



# Notice of Annual General Meeting and Explanatory Memorandum

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**Alligator Energy Ltd ACN 140 575 604**

Date of Meeting: 21 November 2014

Time of Meeting: 9.30 am (Brisbane time)

Place of Meeting: Hopgood Ganim  
Level 7, Waterfront Place  
1 Eagle St  
Brisbane Qld 4000

# Notice of 2014 Annual General Meeting

Notice is hereby given that the Annual General Meeting of **Alligator Energy Ltd ACN 140 575 604** will be held at the offices of Hopgood Ganim, Level 7, Waterfront Place, 1 Eagle St, Brisbane, Qld 4000 on 21 November 2014, at 9.30 am (Brisbane time) to transact the following business:

## Agenda

### Ordinary business

#### Item 1 - Consideration of Financial Statements

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Consideration and discussion of Audited Financial Statements for the financial year ended 30 June 2014 (**Audited Financial Statements**), which are being circulated to Shareholders who have elected to receive a paper copy of the Company's reports in the attached Annual Report. Shareholders who have given the Company an election to receive an electronic copy of the Company's reports and Shareholders from whom the Company has not received an election as to how they wish to receive the Company's reports can directly access the Audited Financial Statements on the Company's website at [www.alligatorenergy.com.au/investor](http://www.alligatorenergy.com.au/investor) and by selecting the link titled "Full Year Statutory Financial Statements", which was released to the ASX on 26 September 2014.

#### Item 2 - Resolution 1- Re-election of Director – Mr Andrew Vigar

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To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

*"That Mr Andrew Vigar, who retires in accordance with Article 11.3 of the Company's Constitution, and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."*

#### Item 3- Resolution 2 – Adoption of Remuneration Report

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

*"That for the purpose of section 250R(2) of the Corporations Act 2001 (Cth) (**Corporations Act**) and for all other purposes, the Remuneration Report for the Company for the financial year ended 30 June 2014 be adopted."*

Terms used in this Notice of Meeting are defined in Section 11 of the accompanying Explanatory Memorandum.

The vote on Resolution 2 is advisory only and does not bind the Directors of the Company.

#### **Voting Restriction pursuant to Section 250R(4) of the Corporations Act**

A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, the above persons may cast a vote on Resolution 2 if:

- (a) the person does so as a proxy; and
- (b) the vote is not cast on behalf of a member of the Key Management Personnel details of whose remuneration are included in the Remuneration Report or a Closely Related

# Notice of Annual General Meeting

Party of such a member; and

(c) either:

- (1) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution; or
- (2) the voter is the chair of the meeting and the appointment of the chair as proxy:
  - (A) does not specify the way the proxy is to vote on the resolution; and
  - (B) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

## Voting Intention of Chair

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 2, subject to compliance with the Corporations Act.

## Item 4 - Resolution 3 – Ratification of the issue of 30,750,000 Placement Shares to Sophisticated Investors

To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution:

*“That for the purposes of ASX Listing Rule 7.4 and Listing Rule 7.1 and for all other purposes, the Company approves the issue of 30,750,000 Shares in the capital of the Company by way of placement to the sophisticated investors specified in section 4.3 of the accompanying Explanatory Memorandum (**Participating Sophisticated Investors**) on the terms set out in section 4.3 of the accompanying Explanatory Memorandum.”*

## Voting Exclusion

The Company will disregard any votes cast on this Resolution by:

- the Participating Sophisticated Investors; and
- any associates of the Participating Sophisticated Investors.

However, the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the Chairman 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

# Notice of Annual General Meeting

## Item 5 - Resolution 4 – Approval to issue securities under Employee Share Option Plan

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To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution with or without amendment:

*“That, for the purposes of Exception 9 of Listing Rule 7.2 and for all other purposes, the Company is authorised to issue securities under the Employee Share Option Plan (**ESOP**) as an exception to Listing Rules 7.1 and 7.1A, on the terms and conditions described in the Explanatory Memorandum.”*

### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by:

- a Participating Director ; and
- any associate of a Participating Director.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **Voting Restriction pursuant to Section 250BD of the Corporations Act**

As Resolution 4 is a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 4 must not be cast by:

- (a) any member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity); or
- (b) a Closely Related Party of such Key Management Personnel, who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the Resolution.

However, the Company need not disregard a vote on this Resolution 4 if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the Resolution, on the condition that the appointment of proxy expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, of the entity.

### **Voting Intention of Chair**

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 4, subject to compliance with the Corporations Act.

# Notice of Annual General Meeting

## Item 6 - Resolution 5 – Approval of Non-Executive Director's Fee Plan and Issue of Plan Shares in Lieu of Director Fees

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To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution:

*“That, in accordance with Listing Rule 10.14 and all other purposes, the Non-Executive Directors’ Fee Plan (for the issue of shares to non-executive Directors in lieu of fees for directors services) detailed in the Explanatory Memorandum be approved and the Company be authorised to issue fully paid ordinary shares (**Plan Shares**) to John Main, Paul Dickson, Peter McIntyre and Andrew Vigar and any person appointed as a non-executive director of the Company in the ensuing 12 months, (or their nominees) (**Participating Directors**) under the Directors’ Fee Plan as detailed in the Explanatory Memorandum.”*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by:

- a Participating Director; and
- any associate of a Participating Director.

However, the Company will not disregard a vote if:

- it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Restriction pursuant to Section 250BD of the Corporations Act**

As Resolution 5 is a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 5 must not be cast by:

- (a) any member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity); or
- (b) a Closely Related Party of such Key Management Personnel,

who is appointed as a Shareholder's proxy, on the basis of that appointment, where the Shareholder does not specify in writing the way the proxy is to vote on the Resolution.

However, the Company need not disregard a vote on this Resolution 5 if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the Resolution, on the condition that the appointment of proxy expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, of the entity.

### **Voting Intention of Chair**

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 5, subject to compliance with the Corporations Act.

# Notice of Annual General Meeting

## Item 7 - Resolution 6 – Grant of options to Robert Sowerby

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To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution:

*“That in accordance with Chapter 2E of the Corporations Act and Listing Rule 10.11 and for all other purposes, the Company be authorised to issue under the terms of the Employment Contract announced to the ASX on 2 June 2014:*

- *2,205,882 Zero Strike Priced Options to subscribe for Shares in the Company expiring on 31 January 2015 comprising a Short Term Incentive (**STI Options**); and*
- *2,205,882 Zero Strike Priced Options to subscribe for Shares in the Company expiring after three years from the date of issue comprising a Long Term Incentive (**LTI Options**);*

*(together, the **Performance Options**) to Robert Sowerby, being a Director and the Chief Executive Officer of the Company, or his nominee on the terms set out in the Explanatory Memorandum”.*

A copy of this Notice and the Explanatory Memorandum which accompanies the Notice has been lodged with the Australian Securities and Investments Commission in accordance with section 218 of the Corporations Act.

