



Callabonna Resources Limited
ACN 099 247 408

Notice of Annual General Meeting
and
Explanatory Notes

The annual general meeting will be held:

At Level 17, 530 Collins Street

Melbourne VIC 3000

On 25 November 2014 at 10.00am

You can vote by:

Attending and voting at the meeting; or

Appointing someone as your proxy to attend and vote at the meeting on your behalf, by completing and returning the proxy form to Callabonna in the manner set out in the proxy form. The proxy form must be received by the Company no later than 10.00am on 23 November 2014

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of shareholders of Callabonna Resources Limited (the "Company") will be held at Level 17, 530 Collins Street Melbourne VIC 3000, on 25 November 2014 at 10.00am.

Receipt and consideration of Accounts and Reports

To receive and consider the financial reports of the Company and the report of the Directors and Auditor for the year ended 30 June 2014.

Note: There is no requirement for shareholders to approve this item of business. Accordingly, no resolution will be put to shareholders on this item of business.

Resolution 1: Adoption of Remuneration Report

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2014."

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

Resolution 2: Re-Election of Director – Jeff Williams

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

"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Jeff Williams, a Director, retires by rotation, and being eligible, is re-elected as a Director."

Resolution 3: Approval of 10% Placement Capacity

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

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the Shares on issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement"

Resolution 4: Issue of Shares to Director Jeff Williams

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Shares to Mr Jeff Williams (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Resolution 5: Issue of Shares to Director Phil Harman

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Shares to Mr Phil Harman (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Resolution 6: Issue of Shares to Director Mike Raetz

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Shares to Mr Mike Raetz (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Resolution 7: Issue of Shares to Director Hyunsoo Kim

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,000,000 Shares to Mr Hyunsoo Kim (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Dated: 15 October 2014

By order of the Board



Ian Hobson
Company Secretary

Voting Exclusions

The Company will disregard any votes cast on the resolution by or on behalf of any person specified below in relation to that resolution and an associate of any such person when determining the result of the resolution except where the vote 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 Chairman as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 1: The Corporations Act restricts members of the Key Management Personnel (KMP) which comprises Directors and other persons disclosed as KMP in the Remuneration Report and their Closely Related Parties from voting on Resolution 1. Closely Related Party is defined in the Corporations Act and includes a spouse, dependents and certain other close family members, as well as companies controlled by a member of the KMP. The Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of:

1. members of the KMP; and
 2. Closely Related Parties of those persons,
- unless the vote is cast:
3. as a proxy for a person entitled to vote in accordance with a direction on the proxy form; or
 4. as a proxy for a person entitled to vote by the Chairman of the Meeting where he has been expressly authorised to exercise the proxy (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP).

Resolution 2: Nil.

Resolution 3: The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company 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 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.

Resolutions 4: The Company will disregard any votes cast on this Resolution by Mr Williams (or his nominee and any of his associates respectively. 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 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.

Resolutions 5: The Company will disregard any votes cast on this Resolution by Mr Harman (or his nominee) and any of his associates respectively. 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 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.

Resolutions 6: The Company will disregard any votes cast on this Resolution by Mr Raetz (or his nominee) and any of his associates respectively. 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 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.

Resolutions 7: The Company will disregard any votes cast on this Resolution by Mr Kim (or his nominee) and any of his associates respectively. 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

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.

PROXY AND VOTING INSTRUCTIONS

A shareholder entitled to attend and vote at the meeting may appoint one or two proxies to attend and vote on their behalf. Each proxy will have the right to vote on a poll and also to speak at the meeting.

A proxy need not be a member of the Company and a proxy can be either an individual or a body corporate.

The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half the votes).

If a proxy is not directed how to vote on an item of business, the proxy may vote or abstain from voting on that resolution as they think fit.

If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.

If a proxy form is returned but the nominated proxy does not attend the meeting, or does not vote on the resolution, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions.

Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction on how to vote will be used where possible to support each of the resolutions proposed in this Notice of General Meeting.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be returned to the **Company Secretary at PO Box 226 Subiaco WA 6904, hand delivered to Suite 5, 95 Hay Street, Subiaco WA 6008, faxed on +61-8 9388 8256 or emailed to: ianhobson@bigpond.com** not less than 48 hours before the time for holding the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act 2001. A proxy given by a foreign corporation must be executed in accordance with the laws of that corporation's place of incorporation.

A proxy form accompanies this Notice of General Meeting.

Corporate Representatives

Any corporation that is a shareholder of the Company may authorise (by a form of execution authorised by the laws of that corporation's place of incorporation, or in any other manner satisfactory to the Chairman) a natural person to act as its representative at any general meeting.

Voting Entitlement

The Company has determined that for the purposes of the meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00 pm on 23 November 2014. Accordingly, transfers registered after that time will be disregarded in determining entitlements to attend and vote at the General Meeting.

Explanatory Notes

RECEIPT AND CONSIDERATION OF ACCOUNTS AND REPORTS

This item is intended to provide an opportunity for shareholders to raise questions on the reports themselves and on the performance of the Company generally.

There is no requirement for the shareholders to approve this item of business.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1.1 General

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

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2014.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

1.2 Voting consequences

If at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

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

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

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

1.3 Proxy Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

If you appoint a member of the Key Management Personnel as your proxy

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, ***you must direct the proxy how they are to vote.*** Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

If you appoint the Chairman as your proxy

If you elect to appoint the Chairman as your proxy, you ***do not*** need to direct the Chairman how you wish them to exercise your vote on Resolution 1, however if you do not direct the Chairman how to vote, ***you must tick the acknowledgement on the proxy form to acknowledge that the Chairman may exercise their discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.***

If you appoint any other person as your proxy

You ***do not*** need to direct your proxy how to vote, and you ***do not*** need to tick any further acknowledgement on the proxy form.

The Board unanimously recommends the members vote in favour of adopting the Remuneration Report.

RESOLUTION 2: RE-ELECTION OF DIRECTOR

Clause 13.2 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 4 Directors, meaning that 1 must retire. Mr Jeff Williams is retiring by rotation and, being eligible, hereby seeks re-election. Mr Williams has been a member of the Board since 2012. Background information relating to Mr Williams can be found in the Annual Report in the Directors' Report section. The Board considers Mr Williams to be an independent Director.

The Board (in the absence of Mr Williams, who abstains from voting) unanimously recommends the re-election of Mr Williams.

RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

3.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may, seek Shareholder approval to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (10% Placement Capacity).

The Company is an Eligible Entity.

If Shareholders approve Resolution 3, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 3.2 below).

The effect of Resolution 3 will be to allow the Directors to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the

Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity under listing rule 7.1.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

3.2 ASX Listing Rule 7.1A

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

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

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

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$1,768,754 based on closing price of \$0.016 on 7 October 2014 and 110,547,108 shares on issue.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one class of Equity Securities on issue, being the Shares.

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times B) - C$$

Where:

- A is the number of Shares on issue 12 months before the date of issue or agreement:
 - (a) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (b) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (c) plus the number of Shares issued in the previous 12 months with approval of holders of shares under rule 7.1 or rule 7.4.; and
 - (d) less the number of Shares cancelled in the previous 12 months.
- B is 10%.
- C is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Ordinary Securities under ASX Listing Rule 7.1 or 7.4.

3.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

- (a) Minimum Price

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

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 3.3(a)(i), the date on which the Equity Securities are issued.

(b) Date of Issue

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

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

or such longer period if allowed by ASX (10% Placement Capacity Period).

