatory Statement.
- 7) Further details on the use of funds will be set out in the Prospectus that will be issued in respect of the Capital Raising.

The Board recommends that Shareholders vote in favour of the Resolution.

2.11 Approval of Shares applied for by Related Parties under Prospectus (Resolution 15)

This Resolution seeks Shareholder approval for the issue of up to 5,000,000 Shares to Directors (other than Mr. David Walker) and their related parties of the Company (the **Related Parties**) who may acquire Shares consequent on an application for Shares in the Company pursuant to the Prospectus issued by the Company. The shares would be acquired on the same terms and price as the Shares will be issued to non-related parties under the Prospectus.

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

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

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

The grant of securities to the Related Parties pursuant to application under a Prospectus may constitute the giving of a financial benefit.

In accordance with the requirements of Chapter 2E, and in particular with section 219 of the Corporations Act, the following information is provided to shareholders to allow them to assess the proposed issue of Shares:

- 1) The proposed Resolution will permit financial benefits to be given to each of the following:
 - a) Peter Hunt
 - b) John Santich(the **Directors**) and their related parties
- 2) The nature of the financial benefit to be given to each of the Directors is the issuing of up to 5,000,000 Shares in aggregate under the Prospectus, the terms of which are described above.
- 3) The Directors each have a material personal interest in the outcome of Resolution 15 as they will have the right to apply for Shares under the Prospectus if the Resolution is passed.
- 4) Assuming that the Recapitalisation Proposal is implemented in full, the dilutive effect of the issue of the Shares to the Related Parties will have on the share capital of the Company is set out in **Section 1.5**

ASX Listing Rule 10.11

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

Approval of the issue to the Directors will also allow the issue to take place without using the 15% annual placement capacity.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following additional information is provided in relation to the issue of the Shares to the Directors:

- 1) If Shareholder approval is obtained the Company will issue the Shares no later than 3 months after this Meeting in accordance with the ASX Waiver;
- 2) The Shares will be issued for a price of not less than \$0.075 and not more than \$0.10 per Share as set out in the Prospectus.
- 3) The Shares that are issued will rank equally in all respects with existing Shares from the issue date, in accordance with the terms of the Constitution;
- 4) The total amount to be raised from the issuing of the Shares will depend on the number of Shares applied for by the Directors under the Prospectus. If all of the 5,000,000 Shares were applied for and the issue price was \$0.10 per Share then the total amount raised would be \$500,000.
- 5) The Company intends to use the funds raised for the purposes as set out in **Sections 1.2, 1.3 and 4.4** of this Explanatory Statement.

- 6) Further details on the use of funds will be set out in the Prospectus that will be issued in respect of the Capital Raising.

In the Directors' opinion there is no other information that:

- (a) is material in making a decision by a Shareholder in relation to the Resolution, being information that is within the knowledge of any director of the Company or any related body corporate at the time of issue of this statement; and
- (b) has not previously been disclosed to the Shareholders of the Company, other than the information set out in this document.

David Walker as the only Director that does not have an interest in the Resolution recommends that Shareholders vote in favour of the Resolution.

2.12 Approval under Section 611, item 7 (Resolution 16)

Resolution 16 seeks Shareholder approval, for the purpose of Item 7 of Section 611 of the Corporations Act, to allow David Walker and his controlled entity, Dalkeith Resources Pty Ltd (and consequently as a matter of law, each of them) (**Walker**) to acquire a relevant interest in Shares in the Company pursuant to the issue of those Shares in accordance with Resolutions 8, 9, 11, and 12 will result in Mr. Walker's voting power in the Company increasing to more than 20%.

Pursuant to ASX Listing Rule 7.2 (Exception 16), Listing Rule 7.1 does not apply to an issue of securities approved for the purpose of Item 7 of Section 611 of the Corporations Act. Accordingly, if Shareholders pass Resolution 16, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and any additional 10% annual capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

- a) from 20% or below to more than 20%; or
- b) from a starting point that is above 20% and below 90%,

(Prohibition).

Voting Power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a

company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (first person) if:

- a) the first person is a body corporate and the second person is:
 - a. a body corporate the first person controls;
 - b. a body corporate that controls the first person; or
 - c. a body corporate that is controlled by an entity that controls the person;
- b) the second person has entered or proposed to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

Relevant Interests

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- a) are the holder of the securities;
- b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- a) a body corporate in which the person's voting power is above 20%;
- b) a body corporate that the person controls.

Mr. Walker holds more than 20% interest in Dalkeith Resources Pty Ltd and Dalkeith Resources Pty Ltd holds more than 20% interest in Palgrave. Mr. Walker is also a director of each of Dalkeith and Palgrave.

Reason Why Section 611 Approval is Required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition described above. A person may, with shareholder approval, acquire a relevant interest in a company's voting shares that is above 20% and below 90%.

At the date of this Notice, Walker does not have a relevant interest in Shares in the Company.

Following the issue of the Shares pursuant to the various share issues contemplated in this Notice and assuming Walker is issued the maximum number permitted under those Resolutions, Walker will have a relevant interest in a total of 42 million Shares, giving Walker voting power of up to 56.66%. This assumes that the Company does not issue any Shares between now and the date of issue of the Shares and before shares are issued pursuant to the Prospectus. Walker's voting power will reduce to 49.92% following the minimum raising under the Prospectus of \$1,000,000 at \$0.10 per share.

Accordingly, Resolution 16 seeks Shareholder approval for the purpose of Section 611 Item 7 to enable the Company to issue the Shares as set out in the table below.

Resolution No.	No. of Shares
8	6,000,000
9	3,000,000
11	30,000,000
12	3,000,000
Total	42,000,000

As David Walker is the ultimate controller of each of the entities listed above, he will have a relevant interest in any securities held by those entities under section 608(3)(b) of the Corporations Act

Relevant Interest and Voting Power

The relevant interests of David Walker and his Associates in voting shares in the capital of the Company, as well their relevant voting power, (both current, and following the issue of Shares as contemplated by this Notice) are set out in the table below:

Party with Relevant Interest in Shares	Registered Holder of Shares	Relevant Interest in Shares after the issue of the maximum number of Shares	Voting Power after the issue of maximum number of Shares*
David Walker Dalkeith Resources	Dalkeith Resources	21,000,000	28.33%
David Walker	David Walker	21,000,000	28.33%
TOTAL		42,000,000	56.66%

** Prior to issue of any shares under the Prospectus*

Reasons for the proposed issue of securities

The reasons for the proposed issue of Shares are set out in this Explanatory Statement under the explanatory notes for each of the relevant Resolutions.

Date of proposed issue of securities

The dates for the proposed issue of Shares are set out in this Explanatory Statement under the explanatory notes for each of the relevant Resolutions.

Material terms of proposed issue of securities

The material terms of the Shares are set out in this Explanatory Statement under the explanatory notes for each of the relevant Resolutions.

Walker's Intentions

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Walker:

- 1) has no present intention of making any significant changes to the business of the Company;
- 2) has no present intention to inject further capital into the Company;
- 3) has no present intention of making changes regarding the future employment of the present employees of the Company;
- 4) does not intend to redeploy any fixed assets of the Company;
- 5) does not intend to transfer any property between the Company and Walker or any of his associates; and
- 6) has no intention to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to Walker and his associates at the date of this Notice.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

Advantages and Disadvantages

Section 3 of this Explanatory Statement sets out some advantages and disadvantages that may be relevant to a Shareholder's decision on how to vote on Resolution 16. It also sets out some information about the impact of the Recapitalisation Proposal and the consequent share issues on the Company and Shareholders.

Independent Expert's Report

The Independent Expert's Report assesses whether the issue of the Shares to Walker outlined in Resolution 16 is fair and reasonable to the Shareholders who are not associated with Walker.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue of the Shares the subject of Resolution 16. This assessment is designed to assist all Shareholders in reaching their voting decision.

The Independent Expert has provided the Independent Expert's Report and has provided an opinion that it believes the proposed transaction as outlined in Resolution 16 and the interrelated Resolutions 5 - 15 on balance, IS FAIR AND REASONABLE to the Shareholders of the Company not associated with Walker. It is recommended that all Shareholders read the Independent Expert's Report in full.

The Independent Expert's Report is enclosed with this Notice of Meeting.

The Directors other than David Walker (who has an interest in the Resolution) recommends that Shareholders vote in favour of the Resolution.

2.13 Cancellation of Lost Capital (Resolution 17)

Resolution 17 is an ordinary resolution and seeks Shareholder approval to reduce the capital of the Company by applying an amount of \$30,855,715, being most of the accumulated losses of the Company, against the share capital of the Company which is considered permanently lost. Resolution 17 requires shareholder approval under sections 256B, 256C and 258F of the Corporations Act.