The Company intends to issue the Performance Options as soon as practicable following the meeting and in any event no later than one (1) month from the date of the meeting.

A detailed summary of the proposed Terms of the Performance Options is contained within the Explanatory Memorandum.

### **Voting exclusion statement**

The Company will disregard any votes cast on this Resolution by:

- Mr Sowerby; and
- any associate of Mr Sowerby.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

### **Voting Restriction pursuant to Section 250BD of the Corporations Act**

As Resolution 6 is a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity), pursuant to section 250BD of the Corporations Act, a vote on Resolution 6 must not be cast by:

- (a) any member of the Key Management Personnel for the Company (or, if the Company is a consolidated entity, for the entity); or
- (b) a Closely Related Party of such Key Management Personnel, who is appointed as a Shareholder's proxy, on the basis of that appointment, where the

# Notice of Annual General Meeting

Shareholder does not specify in writing the way the proxy is to vote on the Resolution.

However, the Company need not disregard a vote on this Resolution 6 if it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, where the Shareholder does not specify in writing the way the proxy is to vote on the Resolution, on the condition that the appointment of proxy expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, of the entity.

## **Voting Intention of Chair**

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 6, subject to compliance with the Corporations Act.

## **General business**

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To consider any other business as may be lawfully put forward in accordance with the Constitution of the Company.

### **Entitlement to vote:**

The Company determines that Shares held as at 7.00 pm EST on 19 November 2014 will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time.

All members are invited to attend the Annual General Meeting.

An Explanatory Memorandum to Shareholders follows this Notice. The Explanatory Memorandum and Proxy Form accompanying this Notice are incorporated in and comprise part of this Notice of Meeting.

### **By order of the board**



Mike Meintjes  
Company Secretary

10 October 2014

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

# Explanatory Memorandum

This Explanatory Memorandum has been prepared for the information of Shareholders of Alligator Energy Ltd in connection with the business to be transacted at the Annual General Meeting of Shareholders to be held at the offices of Hopgood Ganim, Level 7, Waterfront Place, 1 Eagle St, Brisbane **on Friday 21 November 2014 at 9.30 am (Brisbane time)**.

The Directors recommend Shareholders read this Explanatory Memorandum in full before making any decision in relation to the resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice of Meeting.

The purpose of this Explanatory Memorandum is to provide information that the Board believes to be material to Shareholders including whether or not to approve the resolutions detailed in the Notice of Meeting.

Terms used in this Explanatory Memorandum are defined below in Section 10.

## 1. Consideration of Financial Statements

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The Corporations Act requires the Annual Financial Report, Directors' Report, and the Auditor's Report (**Financial Statements**) be received and considered at the AGM. A copy of the Company's 2014 Full Year Statutory Financial Statements can be accessed on-line at [www.alligatorenergy.com.au](http://www.alligatorenergy.com.au). The Full Year Statutory Financial Statements were released to the ASX on 26 September 2014.

The Corporations Act does not require Shareholders to vote on the Financial Statements. However Shareholders attending the AGM will be given a reasonable opportunity to ask questions about, or make comments on, the financial statements and reports contained within.

The Chairman will take Shareholders' questions and comments about the management of the Company at the meeting. The auditor of the Company will be available to take Shareholders' questions and comments about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about the conduct of the audit and the preparation and content of the auditor's report, may be submitted by 5.00 pm (Brisbane time) 19 November 2014 to:

The Company Secretary  
Alligator Energy Ltd  
PO Box 338  
SPRING HILL QLD 4004  
Facsimile: +61 73852 5684  
E-mail: [mm@alligatorenergy.com.au](mailto:mm@alligatorenergy.com.au)

Copies of the questions received and answers to the questions will be available at the meeting. Answers will not be returned by mail. The Chairman and auditor will also endeavour to answer questions asked at the meeting that are relevant to the agenda, however where questions concern issues raised and answered in the written questions, the Chairman or auditor may refer Shareholders to the written response. For the benefit of the meeting, both the Chairman and the auditor will briefly outline to the meeting the matters covered in the written questions.

## 2. Resolutions 1 - Re-election of Director

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In accordance with Article 11.3 of the Company's constitution, one-third of the Directors (excluding the Managing Director) are required to retire by rotation each year. Pursuant to the Constitution, **Mr Andrew Vigar**, who has been a director since August 2010, will retire and seek re-election.



# Explanatory Memorandum

A brief biography of **Mr Andrew Vigar** is set out below:

**Andrew Vigar** - BSc (App. Geo.), FAusIMM, MSEG

Andrew has 34 years of experience in the minerals industry covering areas from regional exploration to mining, corporate and finance. He held Company positions with Utah, Emperor, WMC and CRAE prior to commencing consulting in 1996 as Vigar & Associates which became part of SRK Consulting where he built and managed the Brisbane practice. He left SRK in 2003 to pursue a range of mining related interests, including the formation of Mining Associates, Forum Pacific and the Brisbane Mining Club and founded the ASX listed Drummond Gold in 2007. He returned to Mining Associates as a Director in 2009. Andrew has been working on uranium projects for more than 15 years across a wide range of deposits in the Australasia/Pacific area and is recognised by the AusIMM as a Competent Person and independent technical advisor. This has focused on exploration support, deposit geology, ore body modelling, resource and reserve estimation for project development. Andrew is aware of, and experienced in, the specialist skill areas required for operation in the uranium industry.

He was a national councillor of the AusIMM in 2000 and Chairman of the International Mine Geology 2000 and 2003 conference committees. He is the past Chairman and current member of the AusIMM Geoscience Committee. He is the Chairman of the Brisbane Mining Club.

Andrew is currently a non-executive director of Krucible Metals Limited (ASX: KRB)

The Directors (with Mr Vigar abstaining) recommend that shareholders vote in favour of Resolution 1.

### **3. Resolution 2 - Remuneration Report**

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The Annual Report for the year ended 30 June 2014 contains a Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the Directors, executives and senior managers during the financial year. A copy of the report is set out in the Directors' Report within the Annual Report and can be found on the Company website at [www.alligatorenergy.com.au](http://www.alligatorenergy.com.au)

The Board has submitted its Remuneration Report to Shareholders for consideration and adoption by way of a non-binding Advisory Resolution.

The Remuneration Report is set out in the Directors' Report section of the Annual Report. The Report:

- explains the Board's policy for determining the nature and amount of remuneration of Key Management Personnel of the Company or, if the Company is part of a consolidated entity, for the entity;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- sets out remuneration details for the Key Management Personnel, including details of performance related remuneration and options granted as part of remuneration; and
- details and explains any performance conditions applicable to the Key Management Personnel of the Company or consolidated entity.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. A vote on this Resolution 2 is advisory only and does not bind the Directors of the Company.

