

**Commissioners Gold Limited  
ACN 115 845 942**

**Notice of Annual General Meeting  
to be held on 15 December 2014**

**Explanatory Memorandum  
for the Notice of Annual General Meeting**

**and**

**Independent Expert's Report**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.  
IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE,  
PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT  
OR OTHER PROFESSIONAL ADVISER.**

**NOTICE OF THE ANNUAL GENERAL MEETING TO BE HELD  
AT LEVEL 14 AUSTRALIA SQUARE 264-278 GEORGE STREET SYDNEY NSW 2000  
AT 10:30AM SYDNEY TIME ON MONDAY, 15 DECEMBER 2014**

**TO BE VALID, FORMS OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING  
MUST BE COMPLETED AND RETURNED TO THE COMPANY NO LATER THAN  
10:30AM SYDNEY TIME ON THURSDAY, 11 DECEMBER 2014**

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## Section A Glossary

### 1. Definitions

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The following definitions are used in the Notice of Annual General Meeting and the Explanatory Memorandum:

<b>Annual General Meeting</b>	means the annual general meeting of the Company to be held on 15 December 2014 pursuant to the Notice of Annual General Meeting.
<b>Annual Report</b>	means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2014.
<b>Application</b>	means Exploration Licence Application 1969 made by Viva pursuant to the PNG Mining Act and any regulations to that Act.
<b>Application Tenement</b>	means the tenement granted upon grant of the Application.
<b>ASIC</b>	means the Australian Securities & Investments Commission.
<b>Assets</b>	means the Exploration Licences, the Application Tenement and all mining information in respect of the Exploration Licences and the Application Tenement.
<b>Associate</b>	has the meaning given to that term in Part 1.2, Division 2 of the Corporations Act.
<b>ASX</b>	means ASX Limited ACN 008 624 691 or the securities exchange market operated by ASX Limited, as the context requires.
<b>ASX Listing Rules</b>	means the official listing rules issued and enforced by the ASX as amended from time to time.
<b>Auditor's Report</b>	means the auditor's report on the Financial Report.

<b>Board or Board of Directors</b>	means the board of Directors of the Company.
<b>Business Day</b>	means a day which is not a Saturday, Sunday or public holiday in Sydney.
<b>Chairman</b>	means the chairman of the Company, who is currently Graham Edward Kavanagh.
<b>Company or CGU</b>	means Commissioners Gold Limited ACN 115 845 942.
<b>Converting Notes</b>	means the converting notes issued by the Company to each Converting Noteholder pursuant to the corresponding Converting Note Agreement, the terms of which are described in paragraphs 11 and 12 of the Explanatory Memorandum.
<b>Converting Note Agreement</b>	means a converting note agreement entered into by the Company and a Converting Noteholder, the terms of which are described in sections 11 and 12 of the Explanatory Memorandum.
<b>Converting Noteholder</b>	means a converting noteholder set out in the Schedule of Converting Noteholders contained in paragraph 11.2 of the Explanatory Memorandum and Rodby Holdings Pty Limited, Converting Noteholder the subject of Resolution 12, the details of which are set out in paragraph 12 and <b>Converting Noteholders</b> means any two or more of them.
<b>Corporations Act</b>	means <i>Corporations Act 2001</i> (Cth).
<b>Directors</b>	means the directors of the Company.
<b>Directors' Report</b>	means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Equity Securities</b>	has the meaning ascribed to that term in paragraph 13.2(b) of the Explanatory Memorandum.

<b>Explanatory Memorandum</b>	means the explanatory memorandum set out in Section C of this document.
<b>Exploration Licences</b>	means exploration licences EL 1966, 1967 and 1968 located in Papua New Guinea, granted pursuant to the <i>Mining Act 1992</i> (PNG) and any regulations to that Act.
<b>Financial Report</b>	means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.
<b>Independent Expert</b>	means Nexia Court Financial Solutions Pty Ltd.
<b>Independent Expert's Report</b>	means the expert report prepared by the Independent Expert and attached to this document.
<b>Investors</b>	means David Wallace Clark, Vibrant Link Sdn Bhd, G H A Development Pty Ltd and Sow Cheng Seah.
<b>Issue Shares</b>	means 50 million Shares at an issue price of \$0.03 per Share.
<b>KEH</b>	means Khor Eng Hock & Sons (PNG) Limited, a company incorporated in Papua New Guinea.
<b>Letter Agreement</b>	means the letter agreement dated 25 June 2014 between the Company, Viva and the Vendors in relation to the acquisition of the Viva Sale Shares by the Company.
<b>Notice of Annual General Meeting or Notice</b>	means the notice of Annual General Meeting set out in Section B of this document.
<b>Officially Quoted and Official Quotation</b>	means, in relation to a Share, officially quoted by the ASX.
<b>Option</b>	means an option in the issued capital of the Company which when exercised converts into one Share and <b>Options</b> means any two or more of them.