(c) Risk of voting dilution

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

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

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

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

Number of Shares on Issue	Dilution			
	Issue Price (per Share)	\$0.008 50% decrease in Issue Price	\$0.016 Current Issue Price	\$0.024 50% increase in Issue Price
110,547,108 (Current)	Shares issued	11,054,711 Shares	11,054,711 Shares	11,054,711 Shares
	Funds raised	\$88,437.69	\$176,875.37	\$265,313.06
165,820,662 (50% increase)	Shares issued	16,582,066 Shares	16,582,066 Shares	16,582,066 Shares
	Funds raised	\$132,656.53	\$265,313.06	\$397,969.59
221,094,216 (100% increase)	Shares issued	22,109,422 Shares	22,109,422 Shares	22,109,422 Shares
	Funds raised	\$176,875.37	\$353,750.75	\$530,626.12

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

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 7 October 2014.
2. The issue price set out above is the closing price of the Shares on the ASX on 7 October 2014.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity and the Equity Securities issued will each be Shares.
4. In the 12 months prior to the Meeting, the Company has not issued any Equity Securities that were not either under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

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

(d) Purpose of Issue under 10% Placement Capacity

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

- (i) as cash consideration in which case the Company intends to use funds raised for the acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and general working capital; or
- (ii) as non-cash consideration for the acquisition of new resources assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

(e) Allocation Policy under the 10% Placement Capacity

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

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

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

- (iii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
 - (v) prevailing market conditions; and
 - (vi) advice from corporate, financial and broking advisers (if applicable).
- (f) Previous Approval under ASX Listing Rule 7.1A
- (i) The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its AGM on 18 November 2013.
 - (ii) In the 12 months preceding the date of this Notice, the Company issued a total of 6,000,000 Equity Securities which represent 5.7% of the total number of Equity Securities on issue at 18 November 2013. The Equity Securities issued in the preceding 12 months were as follows:

Date of Issue	Number of Ordinary Shares	Number of Unlisted Options	Number of other securities	Name of person issued to, or basis of issue	Price, amount raised and use of funds or non-cash consideration and current value of that non-cash consideration
17 June 2014	6,000,000	-	Nil	Ian Hobson, Phil Harman, Jeff Williams, Mike Raetz	Exercise of options at \$0.03 per share

- (iii) The Company's cash balance on 18 November 2013 was approximately \$400,000. Cash raised from issues in the previous 12 months totaled \$150,000. The Company's cash balance at the date of this Notice is approximately \$200,000. Funds expended during the 12 months have been on exploration, administration, due diligence on the Ansongo Manganese Project. The remaining funds of \$200,000 plus a current capital raising are intended to be used for further exploration activities and general working capital.

3.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder or an identifiable class of existing Shareholders to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

The Board unanimously recommends that members vote in favour of this resolution.

RESOLUTION 4-7 – ISSUE OF SHARES TO DIRECTORS

Resolutions 4 to 7 seek Shareholder approval for the issue of 4,000,000 Shares to the Directors (or their nominees) in lieu of directors' fees for the six month period from 1 July 2014 to 31 December 2014. As a consequence no cash payment by way of Director's fees for this period is contemplated.

ASX Listing Rule 10.11 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 proposed grants involve the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required.

The following information is provided in relation to the proposed Participation:

1. the related parties are Messrs Williams, Harman, Raetz and Kim and they are related parties by virtue of being Directors;
2. the maximum number of Shares (being the nature of the financial benefit being provided) to be issued to the Directors is set out in the table below:

Director	Total number of Shares held by each Director as at the date of this Notice	Maximum number of Shares to be issued to each Director pursuant to Resolutions 4-7	Total number of Shares and % voting power ¹ if Shareholder approval for Resolutions 4 -7 obtained
Jeff Williams	6,307,603	1,000,000	7,307,603 (6.4%) ₁
Phil Harman	6,111,111	1,000,000	7,111,111 (6.2%) ₁
Mike Raetz	3,722,613	1,000,000	4,722,613 (4.1%) ₁
Hyunsoo Kim	-	1,000,000	1,000,000 (0.9%) ₁
TOTAL	16,141,327	4,000,000	20,141,327 (17.6%)₁

3. the Shares will be issued to the Directors no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
4. the issue price is Nil. The Shares will be deemed to be issued at the price as at the date on which the Shares are in fact issued. As at the date of this Notice of AGM, the value per Director of the 1 million shares is \$16,000 (based on 1.6 cents per share), being \$60,000 in aggregate;
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;
6. the relevant interests of the Directors in securities of the Company as at the date of this Notice are set out below:

Director	Shares and % voting power ¹	Options
Jeff Williams	6,307,603 (5.7%) ₁	-
Phil Harman	6,111,111 (5.3%) ₁	400,000
Mike Raetz	3,722,613 (3.4%) ₁	300,000
Hyunsoo Kim	- 0%	-

7. the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Director	Current Financial Year (FY14/15)	Previous Financial Year (FY13/14)
Jeff Williams	\$0	\$0
Phil Harman	\$0	\$0
Mike Raetz	\$80,000	\$80,000
Hyunsoo Kim	\$0	\$0

8. the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.027	9/10/2013
Lowest	\$0.01	17/4/2014
Last	\$0.016	7/10/2014

9. the primary purpose of the grant of Participation of the Directors is to preserve cash resources of the company and in lieu of payment of Director's fees as set out above. No funds will be raised from this share issue;
10. each Director declines to make a recommendation to Shareholders in relation to Resolutions 4-7 due to their material personal interest in the outcome of the Resolution on the basis that each Director is to be issued should Resolutions 4-7 be passed; and
11. the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4-7.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Directors (or their nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

CALLABONNA RESOURCES LIMITED**Proxy Form for Annual General Meeting**

ACN 099 247 408

All correspondence to:

By mail: PO Box 226, Subiaco WA 6904

By hand: Suite 5, 95 Hay Street, Subiaco WA 6008

Telephone +61 8 9388 8290

Facsimile +61 8 9388 8256

Email to the Company Secretary: ianhobson@bigpond.com

I/We the shareholder(s) named above hereby appoint(s) the Chairman of the meeting as proxy, **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered security holder) you are appointing as your proxy in the box below, or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following instructions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of the Company to be held at Level 17, 530 Collins Street, Melbourne VIC 3000 on 25 November 2014 at 10:00am and at any adjournment of that meeting.

of

Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using this form an additional form of proxy is available on request from the Company. Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting. The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

The proportion or number of my/our voting rights which this proxy is appointed to represent is

 % being number of votes (see note 4)
Voting Instructions**Resolutions**

1. Adoption of Remuneration Report for the year ended 30 June 2014
2. Re-election of Director - Jeff Williams
3. Approval of 10% Placement Capacity
4. Issue of Shares to Director Jeff Williams
5. Issue of Shares to Director Phil Harman
6. Issue of Shares to Director Mike Raetz
7. Issue of Shares to Director Hyunsoo Kim

FOR**AGAINST****ABSTAIN**

If no direction is given above or if more than one box is marked, I/we authorise my/our proxy to vote or abstain as my/our proxy thinks fit in respect of the resolutions to be considered by the meeting and any adjournment of the meeting.

Signature(s)

Date

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

NOTES ON PROXY FORM

1 Your Name and Address

This is your name and address as it appears on the company's share register. If this information is incorrect, please make the correction on the form. **Please note: you cannot change ownership of your shares using this form.**

2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box underneath your name and address. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name and address of that person in the boxes on the form for that purpose. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

3. Votes on Items of Business

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two 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 telephoning the Company or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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 your votes. Fractions of votes will be disregarded.
- (b) return both forms together.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

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

Joint Holding: where the holding is in more than one name, either security holder may sign.

Power of Attorney: to sign under Power of Attorney, you should have already lodged the Power of Attorney with the 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 should be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form should be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing 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 produced prior to admission. A form of the certificate may be obtained from the Company.

6. Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 10.00 am on Saturday 23 November 2014, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged by hand, mail or fax at the address set out below:

- (a) by mail: PO Box 226, Subiaco WA 6904
- (b) by hand: Suite 5, 95 Hay Street, Subiaco WA 6008
- (c) by facsimile: +61 8 9388 8256; or
- (d) email to the Company Secretary: ianhobson@bigpond.com