There are restrictions on members of the Key Management Personnel and their Closely Related Parties and their proxies voting (in any capacity) on Resolution 2, details of which are set out in the Voting Restriction Statement included in Resolution 2 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the Resolutions the subject of this Meeting, including Resolution 2 subject to compliance with the Corporations Act. In exceptional circumstances, the Chair may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

# Explanatory Memorandum

## 4. Resolutions 3 – Ratification of the share placement of 30,750,000 shares to Participating Sophisticated Investors

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### 4.1 Introduction

The Company is seeking ratification of the issue of 30,750,000 shares (**Placement Shares**) to 21 sophisticated investors (**Participating Sophisticated Investors**) on 1 August 2014 under a subscription agreement dated 28 July 2014. These Placement Shares were issued within the capacity of the Company under Listing Rule 7.1 to issue not more than 15% of its capital in any 12 months period without the approval of Shareholders.

The Company announced to the ASX, on 1 August 2014, the placement of a 15% pre-equity interest in the Company under the subscription agreement. As outlined in this announcement, the subscription agreement provided for the issue of the Placement Shares at an issue price of \$0.04 per share to raise a total of \$1,230,000 before the costs of the issue.

Further details pertaining to the transaction under the subscription agreement are included in the ASX Announcement dated 29 July 2014.

This resolution seeks the ratification by shareholders of the placement of the Placement Shares to the Participating Sophisticated Investors.

### 4.2 Listing Rules 7.1 and 7.4

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

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

### 4.3 Ratification of issue of Shares

Ratification by the shareholders of the Company of the issue of the Placement Shares is now sought pursuant to ASX Listing Rule 7.4 in order to reinstate the Company's capacity to issue up to 15% of its issued capital, if required, in the next 12 months without shareholder approval.

For the purposes of Listing Rule 7.5, the Company advises as follows:

Number of Securities Allotted:	30,750,000 fully paid ordinary shares
Price at which the Securities were issued:	\$0.04 per fully paid ordinary share
Terms of the Securities:	Ranking equally with all other fully paid ordinary shares on issue
Name of the allottees:	21 sophisticated investors
Use of the funds:	Funds were raised to pursue the exploration strategy of drill testing existing priority targets on the Tin Camp Creek project area and to assess additional targets generated by the recent geophysical surveys.
Date of Allotment:	1 August 2014

# Explanatory Memorandum

There are restrictions on voting on these resolutions by the Participating Sophisticated Investors and their associates. For additional details please refer to the Voting Exclusion Statements in Resolution 3 of the Notice of Meeting.

By approving Resolution 3 and ratifying the issue of the Placement Shares, the Company will be able to rely on Listing Rule 7.1 to issue up to 15% of the capital of the Company to raise further capital if required.

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

## **5. Resolutions 4 – Approval to issue securities under Employee Share Option Plan**

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### **5.1 Introduction**

The Company's Employee Share Option Plan (**ESOP**) was approved by shareholders at a general meeting of the Company on 10 August 2011. As three years have elapsed since the ESOP was last approved, shareholder approval of the ESOP is again required under Exception 9 of Listing Rule 7.2 so that any issue of securities under the ESOP over the next 3 years is disregarded when determining the 15% Capacity and Listing Rule 7.1A Capacity (if applicable)

The Directors have resolved to re-adopt the ESOP on the same terms and conditions. The ESOP is again designed to provide an incentive to the Company's employees to achieve the long term objectives of the Company and to attract employees of experience and ability. A summary of the terms and conditions of the ESOP is contained in Annexure 1 to this Explanatory Memorandum. Under Resolution 4, the Company is seeking Shareholder approval to issue securities in the future under the ESOP as an exception to Listing Rules 7.1 and 7.1A.

### **5.2 Listing Rules 7.1**

Listing Rule 7.1, also known as the "15% rule", limits the capacity of a company to issue Equity Securities without the prior approval of its shareholders. In broad terms, Listing Rule 7.1 provides that a company may not, in any 12 month period, issue Equity Securities equal to more than 15% of the total number of ordinary securities on issue at the beginning of the 12 month period unless the issue is first approved by a majority of disinterested shareholders or the issue otherwise comes within one of the exceptions to Listing Rule 7.1 (**15% Capacity**).

### **5.3 Exception 9 of Listing Rule 7.2**

An exception to Listing Rules 7.1 exists for issues under employee incentive schemes such as the ESOP. If the exception applies, then Options issued under the ESOP will not count towards the Equity Securities that the Company may issue as part of its 15% Capacity.

Pursuant to Exception 9 of Listing Rule 7.2, Options (and resultant Shares) issued under the ESOP will not fall within 15% Capacity if Shareholders have approved the employee incentive scheme within the last 3 years and the Notice of Meeting contains:

- (a) a summary of the terms of the scheme;
- (b) the number of securities issued under the scheme since the date of the last approval; and
- (c) a voting exclusion statement.

Accordingly, for the purposes of Exception 9 of Listing Rule 7.2, the Company advises that:

- (a) a summary of the terms and conditions of the ESOP is contained in Annexure 1 to this Explanatory Memorandum;
- (b) the number of Options issued under the ESOP since the ESOP was approved on 10 August 2011 is 6,950,000 Options. However, as at 30 September 2014, 4,250,000 of these Options had been cancelled and the balance of Options remaining on issue under the ESOP is 2,700,000 Options.;

# Explanatory Memorandum

- (c) a voting exclusion statement is included in the Notice of Meeting in relation to Participating Directors and their associates.

## *Directors' Recommendation*

The Directors recommend that you vote in favour of this resolution.

## 5.4 Voting restrictions

There are restrictions on voting on this resolution by the Directors and by Key Management Personnel and their Closely Related Parties. For additional details please refer to the Voting Exclusion Statement in Resolution 4 of the Notice of Meeting.

Shareholders should be aware that any undirected proxies given to the Chair will be cast by the Chair and counted in favour of the resolutions the subject of this Meeting, including this Resolution 4, subject to compliance with the Corporations Act.

## 6. Resolution 5 – Approval of Non-Executive Director's Fee Plan and Issue of Plan Shares in Lieu of Director Fees

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### 6.1 Introduction

The Directors have resolved to refer to Shareholders for approval the Non-Executive Director's Fee Plan (**Plan**) and the proposed issue of up to a maximum of 9,000,000 fully paid ordinary Shares to John Main, Paul Dickson, Peter McIntyre and Andrew Vigar the current non-executive directors of the Company, and to any person appointed as a non-executive director of the Company in the ensuing 12 months, or to their respective nominees (**Participating Director**), pursuant to the Plan. The Shares will be issued in lieu of cash remuneration for the provision of director services. The terms of the Shares to be issued to the Participating Directors (**Plan Shares**) are set out in more detail below.