Sections 256B and 256C of the Corporations Act require a reduction of capital of this nature to be approved by an ordinary resolution passed at a general meeting of the Company. Section 258F of the Corporations Act permits the Company to reduce its

share capital by cancelling an paid-up share capital that is lost or is not represented by available assets, provided that:

- a) The Company does not cancel Shares; and
- b) The cancellation of paid-up share capital is not inconsistent with the requirements of any accounting standard.

The purpose of the reduction of capital is to reduce the amount of capital on issue where the value has been permanently lost or is not represented by available assets. The accumulated losses are comprised of those which relate to the Company's assets that have been either sold or had their value impaired and the trading losses accumulated by the Company.

The Company proposes to effect the reduction of capital by debiting the Company's capital account by the amount of the Company's accumulated losses being at least \$30,855,715. Under this reduction of capital, the Company will not be returning any capital to Shareholders or cancelling any Shares. It will essentially be an accounting entry which will take immediate effect from the passing of the Resolutions.

The reduction of capital does not and will not materially prejudice the Company's ability to pay the Creditors, has no direct impact on Shareholders (or their shareholding), is not selective between Shareholders and will not affect the number of fully paid shares on issue in the Company. The Company does not have any partly paid shares on issue which may be affected by the reduction of capital.

The Board recommends that Shareholders vote in favour of the Resolution.

3. IMPACT ON COMPANY AND SHAREHOLDERS

3.1 Advantages and Disadvantages

The issues of Shares and Options for the purposes of the Recapitalisation Proposal as contemplated by the Resolutions are, in most part, conditional on each other so that if one of the Resolutions is not passed then the others are also not passed. Therefore the Directors are of the view that Shareholders need to consider all of the related Resolutions as a whole and consider the Recapitalisation Proposal as a whole when considering the advantages and disadvantages.

The Directors consider that the Recapitalisation Proposal has certain advantages and disadvantages more particularly set out in the following paragraphs.

Advantages

The Directors, other than Mr. David Walker (who has a material personal interest in the Resolutions) are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- 1) The Independent Expert in its Independent Expert's Report has provided an opinion that it believes the proposed transaction as outlined in Resolution 16 and the

interrelated Resolutions 5 - 15, on balance, IS FAIR AND REASONABLE to the Shareholders of the Company not associated with Walker. One basis for this judgment is that the Recapitalisation Proposal will increase the likely value of the shares in the Company.

- 2) Without the Recapitalisation Proposal being implemented it is likely the Company will have insufficient funds to continue and will be put into liquidation thereby eliminating any prospect of Shareholders getting any return on their investment in the Company.
- 3) The provable debts of the Company to the Creditors will be forgiven. This will leave the Company with negligible liabilities, compared with the current position under which the Company has a significant net deficit.
- 4) The issue of the Shares, if approved by Shareholders, will see the Company's cash position increase to at least approximately \$1.3 million upon receipt of the funds.
- 5) The Company's ability to seek re-quotation on the ASX is enhanced. If the Company's Shares are reinstated to trading, liquidity in the Shares is improved making it easier for Shareholders to sell their Shares on the ASX.
- 6) The funds raised will enable the Company to:
 - a) conduct further exploration on the Company's Tenements; and
 - b) fund the working capital requirements of the Company.

Disadvantages

The Directors, other than Mr. David Walker (who has a material personal interest in the Resolutions) are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- 1) The Recapitalisation Proposal, if implemented, will significantly dilute existing Shareholders' voting interests in the Company. The combined voting power of the Walker will increase from 0% to up to 56.66% (diluting down to 49.92%) after the Recapitalisation Proposal and the issue of the Capital Raising Shares. The existing Shareholders' total combined voting power will be diluted from 100% to as little as 4.8% after the Recapitalisation Proposal and the issue of the Capital Raising Shares. This assumes that a total of 32,000,000 Capital Raising Shares are issued.
- 2) Assuming the Recapitalisation Proposal is implemented, a significant risk for the Company is that the proposed exploration programs on the Company's Tenements will not result in exploration success.

3.2 Effect of the Recapitalisation Proposal

The Company's shares were last traded on the ASX on 1 October 2012 and the Administrator was appointed as administrator of the Company on 26 July 2013. Accordingly, historic ASX share trading prices for the Company are not considered a reliable indicator of the value of the Shares.

Due to the Company's current situation, lack of profit making history and a current lack of cashflow, maintainable earnings are also not considered to be a reliable basis for assessing the value of the Shares.

The Administrator has estimated that, on a liquidation basis, there is a deficiency of funds and the Creditors are unlikely to receive any return if the Recapitalisation Proposal does not proceed. Therefore if the Company were to go into liquidation, Shareholders would not receive any return on their investment in the Company.

Accordingly, the implied value of the Company's Shares at the date of this Notice is nil.

4. OTHER INFORMATION

4.1 Director Interests

As at the date of this Notice, the Directors and their respective related parties of the Company have the following relevant interests (for the purposes of the Corporations Act) in shares in the Company at the date of the Meeting and on implementation of the Recapitalisation Proposal.

<i>Director</i>	<i>No. of Shares currently held</i>	<i>No. of Shares held post Recapitalisation</i>	<i>No. of Options held post Recapitalisation</i>
Peter Hunt	nil	3,000,000	3,000,000
David Walker*	nil	42,000,000	3,000,000
John Santich	nil	6,500,000	3,000,000

* assumes maximum take up under the various share issues approved by Shareholders through the Resolutions

4.2 Secured Creditor

At the date of being placed into Administration, the Company was indebted to two Secured Creditors, as accepted by the Administrator, in the amount of \$861,000. The assets over which the Secured Creditors held security were sold and both secured debts were discharged.

4.3 Future Business Plans

On the completion of the Recapitalisation Proposal, the Company will retain the following assets:

- (a) an interest in the mineral Tenements listed in Schedule 2; and
- (b) its status on the ASX as a listed company.

The Company plans to retain the Tenements, exploring these and seeking additional investment opportunities in advanced mineral projects, whether in listed or unlisted companies, which it either believes to be significantly undervalued or to which it can add value through its own technical and managerial expertise.

4.4 Use of Funds - Expenditure Plan

An indicative expenditure plan for the funds raised under the Recapitalisation Proposal is set out below.

Item	(\$)
Legal Fees associated with the recapitalisation process	50,000
Costs of Shareholder Meeting	25,000
Preparation of outstanding statutory accounts	70,000
Payment to the Creditors Trust	300,000
Payment to Noteholders	150,000
Capital Raising Fees	60,000
Review and expenditure on new investments	100,000
Review and development of existing business	500,000
Company administrative costs	630,000
Total Expenditure *	1,885,000

*Based on a minimum subscription under the Public Offer of \$1,000,000 (10,000,000 shares at \$0.10 per share) and two placements of \$450,000 each to Related and unrelated Parties who have assisted with the reconstruction and capital raising.

The expenditure plans are the best estimates available to the Company at this time. It is important to recognize that although certain parts of the budget allocations are committed expenditure, plans are subject to change to suit emerging results, progress, circumstances and opportunities.

4.5 Terms of the DOCA

On Monday 4 November 2013, pursuant to Section 445F of the Corporations Act, a meeting of the Creditors approved the DOCA proposal.

The material terms of the DOCA (inclusive of terms incorporated from the Reconstruction Deed) are as follows:

- Under the DOCA a Deed Fund and a Creditors Trust are to be established by the Administrator for the benefit of the Creditors.
- The Deed Fund is to receive a total of \$300,000 from the Company (**Contributions**). To date the fund has received \$100,000, with a balance of \$200,000 owing on and subject to Completion. The balance of the \$200,000 will

be paid from the proceeds of the placement the subject of Resolution 8.

- The provable debts of the Company to the Creditors are to be forgiven (**Forgiveness**) and in consideration of the Forgiveness, the Creditors become beneficiaries of the Creditors Trust.
- The DOCA will be fully effectuated and the DOCA will terminate after payment of the Contributions to the Deed Fund and the balance after deducting fees and expenses transferred to the Creditors Trust.
- Upon termination of the DOCA, the Company's assets (other than the Trust Fund) and undertaking will be returned to the control of the Directors.
- In order to complete the Reconstruction Proposal the Company is to issue between 10,000,000 (**Minimum Issue**) and 32,000,000 (**Maximum Issue**) Shares, to raise not less than \$1.0 million and up to \$3.2 million (**Public Offer**).
- A capital raising fee of up to 6% of funds raised under the Public Offer (\$60,000 for Minimum Subscription) will be paid to any licensed securities brokers involved in the raising.
- Should the arrangements under the DOCA fail then the Company may be wound up, or the Administrator may elect an alternative proponent to undertake the reconstruction of the Company (subject to the terms of the DOCA and the provisions of the Corporations Act).

A payment of \$100,000 has recently been made to the Administrator's Trust Account in respect of the Deed Fund and further payment of \$100,000 and \$50,000 respectively have been made to ASOF and La Jolla as part of the agreement to convert and/or terminate their Convertible Notes.