The Directors believe that the benefit of the Plan to Shareholders will be the conservation of cash for use towards exploration activities, as well as aligning the interest of the non-executive directors with those of the Company and the Shareholders.

Approval for the Plan and the issue of the Plan Shares pursuant to the Plan is sought in accordance with Listing Rule 10.14 and for the purposes of Exception 9 of Listing Rule 7.2. As approval is being sought under Listing Rule 10.14, approval will not be required under Listing Rule 10.11.

### 6.2 Background to the Proposal

The Directors wish to implement an employee share scheme in the form of the Plan which will allow for the issue of Shares to non-executive Directors in lieu of cash remuneration. The Plan will not apply with regards to remuneration payable to executive directors and all non-executive directors have agreed to have up to 100% of their total remuneration, at the election of each Participating Director on a quarterly basis, paid by the issue of Shares (pending this approval) for the ensuing 12 months.

The Directors approved the adoption of the Plan on 28 February 2014, subject to the approval of shareholders in general meeting. On the basis of this Plan directors have been deferring receipt of their quarterly remuneration payments from the 31 December 2013 quarter pending this approval. These quarterly payments are made on 31 March, 30 June, 30 September and 31 December each year and the Directors intend to continue the operation of the Plan for the 12 months following the Meeting.

Approval is sought for the Plan and the issue of Plan Shares to the Participating Directors pursuant to the Plan with respect to:

- (a) part of their Director's fees that have been deferred from 31 December 2013 until the date of the Meeting; and
- (b) part of their Director's fees that are deferred during the 12 months following the Meeting.

# Explanatory Memorandum

As such the Plan Shares will be granted for nil cash consideration and no funds will be raised from their issue.

## *Listing Rule 10.14*

Because each of the Participating Directors is a related party of the Company for the purposes of Listing Rule 10.11, the proposed issue of Plan Shares to Participating Directors under the Plan must be approved under Listing Rule 10.14.

If approval is given under Listing Rule 10.14 approval is not required under Listing Rule 7.1. Accordingly, if approved, the issue of the Plan Shares pursuant to Listing Rule 10.14 will not be counted towards the Company's 15% for the purpose of Listing Rule 7.1. As a result, the Directors of the Company will be able to consider additional funding initiatives consistent with the provisions of ASX Listing Rule 7.1 without diminishing its issue capacity under Listing Rule 7.1.

## **Information on the Director's Fee Plan and Issue of Plan Shares**

The terms of the Plan under which Directors may be issued Plan Shares in lieu of cash fees, including the formula for calculating the issue price, are set out in Annexure 2.

As the Plan has been in operation for the period 31 December 2013 to 30 September 2014 and is intended to operate for a further 12 months after the Meeting, and because the trading price for the Shares on the ASX may fluctuate, approval is sought for a maximum of 9,000,000 Plan Shares. This number has been determined on the basis of:

- (a) the maximum aggregate amount of fees payable to non-executive Directors over a two year period of \$360,000 (being \$180,000 annually); and
- (b) an issue price of \$0.04, being an approximate of the average share price during the first eight months of the calendar year.

If 100% of the Participating Directors remuneration was issued as Plan Shares at an average share price of \$0.04, the number of Plan Shares issued during each 12 month period would be 4,500,000.

Subject to this cap of 9,000,000 Placement Shares, the number of Placement Shares which will be issued in the 12 months from the date of the Meeting will be determined by the relevant issue price of the Shares at the time of issue and the level of remuneration which each Participating Directors specifies is to be paid by way of the issue of Plan Shares. If the maximum number of 9,000,000 Plan Shares is reached before the expiration of 12 months from the Meeting, no further Plan Shares will be issued.

At the date of this Notice of Meeting the sum of \$109,750 is owing to the Participating Directors, excluding GST, in lieu of fees deferred for the quarters commencing 1 October 2013 until 30 September 2014. Based upon the operation of the Plan for these four quarters where the directors have deferred receipt of their remuneration in cash, 2,574,114 Plan Shares will be issued. This is based upon the three day Volume Weighted Average Market Price immediately prior to the end of the quarters as follows:

31 December 2013	A\$0.05
31 March 2014	A\$0.051
30 June 2014	A\$0.033
30 September 2014	A\$0.046

Accordingly, if the issue price of Plan Shares issued during the 12 months after the Meeting averages \$0.05 and 100% of the Participating Directors remuneration is issued as Plan Shares, the number of Plan Shares which may be issued during the next 12 months would be 6,174,114. If the average share price is lower, then the number of Plan Shares issued will increase but will not exceed 9,000,000 Plan Shares (including the issue of Plan Shares for the accumulated deferred remuneration at 30 September 2014).

# Explanatory Memorandum

## Information required under ASX Listing Rule 10.15

In accordance with Listing Rule 10.15 and for the benefit of Shareholders in considering this Resolution, the Company advises as follows:

- (a) Plan Shares will only be issued to Participating Directors or to their nominees;
- (b) The maximum number of Plan Shares to be issued during the 12 months after the Meeting is 9,000,000. The number of Plan Shares issued under the Plan will be determined by the application of the relevant issue price to the level of remuneration nominated by the Participating Directors to be paid by the issue of Plan Shares, but will not exceed 9,000,000 during the 12 months following the Meeting.
- (c) The issue price of each Plan Share will be determined on the basis of the Volume Weighted Average Market Price of Shares for the last 3 Trading Days of the quarter for which an Election Notice has been given by a Participating Director and any fractional entitlement to be issued Plan Shares will be rounded up to the nearest whole number.
- (d) No persons have previously received any securities under the Plan and no securities are intended to be issued until this Resolution 5 is passed by shareholders;
- (e) The Participating Directors are John Main, Paul Dickson, Peter McIntyre and Andrew Vigar and any person appointed as a non-executive Director of the Company during the 12 months after the Meeting;
- (f) No loans are being given in respect of the issue of any Plan Shares; and
- (g) The Plan Shares are intended to be issued as and when elections are made by Participating Directors under the Plan, the intention being that Plan Shares would be issued to the Participating Directors in 4 tranches on the ending of each quarter (31 December 2014, 31 March 2015, 30 June 2015 and 30 September 2015) and in any event no later than twelve (12) months following the date of the Meeting. In addition, Plan Shares are intended to be issued shortly after the date of the Meeting in respect of payment of outstanding non-executive director fees in respect of periods prior to the Meeting (1 October 2013 to 30 September 2014), which the Directors elect to have satisfied by way of issue of Plan Shares under the Plan

Save as set out in this Explanatory Statement, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolution 5.