Following Completion a further \$200,000 is to be paid into the Deed Fund, thereby effectuating the DOCA and returning the control of the Company to its Board and Shareholders.

4.6 ASIC and ASX's Role

Under the Corporations Act and the ASX Listing Rules, the Notice of Meeting and Explanatory Statement must be lodged with ASIC and the ASX before being dispatched to shareholders.

The fact that the Notice and Explanatory Statement and other accompanying documents have been lodged with ASIC and ASX is not to be taken as an indication of the merits of the Recapitalisation Proposal or the Company. ASIC, ASX and their respective officers do not take any responsibility for any decision a Shareholder may make on reliance of any of this documentation.

GLOSSARY

Administrator means Mr. Adam Shepard of Farnsworth Shepard.

Admitted Creditors means the creditors of the Company that have had their debt admitted by the Administrator for the purposes of the Administration and Creditors' Trust.

Annual General Meeting means the annual general meeting of Shareholders of the Company to be held on 14 November 2014.

ASOF means Australian Special Opportunity Fund LP.

ASX means ASX Limited.

ASX Listing Rules means the Official Listing Rules of ASX.

Board means the Board of Directors of the Company from time to time.

Claims means a debt or claim against the Company by an Admitted Creditor.

Closely Related Party means a related party of a member of the Key Management Personnel as defined in section 9 of the Corporations Act.

Company means UXA Resources Limited ABN 65 112 714 397.

Completion means completion pursuant to the terms of the Reconstruction Deed.

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

Creditors' Trust means the trust established in accordance with the DOCA.

Creditors' Trust Deed means the deed establishing the Creditors' Trust pursuant to the DOCA.

Dalkeith means Dalkeith Resources Pty Ltd ACN 061 721 453.

Directors means the directors of the Company.

DOCA means the deed of company arrangement entered into by the Administrator on 22 November 2013.

KMP or **Key Management Personnel** means a member of the key management personnel as disclosed in the remuneration report.

LA Jolla means La Jolla Cove Investors Inc.

Notice of Meeting means this notice and includes the Explanatory Statement and Proxy form.

Options means the 3 Year Options and the 5 Year Options to be issued Shares on the terms set out in Schedule 1.

Palgrave means Palgrave Resources Ltd ACN 116 047 299.

Prospectus means a prospectus to be issued by the Company pursuant to Chapter 6D of the Corporations Act.

Proxy Form means the proxy form accompanying the Notice of Meeting.

Recapitalisation Proposal means the proposal to recapitalise the Company set out in this Notice, the principal elements of which are set out in section 1.3 of the Explanatory Statement.

Reconstruction Deed means the deed entered on 22 November 2013 by the Company, the Administrator, Palgrave, ASOF and La Jolla.

Related Party has the meaning given in section 228 of the Corporations Act.

Resolution means each resolution set out in this Notice.

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

Shareholder means a holder of a Share in the Company.

Trust Assets means the assets of the Creditors' Trust.

SCHEDULE 1

TERMS AND CONDITIONS OF OPTIONS

1. Each Option (**Option**) entitles the holder (**Option Holder**) to subscribe for a Share in the Company.
2. The Options are, subject to any restriction on the Options vesting in the Option Holder, exercisable at any time up to and including the Expiry Date.
3. The Expiry Date for the Options are:
 - a. In the case of the 3 Year Options - 5.00 pm (Central Summer Time in Australia) on 22 October 2017; and
 - b. In the case of the 5 Year Options - 5.00 pm (Central Summer Time in Australia) on 22 October 2019(the **Expiry Date**). Any Options not exercised on or before their respective Expiry Date will automatically lapse.
4. The Expiry Price for the Options are:
 - a. In the case of the 3 Year Options - \$0.10 per Share; and
 - b. In the case of the 5 Year Options - \$0.15 per Share
5. (the **Expiry Price**)
6. All Shares in the Company allotted on the exercise of Options will rank equally in all respects with the then existing Shares.
7. The Company must apply for quotation of all Shares in the Company allotted pursuant to the exercise of Options not later than 10 Business Days after the date of allotment.
8. Application will not be made to ASX for quotation of the Options.
9. An Option Holder may only participate in new issues of securities (**New Issue**) to holders of Shares in the Company if the Options have been exercised and Shares allotted in respect of the New Options before the record date for determining entitlements to the New Issue. The Company must give to the Option Holder at least 7 Business Days' notice of any New Issue before the record date for determining entitlements to the New Issue in accordance with the ASX Listing Rules.
10. There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue) .
11. If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Options are exercisable will be increased by the number of

Shares which an Option Holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares).

12. Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares on issue as the date of issue of the Bonus Shares.
13. If prior to the expiry date there is a re-organisation of the issued capital of the Company, the Options are to be treated in the manner set out in the ASX Listing Rules.

SCHEDULE 2

UXA TENEMENTS

Tenement Number	Holder	Equity	Name	Area (km ²), current	Grant Date	Expiry Date
South Australia						
EL 4971	UXA	100%	Challenger North	265	9/08/12	8/08/14
Northern Territory						
EL 24868	UXA	100%	Narbalek North	191	27/09/10	26/09/16
EL 24564	UXA	100%	Narbalek West	26	27/08/10	26/09/16
EL 28245	UXA	100%	Narbalek West C	3	27/08/10	26/09/16
EL 24565	UXA	100%	Pandanus West	960	18/05/11	17/05/17
ELA 28241	UXA	100%	Narbalek North A	13		
ELA 28242	UXA	100%	Narbalek North B	12		
ELA 28243	UXA	100%	Narbalek West A	47		
ELA 28244	UXA	100%	Narbalek West B	8		
ELA 28690	UXA	100%	Pandanua West A	7		
ELA 28691	UXA	100%	Pandanua West B	7		
ELA 28692	UXA	100%	Pandanua West C	14		
ELA 24586	UXA	100%	Rum Jungle NE	35		
ELA24577	UXA	100%	Katherine North	223		
				1,811.0		

ANNEXURE A

NOMINATION OF AUDITOR

Appointment of auditors

Following the resignation of KPMG Audit, subject to ASIC consent, we wish to nominate Grant Thornton Audit Pty Ltd as auditor of UXA Resources Limited at the forthcoming annual general meeting.

I request that a copy of this nomination is sent to all persons entitled to receive notice of the AGM and Grant Thornton Audit Pty Ltd.

Signed:

Arturo Endurance

Arturo Endurance Pty Ltd

<The Arosa Pension Fund A/C>

Member Name

11 August 2014

Date

ANNEXURE B

INDEPENDENT EXPERT'S REPORT

DMR CORPORATE

DMR

D M R Corporate Pty Ltd
470 Collins Street
Melbourne
Victoria 3000
Australia

A.C.N. 063 564 045

Telephone (03) 9629 4277

Facsimile (03) 9629 4598

Web www.dmrporate.com.au

10 October 2014

The Directors
UXA Resources Limited
Level 7, 420 King William Street
Adelaide, SA 5000

Dear Sirs,

**Re: Independent Expert's Report on UXA Resources Limited
(subject to Deed of Company Arrangement)**

1. Introduction

We understand that Mr. Adam Shepard of Farnsworth Shepard was appointed as the Deed Administrator of UXA Resources Limited ("UXA" or "the Company") on 22 November 2013, having previously been appointed as Voluntary Administrator of the Company on 26 July 2013.

At a meeting of creditors on 4 November 2013, the creditors resolved that the Company execute a Deed of Company Arrangement ("DOCA") with a Creditors' Trust as proposed by Palgrave Resources Limited ("Palgrave").

A Reconstruction Deed was agreed upon and signed on 22 November 2013, which enabled the execution of the DOCA on 22 November 2013. Once these 2 deeds were signed the control and stewardship of the Company then reverted back to the directors on 22 November 2013.

We understand that UXA will be restructured and refinanced and this will enable UXA to further explore its remaining exploration licences and tenement interests.

Parts of the proposed restructure may breach Section 611 of the Corporations Act 2001 ("the Act") and Chapter 2E of the Act unless the Non-Associated shareholders in advance of their implementation agree to these specific resolutions.

UXA's directors have requested DMR Corporate Pty Ltd ("DMR Corporate") to prepare an independent expert's report in respect of the specific requirements of the Act that require Non-Associated shareholder approval.

2. The Proposed Transaction

2.1 Outline of the Proposed Transaction

At the forthcoming Annual General Meeting, the shareholders will be requested to approve a total of 18 resolutions. Whilst only resolution 16 seeks approval pursuant to item 7 of Section 611 of the Act, as resolutions 5 to 16 are interdependent (that is shareholders must individually approve each of these resolutions or none of them will be passed), we consider resolutions 5 to 16 to be one transaction, which is referred to as the “Proposed Transaction” in the balance of this report.

The separate elements of the Proposed Transaction are:

Resolution #5	Approval to consolidate the issued capital of the Company on the basis that every two hundred (200) shares are consolidated into one (1) share.
Resolution #6	Approval of the issue of up to 2,300,000 shares and 5,000,000 options to The Lind Partners LLC, as General Partner of Australian Special Opportunity Fund LP (“ASOF”), in part satisfaction of an outstanding convertible note.
Resolution #7	Approval of the issue of 1,000,000 shares and 5,000,000 options to La Jolla Cove Investors Inc. (“La Jolla”), in part satisfaction of an outstanding convertible note.
Resolution #8	Approval of the issue of 6,000,000 shares pursuant to a placement under the Reconstruction Deed.
Resolution #9	Approval of the issue of 3,000,000 shares to David Walker in lieu of loan repayment.
Resolution #10	Approval of the issue of 9,000,000 shares to professional and sophisticated investors to raise working capital.
Resolution #11	Approval of the issue of up to 33,500,000 shares to David Walker (30,000,000 shares) and John Santich (3,500,000 shares) in lieu of fees and reimbursement of expenses.
Resolution #12	Approval of the issue of 3,000,000 shares and 3,000,000 options to each of Messrs David Walker, Peter Hunt and John Santich.
Resolution #13	Approval of the issue of 5,240,000 shares to strategic investors at \$0.001 per share.
Resolution #14	Approval to raise up to \$3,200,000 under a prospectus at not less than \$0.075 per share.
Resolution #15	Approval to issue up to 5,000,000 shares to the Directors (other than David Walker) under the prospectus.
Resolution #16	Approval pursuant to Section 611 Item 7 of the Act for David Walker and an associated entity (Dalkeith Resources Pty Ltd) to acquire a relevant interest in UXA shares to be issued pursuant to Resolutions 8, 9, 11 and 12.

The UXA directors have requested that DMR Corporate prepare an independent expert’s report in accordance with the Act and the Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 – Content of expert reports (“RG 111”).

2.2 Impact of the Proposed Transaction

The Proposed Transaction will result in the issue of a significant number of shares and options that will dilute the interests of the Non-Associated Shareholders. The table below summarises the maximum number of shares and options that may be on issue after completion of the Proposed Transaction:

Description	Resolution	No of Shares	No of Options	Fully Diluted
UXA shares currently on issue and held by Non-Associated shareholders		1,016,744,785	-	1,016,744,785
Share consolidation - 200:1	5	5,084,255	-	5,084,255
Issue of shares and options to ASOF	6	2,300,000	5,000,000	7,300,000
Issue of shares and options to La Jola	7	1,000,000	5,000,000	6,000,000
Reconstruction deed placement	8	6,000,000	-	6,000,000
Issue of shares to David Walker	9	3,000,000	-	3,000,000
Issue of shares to raise working capital	10	9,000,000	-	9,000,000
Issue of shares to David Walker and John Santich as reimbursement of fees and expenses	11	33,500,000	-	33,500,000
Issue of shares and options to Directors	12	9,000,000	9,000,000	18,000,000
Issue of shares to strategic investors	13	5,240,000	-	5,240,000
Sub Total		74,124,255	19,000,000	93,124,255
Issue of shares pursuant to a Prospectus	14	42,666,667	-	42,666,667
Total		116,790,922	19,000,000	135,790,922

Source: DMR Corporate

The above table (resolution #14) assumes that the maximum capital raising of \$3.2 million will be made at the minimum price of \$0.075 per share however, if the minimum capital raising of \$1 million was made at \$0.10 per share then the issued capital would be 84,124,255 shares.

3. Summary Opinions

3.1 In our opinion, the Proposed Transaction set out in Section 2 above is **fair and reasonable**.

Our principal reasons for reaching the above opinion are that:

- in Section 7.8 we concluded that the value of UXA and its shares is \$nil before the Proposed Transaction and in Section 10.3 we concluded that the minority value of the UXA shares after the Proposed Transaction will be in a range of \$0.016 to \$0.018. As the value of the Non-Associated shareholders' shares after the Proposed Transaction is greater than the value of their shares before the Proposed Transaction, we have concluded that the Proposed Transaction is fair.
- we have given due consideration to the significant factors referred to in Section 11 of this report and we consider that **the Proposed Transaction is fair and reasonable**.

3.2 Conclusion – Related Party Financial Benefit

In Section 13 we assessed the value of the financial benefits that will be received by David Walker to be \$983,300, Peter Hunt to be \$76,500 and John Santich to be \$136,000.

4. Structure of this Report

This report is divided into the following Sections:

<u>Section</u>	<u>Page</u>
5 Purpose of the Report	4
6 UXA - Key Information	7
7 Valuation of UXA Before the Proposed Transaction	10
8 Valuation of UXA After the Proposed Transaction	13
9 Control Premium	14
10 Assessment as to Fairness	15
11 Assessment as to Reasonableness	15
12 Conclusion as to Fairness and Reasonableness	16
13 Related Party – Financial Benefits	17
14 Financial Services Guide	18
 <u>Appendix</u>	
A Sources of Information	20
B Declarations, Qualifications and Consents	21

5. Purpose of the Report

This report has been prepared to meet the following regulatory requirements:

- **Corporations Act 2001**

Section 606 of the Act contains a general prohibition on the acquisition of shares in a company if, as a result of the acquisition, any person increases his or her voting power in the company from 20% or below to more than 20%.

Section 611 of the Act contains an exception to the Section 606 prohibition. For an acquisition of shares to fall within the exception, the acquisition must be approved in advance by a resolution passed at a general meeting of the company in which shares will be acquired.

UXA is seeking shareholder approval for the Proposed Transaction under Section 611 of the Act, as David Walker and his associates will increase their interests in UXA from less than 20% to above 20% as a result of the issue of shares.

- **ASIC Regulatory Guides**

This report has been prepared in accordance with the ASIC Regulatory Guides and more particularly:

RG 111 – Content of Expert Reports (“RG111”)

RG 111.24 An issue of shares by a company otherwise prohibited under S606 may be approved under item 7 of S611 and the effect on the company’s shareholding is comparable to a takeover bid. Examples of such issues approved under item 7 of S611 that are comparable to takeover bids under Ch 6 include:

- (b) a company issues securities in exchange for cash and, as a consequence, the allottee acquires over 20% of the company.

RG111.27 There may be circumstances in which the allottee will acquire 20% or more of the voting power of the securities in the company following the allotment or increase an existing holding of 20% or more, but does not obtain a practical measure of control or

increase its practical control over that company. If the expert believes that the allottee has not obtained or increased its control over the company as a practical matter, then the expert could take this outcome into account in assessing whether the issue price is 'reasonable' if it has assessed the issue price as being 'not fair' applying the test in RG111.11.

RG111.10 It has long been accepted in Australian mergers and acquisitions practice that the words 'fair and reasonable' in S640 established two distinct criteria for an expert analysing a control transaction:

- (a) is the offer 'fair'; and
- (b) is it 'reasonable'?

That is, 'fair and reasonable' is not regarded as a compound phrase.

RG111.11 Under this convention, an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer¹. This comparison should be made:

- (a) assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length; and
- (b) assuming 100% ownership of the 'target' and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the 'bidder' or its associates in the target when making this comparison. For example, in valuing securities in the target entity, it is inappropriate to apply a discount on the basis that the shares being acquired represent a minority or 'portfolio' parcel of shares.

RG111.12 An offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

ASIC Regulatory Guide 111 requires that the Proposed Transaction be assessed as if it was a takeover of UXA.

In assessing a takeover bid Regulatory Guide 111 states that the expert should consider whether the Proposed Transaction is both "fair" and "reasonable".

- **General**

The terms "fair" and "reasonable" are not defined in the Act, however guidance as to the meaning of these terms is provided by ASIC in Regulatory Guide 111. For the purpose of this report, we have defined them as follows:

Fairness - the Proposed Transaction is "fair" if the value of the UXA shareholders' minority interests after the Proposed Transaction is greater than the value of their interests before the Proposed Transaction.

¹ In an ASIC Corporate Finance Liaison presentation in May 2013, ASIC expressed the view that transactions pursuant to item 7 of Section 611 should be assessed by "comparing the fair market value of the company's shares pre-transaction on a control basis, with the fair market value of the company's shares post-transaction on a minority basis."

Reasonableness - the Proposed Transaction is “reasonable” if it is fair. It may also be “reasonable” if, despite not being “fair” but after considering other significant factors, we consider that the Proposed Transaction is reasonable.