### *Directors' Recommendation*

Robert Sowerby, being the only Director who is not a Participating Director, recommends that you vote in favour of this resolution.

Each of John Main, Paul Dickson, Peter McIntyre and Andrew Vigar has a material personal interest in Resolution 5 and do not make any recommendation.

## **7. Resolution 6 - Grant of options to Robert Sowerby**

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### **7.1 Introduction**

A one year Employment Contract (**Agreement**) for performance of the role as Chief Executive Officer was entered into with Robert Sowerby effective 1 May 2014.

The remuneration payable to Mr Sowerby under the Agreement is \$150,000 per annum exclusive of statutory superannuation (**Base Pay**) together with the payment of employment related benefits (**Benefits**) for car parking, mobile telephone and use of a laptop. No further benefits are payable for duties performed as a director of the Company or its subsidiaries.

# Explanatory Memorandum

Mr Sowerby is also entitled to incentive payments which are based on both short term and long term performance hurdles aligned to the Company's corporate strategy. These incentive payments will be settled by the grant of Zero Strike Priced Options which will only vest for exercise if the performance hurdles are achieved.

The short term incentive, if fully achieved, will constitute 50% of the Base Pay and will be determined by the Board at the end of January 2015 based upon performance for the 2014 drilling season. Performance hurdles for the short term incentive include elements covering completion of the approved 2014 exploration plan, management of the operational budget and community relations. Any Zero Strike Priced Options which do not vest will automatically lapse.

The long term incentive also constitutes 50% of the Base Pay and will only vest when resource definition drilling commences upon a uranium deposit with the potential to contain 100 million pounds of uranium, or if a uranium deposit with a defined resource of no less than 100 million pounds of recoverable U3O8 is acquired or if there is a change of shareholding control (> 51%) of AGE. The Zero Strike Priced Options for the long term incentive will have a three year life from the date of issue.

The Directors have resolved to refer to Shareholders for approval the proposed grant of:

- (a) 2,205,882 Zero Strike Priced Options expiring on 31 January 2015 (**STI Options**); and
- (b) 2,205,882 Zero Strike Priced Options expiring on the date being 3 years from the date of issue (**LTI Options**),

(together the **Performance Options**),

to Robert Sowerby, a director of the Company. The terms of the Performance Options are set out in more detail in Annexure 3.

Approval for the issue of the Performance Options is sought in accordance with the Listing Rule 10.11 and Part 2E of the Corporations Act. As approval is being sought under Listing Rule 10.11, approval will not be required under Listing Rule 7.1.

In order for the Performance Options to be granted to a Director, the requirements of Chapter 2E of the Corporations Act need to be observed.

## 7.2 Options Terms

A summary of the terms of the Performance Options are set out in Annexure 3.

## 7.3 Regulatory Requirements

### Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of a public company unless the benefit falls within one of various exceptions to the general prohibition (including where shareholder approval is obtained). One of the exceptions includes where the company first obtains the approval of its shareholders in general meeting in circumstances where the requirements of Chapter 2E in relation to the convening of that meeting have been met.

A "related party" for the purposes of the *Corporations Act 2001* (Cth) is defined widely and it includes a director of the public company.

A "financial benefit" for the purposes of the *Corporations Act 2001* (Cth) has a very wide meaning. It includes the public company paying money or issuing securities to the related party. In determining whether or not a financial benefit is being given, it is necessary to look to the economic and commercial substance and effect of what the public company is doing (rather than just the legal form). Any consideration which is given for the financial benefit is to be disregarded, even if it is full or adequate.

# Explanatory Memorandum

Resolutions 6 if passed, will confer financial benefits on the Recipient (being a related party of the Company) and the Company seeks to obtain shareholder approval in accordance with the requirements of Chapter 2E of the Corporations Act and for this reason, and for all other purposes, the following information is provided to Shareholders.

(a) **The related parties to whom Resolutions 6 would permit the financial benefit to be given**

Robert Sowerby, a Director of the Company, is considered to be a related party.

(b) **The nature of the financial benefit**

The nature of the proposed financial benefit to be given is:

- (1) the grant of the Performance Options to Robert Sowerby, as referred to in Resolution 6;
- (2) the Performance Options shall be granted for nil consideration;
- (3) the Performance Options shall vest based on the short and long term performance hurdles;
- (4) upon vesting, the Performance Options shall be exercisable into fully paid ordinary Shares on or before the Expiry Date, being 31 January 2015 for the STI Options and 3 years from the date of issue for the LTI Options; and
- (5) the exercise price for the Options shall be zero for each Performance Option;

(c) **Directors' Recommendation**

With respect to Resolution 6 John Main, Paul Dickson, Peter McIntyre and Andrew Vigar recommend that Shareholders vote in favour of this resolution. The reasons for their recommendation include:

- (1) the grant of the Performance Options as proposed to Robert Sowerby will provide him with reward and incentive for the performance of future services he will provide to the Company to further the progress of the Company;
- (2) the number of Performance Options has been determined on the basis that the value ascribed to those Performance Options is commensurate with the intended reward and incentive to Robert Sowerby;
- (3) the Performance Options are not intended as a substitute for salary or wages or as a means for compensation for past services rendered; and
- (4) in the Company's circumstances as they existed as at the date of this Explanatory Statement, John Main, Paul Dickson, Peter McIntyre and Andrew Vigar considered that the incentive provides a cost effective and efficient incentive as opposed to alternative forms of incentives (eg cash bonuses, increased remuneration). However, it must be recognised that there will be an opportunity cost to the Company, being the price at which the Company could grant the Performance Options to a third party.

As Robert Sowerby is interested in the outcome of Resolution 6, accordingly he makes no recommendation to Shareholders in respect of this resolution.

(d) **Director's Interest and other remuneration**

**Robert Sowerby**

Robert Sowerby has a material personal interest in the outcome of Resolution 6, as it is proposed that Performance Options be granted to him (or his nominee).



# Explanatory Memorandum

Excluding the Performance Options, Robert Sowerby (and entities associated with him) holds 6,931,248 Shares and 1,000,000 options in the Company. Please refer to the table below which indicates the holdings of Robert Sowerby (and entities associated with him).