- (i) In determining whether the Proposed Transaction is fair, we have:
 - valued the Non-Associated shareholders’ controlling interests in UXA before the Proposed Transaction;
 - valued the Non-Associated shareholders’ minority interests in UXA after the Proposed Transaction; and
 - compared the value of the Non-Associated shareholders’ interests in UXA before and after the Proposed Transaction.
- (ii) In determining whether the Proposed Transaction is reasonable we have analysed other significant factors that shareholders should consider before voting on the Proposed Transaction.
- (iii) In determining whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered and concluded upon the results of (i) and (ii) above.

- **Corporations Act 2001 – Chapter 2E**

Section 208 of the Act states that a public company must obtain approval from the company’s members if it gives a financial benefit to a related party unless the benefit falls within the scope of an exception to the Act as set out in Section 210 to 216 of the Act.

Section 210 of the Act states that member approval is not needed to give a financial benefit on terms that:

- (a) would be reasonable in the circumstances if the public company or entity and the related party were dealing at arm’s length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a) above.

Section 211 of the Act states that member approval is not needed to give a financial benefit if:

- (a) the benefit is remuneration to a related party as an officer or employee;
- (b) to give the remuneration would be reasonable.

Section 228 of the Act defines ‘related parties’ as:

- (a) directors of the public company;
- (b) directors (if any) of an entity that controls the public company;
- (c) if the public company is controlled by an entity that is not a body corporate – each of the persons making up the controlling entity;
- (d) spouses and de facto spouses of the persons referred to in paragraphs (a) to (c) above.

The issuance of the UXA shares and options to David Walker and his associates as part of the Proposed Transaction is permitted by the Act, however Section 208

provides that prior shareholder approval is required before a public company can provide a financial benefit to a related party. Shareholders must be provided with all the information that is reasonably required in order for them to decide whether or not it is in the company's interests to approve the giving of the financial benefit.

The ASIC media release issued on 10 August 2004 has expressed the view that the financial benefit must be adequately valued. ASIC has gone on to state:

“An adequate valuation requires the basis of the valuation and the principal assumptions behind the valuation to be disclosed, and in some circumstances it may be necessary to provide a valuation by an independent expert.”

The Directors of UXA have requested DMR Corporate to independently assess the value of this financial benefit.

6. UXA – Key Information

- 6.1** UXA was incorporated in New South Wales on 31 January 2005 as Uranium Exploration Australia Ltd and the Company was listed on the ASX in November 2005. On 19 November 2010 the Company changed its name to UXA Resources Limited.

The Company's primary business was exploration for gold, base metals and uranium. The Company, through two subsidiaries, previously also operated a wireline logging business, which the oil/gas, coal and minerals industries use to obtain a continuous record of a formation's rock properties. These activities were exited prior to 31 December 2013.

The background to the proposed restructure of UXA is as follows:

- a. The Company announced to the ASX that it had ceased trading on 15 July 2013 and a Voluntary Administrator of the Company was appointed on 26 July 2013.
- b. On 22 August 2013 the Administrator issued a report to Creditors in which he estimated that the Company had a deficiency of approximately \$2,117,281.
- c. The Administrator advertised the Company's assets and the ASX listed shell for sale and he received five (5) proposals for a DOCA, however only three (3) proposals were sufficiently detailed to warrant full consideration by the Administrator. Each of these proposals included a Creditors Trust. The data and information was distributed to creditors and the Administrator estimated that there would be “no dividend to any class of creditors in the event of a liquidation and accordingly no return to shareholders.”
- d. On 14 October 2013 the Administrator issued a Supplementary Report to Creditors and that report included a recommendation to creditors that the Company execute the Palgrave proposed DOCA. Should this proposal be approved the employee creditors will receive a dividend of 100 cents in the dollar and ordinary unsecured creditors will receive a dividend of approximately 1 cent in the dollar dependent upon the extent of creditors' claims.
- e. A meeting of creditors held on 4 November 2013 resolved that the Company enter into a DOCA as proposed by Palgrave.

- f. The Palgrave proposed DOCA together with a Reconstruction Deed were executed on 22 November 2013.
- g. The completion of the DOCA and the reconstruction of UXA are subject to:
- (i) Confirmation by the ASX that the Company is able to satisfy the ASX Listing Rules without the need to re-comply with chapters 1 and 2 of the Listing Rules.
 - (ii) Shareholder approval being obtained in relation to the recapitalization of the Company;
 - (iii) The Company receiving written conditional approval from the ASX to the Company being reinstated to the Official List of the ASX.
 - (iv) The Company retaining all of its existing mining tenements.
 - (v) If requested the resignation of all existing directors and the appointment of Palgrave's nominees to the Board.
 - (vi) ASOF exercising its rights to convert its debt under its convertible note agreement and the Company issuing 460,000,000 pre-consolidation shares in the capital of the Company at 0.1086957 cents per share. The Company is also to issue to ASOF 5,000,000 post reconstruction options each of which can be exercised at any time on or before 22 October 2017 at 10 cents per option to purchase 1 post consolidation share in UXA.
 - (vii) The company issuing La Jolla with 1,000,000 post consolidation shares in the capital of the Company and 5,000,000 post consolidation options each of which can be exercised at any time on or before 22 October 2017 at 10 cents per option to purchase 1 post consolidation share in UXA.
 - (viii) Within 5 days of the DOCA being executed Palgrave paying to the Deed Administrator a deposit of \$100,000, which may be applied to the Administrators costs, fees and expenses.
 - (ix) On completion date the Deed Administrator is to be paid the further sum of \$200,000.
 - (x) The \$300,000 paid pursuant to (viii) and (ix) above is to form part of the Creditors' Trust Deed.
 - (xi) Subject to shareholder approval and in consideration of the payment of \$300,000, the Company will issue to investors 6,000,000 post consolidation shares at 5 cents per share. This share issue will be to David Walker (2,000,000) and the balance (4,000,000) to other investors not associated with David Walker.
 - (xii) On or after completion, subject to the necessary shareholder approval, UXA may undertake a further placement of 9,000,000 post consolidation shares at 5 cents per share.
 - (xiii) The existing shares of the Company to be consolidated on a 1 for 200 basis.
 - (xiv) The issue to directors of 9,000,000 options over UXA ordinary shares made up as follows:
 - 3,000,000 options on the same terms as the ASOF options; and
 - 6,000,000 options exercisable at \$0.15 at any time up to 22 October 2019.
 - (xv) UXA is also to undertake a public offering to issue post consolidation shares to raise a minimum of \$1 million and up to a maximum of \$3.2 million at a price of not less than 5 cents per post consolidation share.

6.2 Share Capital

As at the date of this report UXA had on issue 1,016,744,785 fully paid ordinary shares. The major holders of UXA's shares are:

Shareholder Name	Shares	%
Dr John Henry Addison McMahon	103,183,188	10.15%
Express Discovery Pty Ltd	40,000,000	3.93%
La Jolla Cove Investors Inc	38,891,514	3.83%
Mr Paul Jackson	30,000,000	2.95%
Henry Charles Roy Bourne	20,000,000	1.97%
Mr Anthony Burge & Mrs Jane Burge <Chunky Super Fund A/C>	20,000,000	1.97%
CBD Plaza (Aust) Pty Ltd	20,000,000	1.97%
Firemat Pty Ltd	20,000,000	1.97%
Mr Brian Willcocks & Mrs Shona Willcocks <B & S Willcocks Family A/C>	16,404,999	1.61%
JP Morgan Nominees Australia Limited <Cash Income A/C>	14,875,132	1.46%
	<u>323,354,833</u>	<u>31.80%</u>

Source: UXA Share Register – 15 September 2014

As at the date of this report UXA also has on issue:

- 5,000,000 options - held by the Australian Special Opportunities Fund (“ASOF”) exercisable at \$0.00899 per share and expiring on 12 April 2015. These options will be replaced with 25,000 options exercisable at \$1.798 per option on or before 12 April 2015 – per resolution #5 – consolidation.
- 1,500,000 options are held by a former director. These options are exercisable at \$0.20 per share and expire on 4 December 2014. These options will be replaced with 7,500 options exercisable at \$40 per option on or before 28 November 2014 – per resolution #5 – consolidation.

On 11 September 2014 UXA announced that it had placed 130,000,000 new shares at an issue price of \$0.00001 per share to raise \$1,300 for administration costs of the Company.

6.3 Financial Performance and Cash Flows

As explained in Section 6.1 above, UXA ceased trading on 15 July 2013 before going into administration on 26 July 2013. Consequently we have not presented any information as to the results of past trading of UXA on the grounds that it is not relevant to UXA’s current value or future prospects.