Other than the Performance Options to be issued to Robert Sowerby pursuant to Resolution 6, Robert Sowerby is entitled under his Employment Contract to:

- (1) \$150,000 per annum cash remuneration exclusive of statutory superannuation ( Base Pay); and
- (2) the payment of employment related benefits ( Benefits) for car parking, mobile telephone and use of a laptop

If all of the Performance Options are granted, vest and are exercised by Robert Sowerby (or their nominees as the case may be), the following will be the effect on their holdings in the Company:

Director	Current Share Holding <sup>1</sup>	% of Total Share Capital <sup>2</sup>	Share Capital Upon Exercise of Options <sup>1</sup>	% of Total Share Capital <sup>3</sup>
Robert Sowerby	6,931,248 shares	2.28%	11,343,012	3.68%

Notes:

- (1) This assumes that none of the current options on issue in the Company are exercised, including 1,000,000 options held by Robert Sowerby having an exercise price of \$0.25 and an expiry date of 30 November 2015, and no further securities are issued.
- (2) This assumes that there are currently 304,095,438 Shares on issue.
- (3) This assumes that there will be 308,507,202 Shares on issue upon the exercise of all of the proposed Zero Strike Priced Options.

## (e) Valuation

The Performance Options are not currently quoted on the ASX and as such have no market value. The Performance Options each grant the holder a right to one ordinary Share in the Company upon vesting and exercise of the Performance Options. Accordingly, the Performance Options may have a present value at the date of their grant.

The Performance Options may acquire future value dependent upon the extent to which the share price increases during the term of the Performance Options.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have a value. Various factors impact upon the value of options including:

- (1) the probability of the options vesting;
- (2) the period outstanding before the expiry date of the options;
- (3) the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- (4) the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (ie whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);

# Explanatory Memorandum

- (5) the value of the shares into which the options may be converted; and
- (6) whether the options are listed (ie readily capable of being liquidated).

There are various formulae which can be applied to determining the theoretical value of options (including the formula known as the Black-Scholes Model option valuation formula).

On the basis that the options are zero priced and can be exercised (on meeting the performance hurdles and vesting) without the payment of a consideration, the Company has not commissioned an independent valuation for the purposes of preparing this Notice.

In order to assist Shareholders to decide whether or not it is in the Company's interest to pass Resolutions 6 and disclosing expenses in the Company's Financial Statements in accordance with AASB 2 Share Based Payments, the Company has set out below the principal factors that influence the value of the Performance Options.

These factors are:

- (1) the exercise price of the Performance Options being \$0.00 each;
- (2) a market price of Shares of \$0.045 at 30 September 2014;
- (3) a weighted average share price of \$0.046 for the three days immediately preceding 30 September 2014;
- (4) an expiry date of 31 January 2015 (STI Options) and 30 May 2017 (LTI Options);
- (5) an internally assessed probability of achieving the STI performance measures of 66.67%;
- (6) an internally assessed probability of achieving the LTI performance measures of 50%;

Based on these valuation inputs of the Performance Options, the Company estimates that the respective value (at the time of preparing the Notice) of the Performance Options to be issued pursuant to Resolutions 6 are as follows:

- Robert Sowerby – STI \$67,650
- Robert Sowerby – LTI \$50,735

(f) **Any other information that is reasonably required by Shareholders to make a decision and that is known to the Company or any of its Directors**

There is no other information known to the Company or any of its Directors save and except as follows:

**Market Price movements:**

The assessed option values noted above are based on a three day VWAP market price per Share of \$0.046 at 30 September 2014.

There is a possibility that the market price of the Shares will change up to the date of the Annual General Meeting.

**Trading History**

The Company does not intend to apply for listing of the Performance Options on the ASX. However, the Company shall apply for listing of the resultant shares of the Company issued upon vesting and exercise of any Performance Option.

# Explanatory Memorandum

In the 12 months prior to the option valuation (30 September 2014), the Company's trading history is as follows:

	<b>Market Price at 30 September 2014</b>	<b>Market Price for 12 months prior to 30 September 2014</b>
High	\$0.045	\$0.082
Low	\$0.045	\$0.031
VWAP	\$0.045	\$0.045

## Opportunity Costs

The opportunity costs and benefits foregone by the Company issuing the Performance Options is the potentially dilutionary impact on the issued Share capital of the Company (in the event that the options are exercised). Until exercised, the issue of the Performance Options will not impact upon the number of Shares on issue in the Company. To the extent that upon their exercise the dilutionary impact caused by the issue of the Shares will be detrimental to the Company, this is more than offset by the advantages accruing from the Company securing the services of experienced and skilled executives on appropriate incentive terms.

It is also considered that the potential increase of value in the Performance Options is dependent upon a concomitant increase in the value of the Company generally.

## Taxation Consequences

No stamp duty will be payable in respect of the grant of the Performance Options. No GST will be payable by the Company in respect of the grant of the Performance Options (or if it is then it will be recoverable as an input credit).

AASB 2 "Share Based Payments" requires that these payments shall be measured at the more readily determinable fair value of the equity instrument. Under the accounting standards this amount will be expensed in the statement of financial performance. Where the grant date and the vesting date are different, the total expenditure calculated will be allocated between the two dates taking into account the terms and conditions attached to the instruments and the counterparties as well as management's assumptions about probabilities of payments and compliance with and attainment of the set out terms and conditions.

## Dilutionary Effect

If all of the Performance Options granted vest and are exercised, the following will be the effect on the current issued capital of the Company:

<b>Shareholder</b>	<b>Current shareholding<sup>1</sup></b>	<b>% of total Shares<sup>2</sup></b>	<b>No. of Shares issued on exercise of Options</b>	<b>No. of Shares on exercise of Options<sup>1</sup></b>	<b>% of total Shares<sup>3</sup></b>
<b>Directors</b>					
John Main	Nil	0	Nil	Nil	0
Robert Sowerby	6,931,248	2.28	4,411,764	11,343,012	3.68
Paul Dickson	2,535,752	0.83	Nil	2,535,752	0.82

# Explanatory Memorandum

Peter McIntyre	Nil	0	Nil	Nil	0
Andrew Vigar	377,909	0.012	Nil	377,909	0.012
<b>Top 3 Shareholders</b>					
Macallum Group Ltd	55,845,143	18.36	Nil	55,845,143	18.10
Macquarie Bank Ltd	17,500,000	5.75	Nil	17,500,000	5.67
Occasio Holdings Pty Ltd	4,355,000	1.43	Nil	4,355,000	1.41
<b>Other Shareholders</b>	216,550,386	71.34	Nil	216,550,386	70.31
<b>Total</b>	<b>304,095,438</b>	<b>100.00</b>	<b>4,411,764</b>	<b>308,507,202</b>	<b>100.00</b>

Notes:

- (1) This assumes that no shares have been issued under Resolution 5, none of the current options on issue in the Company are exercised, including 1,000,000 options held by Robert Sowerby having an exercise price of \$0.25 and an expiry date of 30 November 2015, and no further securities are issued.
- (2) This assumes that there are currently **304,095,438** Shares on issue.
- (3) This assumes that there will be **308,507,202** Shares on issue upon the exercise of all of the Options.