6.4 Financial Position

UXA’s audited Balance Sheets as at 30 June 2012 and 2013 together with the unaudited management accounts as at 30 June 2014 are as follows:

Consolidated Balance Sheet			
	30-Jun-12	30-Jun-13	30-Jun-14
	Audited	Audited	Unaudited
	\$000's	\$000's	\$000's
Assets			
Cash and cash equivalents	932	101	124
Trade and other receivables	1,023	-	43
Inventories	100	-	-
Other current assets	9	-	-
Assets held for sale	3,070	855	-
Exploration & evaluation assets	2,777	1,208	1,208
Other non-current assets	91	-	-
Prepayment	-	-	150
Total assets	8,002	2,164	1,525
Liabilities			
Trade and other payables	1,016	1,436	276
Employee entitlements	332	366	94
Loans & borrowings - secured	1,259	852	-
Loans & borrowings - convertible notes	2,003	1,302	1,302
Unsecured loan - David Walker	-	-	172
Unsecured loan - Dalkeith Resources Pty Ltd	-	-	181
Unsecured loan - Palgrave Resources Ltd	-	-	100
Trade and other payables - Administrators	-	-	854
Deferred income	848	-	-
Total liabilities	5,458	3,956	2,979
Net assets	2,544	(1,792)	(1,454)
Equity			
Share capital	30,424	30,855	32,260
Reserves	1,452	1,268	1,268
Accumulated losses	(29,332)	(33,915)	(33,578)
Share issue expenses	-	-	(1,404)
Total equity	2,544	(1,792)	(1,454)

Source: UXA Annual Report for 2013 and unaudited management accounts as at 30 June 2014

6.5 Exploration Assets

At 30 June 2014 UXA held two granted Exploration Licences in the Northern Territory and two granted Exploration Licences in South Australia. In total UXA held exploration rights to approximately 1,701 km² of granted tenements in two states and territories and had a further eight Exploration Licence applications in the Northern Territory.

The recoverability of the carrying amount of \$1,208,000 is dependent on the successful development and commercial exploitation or sale of the respective areas of interest with the main areas of interest being Nabarlek North - EL24868 and Pandanus West – EL24565.

7. Valuation of UXA Before the Proposed Transaction

7.1 Value Definition

DMR Corporate's valuation of UXA has been made on the basis of fair market value, defined as the price that could be realized in an open market over a reasonable period of time given the current market conditions and currently available information, assuming that potential buyers have full information, in a transaction between a willing but not anxious seller and a willing but not anxious buyer acting at arm's length.

7.2 Valuation Methodologies

In selecting appropriate valuation methodologies, we considered the applicability of a range of generally accepted valuation methodologies. These included:

- share price history;
- asset based methods;
- capitalisation of future maintainable earnings;
- net present value of future cash flows; and
- alternate acquirer.

Each of the above methodologies is described and where possible applied in the balance of this Section 7.

7.3 Share Price History

The share price history valuation methodology values a company based on the past trading in its shares. We normally analyse the share prices up to a date immediately prior to the date when a takeover, merger or other significant transaction is announced to remove any price speculation or price escalations that may have occurred subsequent to the announcement of the proposed transaction.

The Company's shares were suspended from trading by the ASX on 1 October 2012 and trading has not resumed since that date.

On 11 September 2014 UXA announced that it had placed 130,000,000 new shares at an issue price of \$0.00001 per share to raise \$1,300 for administration costs of the Company.

In view of the lack of recent trading history and the low placement price, we consider that the share price valuation methodology is not an appropriate methodology to use to value UXA and its shares.

7.4 Asset Based Methods

7.4.1 (a) Net Assets

The net asset valuation methodology involves deriving the value of a company or business by reference to the value of its assets. This methodology is likely to be appropriate for a business whose value derives mainly from the underlying value of its assets rather than its earnings, such as property holding companies and investment businesses. The net assets on a going concern basis do not take account of realisation costs.

(b) Orderly Realisation of Assets

The orderly realisation of assets method estimates the fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs.

(c) Liquidation of Assets

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a short time frame.

7.4.2 Net Assets

The audited balance sheet as at 30 June 2013 disclosed negative net assets of \$1,792,000 – refer Section 6.4 above. This information however precedes the voluntary administration.

The 30 June 2014 management accounts disclosed negative net assets of \$1,454,000 – refer to Section 6.4 above.

Based on the net assets methodology the value of UXA as at 30 June 2014 and its shares is \$nil.

7.4.3 Orderly Realisation of Net Assets

In an orderly realisation shareholders would be left with a listed corporate shell, which could be used to acquire a new business. In our experience listed shells in the current market have a value between \$300,000 to \$500,000, however these values are for relatively ‘clean’ shells that have no or limited liabilities. The Administrator Report to Creditors dated 14 October 2013 shows that there is an estimated deficiency of \$2,199,003, before Administrator’s fees and costs. As UXA has limited assets available to satisfy the creditors, typically in such a situation the creditors would be satisfied by converting the debts into shares. Any such debt conversion would significantly dilute the existing shareholders and their proportional share of the value of the shell.

Given the fact that UXA has a deficiency in net assets in excess of \$2,199,003, in our opinion the value of the listed shell is insufficient to produce a positive value on an asset based valuation.

7.5 Earnings Valuation

Capitalisation of earnings is a method commonly used for valuing manufacturing and service companies and, in our experience, is the method most widely used by purchasers of such businesses. This method involves capitalising the earnings of a business at a multiple which reflects the risks of the business and its ability to earn future profits. There are different definitions of earnings to which a multiple can be applied. The traditional method is to use net profit after tax. Another common method is to use Earnings Before Interest and Tax, or EBIT. One advantage of using EBIT is that it enables a valuation to be determined which is independent of the financing and tax structure of the business. Different owners of the same business may have different funding strategies and these strategies should not alter the fundamental value of the business.

As UXA does not have an operating business, we consider that the capitalisation of maintainable earnings is not an appropriate methodology to use to value UXA.

7.6 Net Present Value of Future Cash Flows

An analysis of the net present value of the projected cash flows of a business (or discounted cash flow technique) is based on the premise that the value of the business is the net present value of its future cash flows. This methodology requires an analysis of future cash flows, the capital structure, the costs of capital and an assessment of the residual value of the business remaining at the end of the forecast period.

As UXA does not have a business capable of producing long-term cash flows, we consider that the capitalisation of future cash flows is not an appropriate methodology to use to value UXA.

7.7 Alternate Acquirer

The value that an alternate offeror may be prepared to pay to acquire UXA is a relevant valuation methodology to be considered.

In this instance the Administrator received a number of proposals for recapitalisation of UXA and accepted the proposal from Palgrave, as it was, in the judgment of the Administrator, superior to the alternate proposals. We are not aware of any alternative offers for UXA that have emerged subsequent to the Administrator agreeing to the Palgrave proposal and we can see no reason as to why an offer would be initiated prior to the Proposed Transaction taking place.

7.8 Conclusion

After reviewing the results of the various valuation methodologies, we have concluded that the value of UXA and its shares is \$nil before the Proposed Transaction.

8. Valuation of UXA After the Proposed Transaction

8.1 Value Definition

We have used the same definition of value in this Section as was applied in Section 7.1 above when we assessed the value of UXA before the Proposed Transaction.

8.2 Valuation Methodologies

In selecting appropriate valuation methodologies, we considered the applicability of the same generally accepted valuation methodologies as detailed in Section 7.2 above and we determined that the appropriate methodology to use to value UXA after the Proposed Transaction was the net assets on a going concern basis.

8.3 Impact of the Proposed Transaction on UXA

Resolutions 5 to 12 will result in the consolidation of UXA's current issued shares and in the issue of (post consolidation) shares and options either to discharge UXA's debts (Resolutions 6 and 7) or to compensate various parties for the funds expended and time and effort expended to bring about the restructure of UXA. Implementation of these resolutions will see UXA emerge from Administration and be solvent. UXA's only assets at that point in time will be its exploration tenements, its status as a suspended ASX listed shell and approximately \$580,860 of cash.

Issue of shares pursuant to Resolution 13 will only raise a token amount (\$5,240) and UXA will therefore be relying on a successful capital raising pursuant to the planned Prospectus. Whilst the maximum amount to be raised pursuant to the Prospectus is \$3,200,000, the Prospectus is not underwritten as at the date of this report, however there is a minimum subscription of \$1,000,000 requirement with the shares to be issued at not less than \$0.075 and not more than \$0.10 per share. We have been advised that the directors will use their best endeavours to ensure that the issue is underwritten and the minimum capital raising is achieved.

8.4 Net Asset Value

In the 12 months between 30 June 2013 and 30 June 2014 the voluntary administration continued to progress and the resolutions as detailed in the attached notice of annual general meeting will, if approved, result in the end of the administration and the recapitalization of UXA.

As at 30 June 2014 the management accounts disclosed negative net assets of \$1,453,980 however immediately following approval of the Proposed Transaction UXA will own the remaining Exploration and evaluation assets that are capitalised in the balance sheet at \$1,207,678 and all liabilities from the date of the original DOCA will effectively be cleared to nil. The pro-forma net assets prior to the prospectus capital raising will be \$1,693,860 as follows:

Consolidated Balance Sheet	30-Jun-14 Unaudited	15% Placement 03-Sep-14	Resolution Number 5 Share Consolidation	Resolution Number 6 ASOF	Resolution Number 7 La Jolla Cove	Resolution Number 8 Placement To Administrator \$300k	Resolution Number 9 Funds to Administrator \$0.05 \$150k	Resolution Number 10 Placement Working Capital \$450k	Resolution Number 11 Repayment of Loans \$335k	Resolution Number 12 Directors Reconstruction Efforts	Resolution Number 13 Placement Working Capital \$0.00001	Net Assets
Assets	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	124,320	1,300						450,000			5,240	580,860
Exploration & evaluation assets	1,207,678											1,207,678
Trade and other receivables	43,525											43,525
Prepayments - convertible notes	150,000			(50,000)	(100,000)							-
Total assets	1,525,523											1,832,063
Liabilities												
Trade and other payables	275,857					(237,654)						38,203
Employee entitlements	94,335					(94,335)						-
Loans & borrowings - convertible notes	1,302,241			(1,302,241)								-
Unsecured loan - David Walker	171,979					(171,979)						-
Unsecured loan - Dalkeith Resources Pty Ltd	181,367					(181,367)						-
Unsecured loan - Palgrave Resources Ltd	100,000											100,000
Trade and other payables - Administrators	853,723					(853,723)						-
Total liabilities	2,979,502											138,203
Net assets	(1,453,979)											1,693,860
<i>Number of shares</i>	<i>886,744,785</i>	<i>130,000,000</i>	<i>5,084,255</i>	<i>2,300,000</i>	<i>1,000,000</i>	<i>6,000,000</i>	<i>3,000,000</i>	<i>9,000,000</i>	<i>33,500,000</i>	<i>9,000,000</i>	<i>5,240,000</i>	<i>74,124,255</i>
Net Assets Per Share												\$ 0.0229

8.5 Conclusion

Based on the net asset valuation methodology following the approval and implementation of the Proposed Transaction, UXA will have approximately \$1,693,860 of net assets. On the basis that there will be 74,124,255 shares on issue then the UXA shares will have a net asset backing of \$0.0229 per share.

The above determination of \$0.0229 per share is a control value and this value would need to be discounted to obtain a value of a minority share following the restructure.

9. Control Premium

A control premium represents the difference between the price that would have to be paid for a share to which a controlling interest attaches and the price at which a share which does not carry with it control of the company could be acquired. Control premiums are normally in a range of 25% to 30%² above the value of a minority share. The actual control premium paid is transaction specific and depends on a range of factors, such the level of synergies available to the purchaser, the level of competition for the assets and strategic importance of the assets. In this instance there are no synergies to be gained by gaining control of UXA.

² RSM Bird Cameron Control Premium Study –2013.

If the UXA shareholders approve the Proposed Transaction then David Walker may control up to 56.7% of UXA's voting power. On this basis David Walker holds a controlling interest in UXA.

On the other hand the Non-Associated shareholders will be left with a 6.9% interest in UXA.

10. Assessment as to Fairness

- 10.1 In Section 7.8 we concluded that the value of UXA and its shares is \$nil before the Proposed Transaction.
- 10.2 In Section 8.5 we valued UXA at \$1,693,860 and its shares at \$0.0229 based on the net assets immediately after the completion of the Proposed Transaction.

As the Non-Associated Shareholders will be diluted to a 6.9% interest they will hold minority parcels of shares so the resulting discount after eliminating a control premium can be calculated as follows:

Valuation after Proposed Transaction		Low \$	High \$
Value of UXA based on net assets after Proposed Transaction		1,693,860	1,693,860
Elimination of the control premium		30%	20%
Valuation on a minority basis		1,185,702	1,355,088
Number of shares on issue	Section 2.2	74,124,255	74,124,255
Minority value per share		\$ 0.016	\$ 0.018

- 10.3 As the value of a minority share in UXA after the Proposed Transaction (\$0.016 to \$0.018) is greater than the value of a share before the Proposed Transaction (\$nil), **we consider that the Proposed Transaction is fair.**

11. Assessment as to Reasonableness

We have identified the following significant factors which UXA shareholders should consider before they vote in favour of, or against, the Proposed Transaction:

- UXA could have been liquidated and the shareholders interests would be nil. The Administrator selected Palgrave through a tender process as Palgrave's tender achieved the best available outcome in the Administrator's opinion. The creditors supported this proposal as they approved the DOCA that was prepared following the tender process.
- All UXA shareholders will have an opportunity to subscribe for additional shares in the proposed prospectus issue so that they will hold a marketable parcel of shares. This will give the Non-Associated shareholders the opportunity to sell their UXA shares on the ASX and crystallise any imbedded tax losses that may exist.

- If the prospectus capital raising proceeds and UXA only raises the minimum \$1,000,000 then the net asset position will improve as follows:

Consolidated Balance Sheet	30-Jun-14 Unaudited	15% Placement 03-Sep-14	Resolution Number 5 Share Consolidation	Resolution Number 6 ASOF	Resolution Number 7 La Jolla Cove	Resolution Number 8 Placement To Administrator \$300k	Resolution Number 9 Funds to Administrator \$0.05 \$150k	Resolution Number 10 Placement \$0.05 Working Capital \$450k	Resolution Number 11 Repayment of Loans \$335k	Resolution Number 12 Directors Reconstruction Efforts	Resolution Number 13 Placement Working Capital \$0.00001	Resolution Number 14 Prospectus Minimum \$1 million Net of Costs \$0.10	Net Assets
Assets	\$	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash and cash equivalents	124,320	1,300						450,000			5,240	940,000	1,520,860
Exploration & evaluation assets	1,207,678												1,207,678
Trade and other receivables	43,525												43,525
Prepayments - convertible notes	150,000			(50,000)	(100,000)								-
Total assets	1,525,523												2,772,063
Liabilities													
Trade and other payables	275,857					(237,654)							38,203
Employee entitlements	94,335					(94,335)							-
Loans & borrowings - convertible notes	1,302,241			(1,302,241)									-
Unsecured loan - David Walker	171,979					(171,979)							-
Unsecured loan - Dalkeith Resources Pty Ltd	181,367					(181,367)							-
Unsecured loan - Palgrave Resources Ltd	100,000												100,000
Trade and other payables - Administrators	853,723					(853,723)							-
Total liabilities	2,979,502												138,203
Net assets	(1,453,979)												2,633,860
<i>Number of shares</i>	<i>886,744,785</i>	<i>130,000,000</i>	<i>5,084,255</i>	<i>2,300,000</i>	<i>1,000,000</i>	<i>6,000,000</i>	<i>3,000,000</i>	<i>9,000,000</i>	<i>33,500,000</i>	<i>9,000,000</i>	<i>5,240,000</i>	<i>10,000,000</i>	<i>84,124,255</i>
Net Assets Per Share													\$ 0.0313

On this basis the UXA shares may have a net asset backing of approximately \$0.0313 per share.

- The issue of 130 million shares on 3 September 2014 only raised \$1,300 of cash and was dilutive to all the Non-Associated shareholders. The directors have advised that the purpose of this issue was to introduce stockbrokers and new professional investors to UXA who are expected to assist in the recapitalisation of the Company.
- If the Proposed Transaction is not approved then this will severely delay or it may even stop any further restructuring attempts and this may result in the liquidation of UXA.

Conclusion as to Reasonableness

After giving due consideration to the above significant factors, we consider that **the Proposed Transaction is reasonable**.

12. Conclusion as to Fairness and Reasonableness

In Section 10 we concluded that **the Proposed Transaction was fair** as the value of a minority share in UXA after the Proposed Transaction (\$0.016 to \$0.018) is greater than the value of a UXA share before the Proposed Transaction (\$nil).

In Section 11 we concluded that **the Proposed Transaction was reasonable** having considered the other significant factors which UXA shareholders should consider before they vote on the Proposed Transaction.

After considering the factors detailed in Sections 10 and 11 of this report, we consider that the Proposed Transaction is **fair and reasonable**.

13. Related Party – Financial Benefits

David Walker is a presently a director of UXA and he will also become a substantial shareholder if the Proposed Transaction is approved. For the purposes of Chapter 2E, David Walker is therefore deemed to be a related party to the Proposed Transaction.

Peter Hunt and John Santich are also directors of UXA and they are also deemed to be related parties to the Proposed Transaction for the purposes of Chapter 2E.

If the Proposed Transaction is approved then David Walker and associates will hold an interest in up to 42 million UXA shares from a total of 74,124,255 that will be on issue together with 3,000,000 options to be issued on the terms described below. This number of shares represents a ‘controlling interest’ in UXA as David Walker will hold up to 56.7% of the voting power following the approval of the Proposed Transaction. This interest will be diluted when and if the prospectus issue is successfully completed.

Pursuant to resolution #11 John Santich will receive 3,500,000 UXA shares.