## Listing Rule 10.11

Listing Rule 10.11 requires an entity to obtain the approval of shareholders to an issue of securities to a related party. Robert Sowerby, being a Director of the Company is a related party. Accordingly, because the issue of the Zero Strike Priced Options will result in the Company issuing securities to a related party, approval under Listing Rule 10.11 is required.

For the purposes of Listing Rule 10.13, the Company advises as follows:

- The maximum number of Performance Options to be issued is 4,411,764 Performance Options to Robert Sowerby.
- The Performance Options are intended to be granted as soon as possible following the Annual General Meeting, but in any event, within one (1) month of the date of the Annual General Meeting;
- The Performance Options are being issued for nil consideration; and
- No funds are being raised by the grant of the Performance Options.

In accordance with Listing Rule 7.2 (exception 14), as approval is being sought under Listing Rule 10.11, approval is not required to be obtained under Listing Rule 7.1.

Save as set out in this Explanatory Memorandum, the Directors are not aware of any other information that will be reasonably required by Shareholders to make a decision in relation to benefits contemplated by Resolutions 6.

# Explanatory Memorandum

## 8. Action to be taken by Shareholders

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Shareholders should read this Explanatory Memorandum carefully before deciding how to vote on the resolutions set out in the Notice of Meeting.

Attached to the Notice of Meeting is a proxy form for use by Shareholders. All Shareholders are invited and encouraged to attend the AGM or, if they are unable to attend in person, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a Shareholder from attending and voting at the AGM in person.

## 9. Conclusion and Recommendation

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- (a) Your Directors believe that the proposals described above are in the best interests of the Company.
- (b) The Directors (with Mr Vigar abstaining) recommend that shareholders vote in favour of Resolution 1.
- (c) The Directors recommend that shareholders vote in favour of Resolution 2.
- (d) The Directors recommend that shareholders vote in favour of Resolution 3.
- (e) The Directors recommend that shareholders vote in favour of Resolution 4.
- (f) Mr Sowerby (the Non-Executive Directors abstaining) recommend that shareholders vote in favour of Resolution 5.
- (g) The Directors (with Mr Sowerby abstaining) recommend that shareholders vote in favour of Resolution 6.

## 10. Voting entitlement

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For the purposes of determining voting entitlements at the AGM, Shares will be taken to be held by the persons who are registered as holding the Shares at 7pm (Eastern Standard Time) on 19 November 2014. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

## 11. Glossary

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For the purposes of the Notice of Meeting and Explanatory Memorandum:

**AGM or Annual General Meeting** means the Annual General Meeting of the Company to be held on 21 November 2014;

**ASIC** means the Australian Securities & Investments Commission;

**ASX** means the ASX Limited;

**Board** means the board of directors of the Company;

**Business Day** means a week day on which banks are open for general banking business in Brisbane;

**Closely Related Party** (as defined in the *Corporations Act*) of a member of the Key Management Personnel for an entity means:

- (a) a spouse or child of the member; or
- (b) a child of the member's spouse; or

# Explanatory Memorandum

- (c) a dependant of the member or the member's spouse; or
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- (e) a company the member controls; or
- (f) a person prescribed by the regulations for the purposes of this paragraph;

**Company or Alligator Energy Ltd** means Alligator Energy Ltd ACN 140 575 604;

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

**Directors** means the directors of the Company from time to time;

**Explanatory Memorandum** means the explanatory memorandum accompanying the Notice of Meeting;

**Key Management Personnel** has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity;

**Listing Rules or ASX Listing Rules** means the Official Listing Rules of the ASX as amended from time to time;

**Meeting** means the Annual General Meeting to be held on 21 November 2014 as convened by the accompanying Notice of Meeting;

**Notice of Meeting or Notice** means the notice of meeting which accompanies this Explanatory Memorandum;

**Ordinary Resolution** means a resolution passed by more than 50% of the votes at a general meeting of shareholders;

**Participating Directors** means those non-executive directors who are eligible to participate in the Directors' Fee Plan;

**Performance Options** means the options to be issued to Robert Sowerby in accordance with Resolution 6;

**Resolutions** means the resolutions set out in the Notice of Meeting;

**Shares** means fully paid ordinary shares in the Company from time to time;

**Shareholders** means the holders of Shares in the Company;

**Special Resolution** means a resolution:

- (a) of which notice has been given as set out in paragraph 249L(1)(c) of the Corporations Act; and
- (b) that has been passed by at least 75% of the votes cast by members entitled to vote on the resolution;

**Subsidiaries** has the meaning given to that term in the Corporations Act;

**Trading Day** has the meaning given to that term in the Listing Rules;

**Volume Weighted Average Market Price** has the meaning given under the Listing Rules; and

**Zero Strike Priced Options** means options having no exercise price with attaching performance hurdles and other terms as specified in the Explanatory Memorandum.

# Explanatory Memorandum

## Annexure 1

### Summary of ESOP

1. The ESOP is to extend to Eligible Employees of the Company or an associated body corporate of the Company as the Board may in its discretion determine. Eligible employees specifically excludes Directors.
2. The total number of Shares to be issued by the Company to Eligible Employees in respect of which either Shares or Options have been issued under the ESOP or any other employee share option plan shall not at any time exceed 5% of the Company's total issued ordinary Share capital in that class at that time when aggregated with:
  - (a) the number of Shares in the same class which would be issued with each outstanding offer with respect to Shares or Options under any employee share or option scheme of the Company accepted and exercised; and
  - (b) the number of Shares issued during the previous 5 years pursuant to:
    - (1) the ESOP to an Eligible Employee; or
    - (2) any employee share or option scheme of the Company,but excluding for the purposes of the calculation, any offer made or Option or Share issued by way of or as a result of:
  - (3) any offer to a person situated at the time of receipt of the offer referred to in the paragraph 2(a) and paragraph 2(b) outside of this jurisdiction; or
  - (4) an offer that did not require disclosure to investors because of Section 708 of the Corporations Act; or
  - (5) an offer that did not require the giving of a product disclosure statement because of Section 1012D of the Corporations Act; or
  - (6) an offer made under a disclosure document or product disclosure statement within the meaning of those terms in the Corporations Act.
3. The Issue Price of Shares and Options are to be determined by the Board.
4. The exercise price of an Option is to be determined by the Board at its sole discretion.
5. The Vesting Date will be any such date or dates with respect to the Options or tranches of Options (as the case may be) as may be determined by the Board from time to time and specified in the Offer.
6. The Option Period commences on the Issue Date and ends on the earlier of:
  - (a) The Expiration Date, which is the earlier of 5 years from the grant of an Option or such other date determined by the Board;
  - (b) 30 days after a Cessation Event; or
  - (c) 12 months after a Cessation Event which happens as a result of the death of a Participant.
7. Eligibility to participate is determined by the Board. Eligibility is restricted to Eligible Employees of the Company or an associated body corporate of the Company. The Board is entitled to determine:
  - (a) subject to paragraph 2, the total number of Options to be offered to Eligible Employees;