We have reviewed resolution #15 – ‘Rights of directors to apply for shares under the prospectus’ and we do not consider that any financial benefits pass to either Peter Hunt or John Santich if they were to subscribe for up to 5,000,000 shares pursuant to the prospectus to meet any underwriting shortfall, as the shares would be issued at the prospectus issue price and no underwriting fee is payable.

In Section 8.5 above, we valued the UXA shares on a control basis at \$0.0229 per share and at \$0.017 (the mid point of \$0.016 to \$0.018) on a minority basis. We will use these values to calculate the financial benefits to be received by the directors in respect of their prospective shareholdings.

If the Proposed Transaction is approved, directors Peter Hunt and John Santich (resolution #12) will each receive 3,000,000 shares and 3,000,000 options.

The 3,000,000 options that each of the directors will receive are comprised of:

- 1,000,000 3 year options exercisable at \$0.10 per option; and
- 2,000,000 5 year options exercisable at \$0.15 per option

We have valued these options using the Black Scholes option valuation model based on the following additional assumptions:

- Current stock prices - based on our control valuation price of \$0.0229 per share (David Walker) and \$0.017 per share (Peter Hunt and John Santich) for the minority shareholders
- Risk free rates – 3 year options - 2.65% and 5 year options - 2.99%
- Stock volatility – 70% - based on the following basket of uranium listed equities:

Company	ASX Code	Market Capitalisation \$Million	Volatility %
Toro Energy	TOE	91	57.85
Alliance Resources	AGS	55	75.17
Energy Metals Limited	EME	25	55.77
Manhattan Corp Ltd	MHC	5	81.06
Uranium Equities	UEQ	4	68.59
Uraniumsa Limited	USA	2	71.36
Yellow Rock	YRR	4	78.29
		Average	69.7
		Say	70%

Based on the above assumptions we have valued the 3 year options at \$0.0045 each and the 5 year options at \$0.0085 each.

The total financial benefits to be received will be:

Director Name	Shares	Options	Total
David Walker - Number	42,000,000	3,000,000	
David Walker - Value	\$ 961,800	21,500	\$ 983,300
Peter Hunt - Number	3,000,000	3,000,000	
Peter Hunt - Value	\$ 51,000	25,500	\$ 76,500
John Santich - Number	6,500,000	3,000,000	
John Santich - Value	\$ 110,500	25,500	\$ 136,000

14. Financial Services Guide

14.1 Financial Services Guide

This Financial Services Guide provides information to assist retail and wholesale investors in making a decision as to their use of the general financial product advice included in the above report.

14.2 DMR Corporate

DMR Corporate holds Australian Financial Services Licence No. 222050, authorizing it to provide general financial product advice in respect of securities to retail and wholesale investors.

14.3 Financial Services Offered by DMR Corporate

DMR Corporate prepares reports commissioned by a company or other entity ("Entity"). The reports prepared by DMR Corporate are provided by the Entity to its members.

All reports prepared by DMR Corporate include a description of the circumstances of the engagement and of DMR Corporate's independence of the Entity commissioning the report and other parties to the transaction.

DMR Corporate does not accept instructions from retail investors. DMR Corporate provides no financial services directly to retail investors and receives no remuneration from retail investors for financial services. DMR Corporate does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice to retail investors.

14.4 General Financial Product Advice

In the reports, DMR Corporate provides general financial product advice. This advice does not take into account the personal objectives, financial situation or needs of individual retail investors.

Investors should consider the appropriateness of a report having regard to their own objectives, financial situation and needs before acting on the advice in a report. Where the advice relates to the acquisition or possible acquisition of a financial product, an investor should also obtain a product disclosure statement relating to the financial product and consider that statement before making any decision about whether to acquire the financial product.

14.5 Independence

At the date of this report, none of DMR Corporate, Derek M Ryan nor Mr Paul Lom has any material interest in the outcome of the Proposed Transaction, nor any relationship with UXA, Palgrave, Walker or their associates.

Drafts of this report were provided to and discussed with the Directors of UXA and its advisers. Certain changes were made to factual statements in this report as a result of the reviews of the draft reports. There were no alterations to the methodology, valuations or conclusions that have been formed by DMR Corporate.

DMR Corporate had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this report.

DMR Corporate considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC in March 2011.

14.6 Remuneration

DMR Corporate is entitled to receive a fee of up to \$23,500 for the preparation of this report. With the exception of the above, DMR Corporate will not receive any other benefits, whether directly or indirectly, for or in connection with the making of this report.

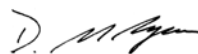
14.7 Complaints Process

As the holder of an Australian Financial Services Licence, DMR Corporate is required to have suitable compensation arrangements in place. In order to satisfy this requirement DMR Corporate holds a professional indemnity insurance policy that is compliant with the requirements of Section 912B of the Act. DMR Corporate is also required to have a system for handling complaints from persons to whom DMR Corporate provides financial services. All complaints must be in writing and sent to DMR Corporate at the above address.

DMR Corporate will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited – GPO Box 3, Melbourne Vic 3000.

Yours faithfully

DMR Corporate Pty Ltd



Derek Ryan - Director



Paul Lom - Director

Sources of Information

The following sources of information have been utilised and relied upon in the course of preparing this report:

- Audited financial statements of UXA for the financial years ended 30 June 2012 and 2013
- Unaudited management accounts of UXA for the financial years ended June 2014
- Listing of UXA's top 20 shareholders as at 26 July 2013
- ASIC searches for UXA Resources Limited and Palgrave Resources Limited dated 25 November 2013
- UXA's ASX announcements to the date of this report
- Discussions with a UXA director – David Walker
- Draft Notice of Meeting and Explanatory Statement
- The UXA Resources Creditors Trust
- The UXA Deed of Company Arrangement between UXA (Administrator Appointed) and Palgrave
- Reconstruction Deed
- Draft of the proposed prospectus
- Supplementary Report to Creditors dated 14 October 2013 to be read in conjunction to the report to creditors dated 22 August 2013
- Report to Creditors dated 22 August 2013
- Expedition of Completion, Deed of Company Arrangement and Reconstruction Deed dated 25 September 2014.

Declarations, Qualifications and Consents

1. Declarations

This report has been prepared at the request of the Directors of UXA pursuant to Section 611 and Chapter 2E of the Act to accompany the notice of meeting of shareholders to approve the Proposed Transaction. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Transaction is fair and reasonable and to express an opinion as to the financial benefit to be received by David Walker.

This report has also been prepared in accordance with the Accounting Professional and Ethical Standards Board professional standard APES 225 – Valuation Services.

The procedures that we performed and the enquiries that we made in the course of the preparation of this report do not include verification work nor constitute an audit in accordance with Australian Auditing Standards.

2. Qualifications

Mr Derek M Ryan and Mr Paul Lom, directors of DMR Corporate prepared this report. They have been responsible for the preparation of many expert reports and are involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Ryan has had over 40 years experience in the accounting profession and he is a Fellow of the Institute of Chartered Accountants in Australia. He has been responsible for the preparation of many expert reports and is involved in the provision of advice in respect of valuations, takeovers and capital reconstructions and reporting on all aspects thereof.

Mr Lom is a Fellow of the Institute of Chartered Accountants in Australia and a Registered Company Auditor with more than 35 years experience in the accounting profession. He was a partner of KPMG and Touche Ross between 1989 and 1996, specialising in audit. He has extensive experience in business acquisitions, business valuations and privatisations in Australia and Europe.

3. Consent

DMR Corporate consents to the inclusion of this report in the form and context in which it is included in the Explanatory Memorandum.



15 Right of Directors to Apply for Prospectus Shares

16 Approvals under S611 item 7 of Corporations Act

17 Reduction of Capital

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<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proxies must be received by UXA Resources Limited no later than 11.00am on Wednesday 12 November 2014.

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

SECTION C: Signature of Security Holder(s)

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

Individual or Security Holder

Sole Director & Sole Company Secretary

Security Holder 2

Director Secretary

Security Holder 3

Director/Company Secretary

My/Our contact details in case of enquiries are:

Name:

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1. NAME AND ADDRESS

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

2. APPOINTMENT OF A PROXY

If you wish to appoint the chairperson of the Meeting as your Proxy please mark "X" in the box in Section A. If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A.

If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

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

4. APPOINTMENT OF A SECOND PROXY

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

To appoint a second Proxy you must:

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

5. SIGNING INSTRUCTIONS

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

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

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

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

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

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by UXA Resources Limited no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

UXA Resources Limited

Level 7, 420 King William Street
Adelaide SA 5000

All Correspondence to:

Level 7, 420 King William Street
Adelaide SA 5000

For all enquires call:

Within Australia: 0419 035 297
Outside Australia +61 419 035 297

Email (Company Secretary): seppelt@bold.net.au



PRIVACY STATEMENT

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