# Explanatory Memorandum

- (b) the Eligible Employees to whom offers will be made; and
  - (c) the terms and conditions of any Options offered subject to the ESOP.
8. The Board may issue Restricted Options under the ESOP upon the terms and conditions that it considers appropriate, and will not apply for quotation of those Restricted Options on the ASX.
  9. If there is a Bonus Issue to holders of Shares, subject to the Listing Rules, the number of Shares over which an Option is exercisable will be increased by the number of Shares which a Participant would have received if the Option had been exercised before the Record Date for the Bonus Issue.
  10. Option holders do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the Listing Rules, provide Option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Options, in accordance with the requirements of the Listing Rules.
  11. In the event of a pro rata issue (except a bonus issue) made by the Company during the term of the Options, the Company may adjust the exercise price for the Options in accordance with a specified formula.
  12. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company the rights of the Option holder will be reconstructed (as appropriate) in a manner consistent with the Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Options which are not conferred on Shareholders.
  13. The Board may, subject to the *Corporations Act* and Listing Rules (including approval of the Company's shareholders), at any time amend any of the ESOP Rules or waive or modify the application of any of the ESOP Rules in relation to any Participant provided that any amendment does not adversely affect existing rights of any Options previously granted or Shares previously issued under the plan.
  14. The Board may impose restrictions on the Options being offered or impose any other conditions as the Board may determine in its absolute discretion from time to time.
  15. The ESOP is separate to and does not in any way form part of, vary or otherwise affect the rights and obligations of an Option holder's under the terms of the Option holder's employment or arrangement.



# Explanatory Memorandum

## Annexure 2

### Summary of Director Fee Plan

- (a) All non-executive Directors of the Company will be entitled during the term of the Plan to elect to be paid some or all of their remuneration (excluding the Superannuation Guarantee Levy which will be paid separately) for director's services (but excluding executive services) by way of an issue of Shares.
- (b) An Election Notice may be given by a Participating Director within 10 Business Days after each quarter and will specify:
  - (1) the amount of any Outstanding Remuneration that a Participating Director wishes to be paid by way of Plan Shares; and
  - (2) whether the Participating Director wishes to have the Plan Shares issued in his or her own name or in the name of a nominee.
- (c) The obligation of the Company to issue any Plan Shares is subject to obtainment of any approvals which may be required under:
  - (1) the Listing Rules; and
  - (2) the Corporations Act 2001 (Cth).
- (d) The issue price of each Directors Share will be determined on the basis of the volume-weighted average price of Shares for the last 3 Trading Days of the quarter for which the Election Notice is given by a Participating Director and any fractional entitlement to be issued Plan Shares will be rounded up to the nearest whole number.
- (e) The Company will:
  - (1) issue the Plan Shares in lieu of any Outstanding Remuneration as specified in the Election Notice within five Business Days of receipt of an Election Notice;
  - (2) Not deduct PAYG where the director has provided the company with a Tax File Number
  - (3) forthwith deliver a statement of holding in respect of the Plan Shares; and
  - (4) cause the Plan Shares to be listed on ASX as soon as reasonably practicable.
- (f) Unless otherwise approved by shareholders of the Company, the maximum number of Plan Shares which may be issued by the Company in each 12 months during the term of the Plan will be 4,500,000 Plan Shares.

# Explanatory Memorandum

## Annexure 3

### Terms of Performance Options

1. The Performance Options, comprising the STI Options and the LTI Options, shall be issued for no consideration;
2. The exercise price of each Performance Option is \$Nil (**Exercise Price**);
3. The Performance Options will not vest and be entitled to exercise until:
  - a) for the STI Options, a determination is made by the Board at the end of January 2015 that the STI Options will vest taking into consideration the performance for the 2014 drilling season, include elements covering completion of the approved 2014 exploration plan, management of the operational budget and community relations; or
  - b) for the LTI Options, either:
    - when resource definition drilling commences upon a uranium deposit with the potential to contain 100 million pounds of uranium; or
    - if a uranium deposit with a defined resource of no less than 100 million pounds of recoverable U3O8 is acquired; or
    - if there is a change of shareholding control (> 51%) of the Company (for the LTI Options),

### (Vesting Conditions)

4. The Performance Options will expire on either 31 January 2015 (for the STI Options) or 3 years from the date of issue (for the LTI Options) (**Expiry Date**) unless earlier exercised;
5. The Performance Options will not be transferable in whole or in part and may not be exercised by any other person (except, in the case of the Performance Option holder's death, by his or her legal personal representative);
6. Subject to the relevant Vesting Conditions for each of the STI Options and the LTI Options being satisfied, the Performance Options may be exercised at any time wholly or in part by delivering a duly completed form of notice of exercise to the Company at any time on or after the date of issue of the Performance Options and on or before the relevant Expiry Date;
7. The number of Performance Options that may be exercised at one time must be not less than to allow the allotment of a marketable parcel (as defined in the Listing Rules);
8. Upon the valid exercise of the Performance Options, the Company will issue fully paid ordinary shares ranking pari passu with the then issued ordinary shares;
9. Holders of the Performance Options do not have any right to participate in new issues of securities in the Company made to shareholders generally. The Company will, where required pursuant to the ASX Listing Rules, provide those option holders with notice prior to the books record date (to determine entitlements to any new issue of securities made to shareholders generally) to exercise the Performance Options, in accordance with the requirements of the Listing Rules.
10. Holder of the Performance Options do not participate in any dividends unless the Performance Options are exercised and the resultant shares of the Company are issued prior to the record date to determine entitlements to the dividend;

# Explanatory Memorandum

11. In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - a) the number of Performance Options will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules as applicable at the time of reconstruction, but with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Performance Options which are not conferred on shareholders; and
  - b) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Performance Options will remain unchanged;
12. If there is a bonus issue to the holders of shares in the Company, the number of shares over which the Performance Option is exercisable may be increased by the number of shares which the option holder would have received if the Performance Option had been exercised before the record date for the bonus issue;
13. The terms of the Performance Options shall only be changed if holders (whose votes are not to be disregarded) of ordinary shares in the Company approve of such a change. However, the terms of the Performance Options shall not be changed to reduce the Exercise Price, increase the number of Performance Options or change any period for exercise of the Performance Options;
14. The Company does not intend to apply for listing of the Performance Options on the ASX; and
15. The Company shall apply for listing of the resultant shares of the Company issued upon exercise of any Performance Option.

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