**Placement Investors** means institutional or sophisticated investors, being persons who, because of one or more of sections 708(8), 708(10), 708(11) and 708(12) of the Corporations Act, may subscribe for Placement Shares without receiving a disclosure document issued by the Company in accordance with Part 6D.2 of the Corporations Act.

**Placement Shares** means up to 30 million Shares to be issued to the Placement Investors pursuant to Resolution 9.

**PNG Mining Act** means *Mining Act 1992* (PNG).

**Resolution** means a resolution passed by the requisite majority of members of the Company on a show of hands or by the requisite majority of votes given on a poll.

**Share** means a fully paid ordinary share in the issued capital of the Company and **Shares** means any two or more of them.

**Shareholder** means a holder of a Share.

**Vendors** means KEH, Mr Siew Hong Koh and Mr Hin Hong Koh.

**Viva** means Viva No. 20 Limited, a company incorporated in Papua New Guinea.

**Viva Sale Shares** means 50 fully paid ordinary shares comprising 20% of the entire issued capital of Viva held by the Vendors as follows:

<b>Vendor</b>	<b>Type of Interest</b>	<b>Number of Viva Sale Shares</b>
KEH	Legal and beneficial	30
Mr Siew Hong Koh	Legal and beneficial	10
Mr Hin Hong Koh	Legal and beneficial	10

**VWAP** means volume weighted average trading price.

## 2. Interpretation

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For the purposes of interpreting the Explanatory Memorandum and the Notice of Annual General Meeting:

- (a) the singular includes the plural and vice versa;
- (b) words importing any gender include both genders;
- (c) reference to any statute, ordinance, regulation, rule or other law includes all regulations and other instruments and all consolidations, amendments, re-enactments or replacements for the time being in force;
- (d) all headings, bold typing and italics (if any) have been inserted for convenience of reference only and do not limit or affect the meaning or interpretation of the Explanatory Memorandum and the Notice of Annual General Meeting;
- (e) reference to persons includes bodies corporate and government authorities and in each and every case, includes a reference to the person's executors, administrators, successors, substitutes (including without limitation persons taking by novation and assignment); and
- (f) reference to **\$, AUD, Australian Dollars** or **dollars** is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia.

## Section B Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Commissioners Gold Limited ACN 115 845 942 (**CGU** or the **Company**) will be held at Level 14 Australia Square, 264-278 George Street Sydney NSW 2000 on Monday, 15 December 2014 at 10:30 am (Sydney time).

Defined terms used in this Notice of Annual General Meeting have the meanings given to them in the Glossary accompanying this Notice of Annual General Meeting.

### 3. Ordinary Business

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#### 3.1 Resolution 1: Adoption of Remuneration Report

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

*"That, the Remuneration Report for the year ended 30 June 2014 which is attached to the Financial Report as required under section 300A of the Corporations Act 2001 (Cth), be adopted by the Company."*

**Note:** The Remuneration Report is set out in the Directors' Report, specifically on pages 14 to 19 and Note 19 to the Annual Report. In accordance with section 250R(3) of the Corporations Act, the votes cast in respect of this Resolution are advisory only and do not bind the Company.

#### 3.2 Resolution 2: Election of Matthew Morgan as Director

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

*"That, Matthew Morgan having retired from his office as a Director in accordance with Rule 11.15 of the Constitution and, being eligible, having offered himself for election, be elected as a Director."*

#### 3.3 Resolution 3: Election of Sin Pyng "Tony" Teng as Director

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

*"That, Sin Pyng "Tony" Teng having retired from his office as a Director in accordance with Rule 11.15 of the Constitution and, being eligible, having offered himself for election, be elected as a Director."*



## 4. Special business

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### 4.1 Resolution 4 : Change of Company name

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

*"That, in accordance with Section 157 of the Corporations Act 2001 (Cth), the Company adopts the new name "**Gold Mountain Limited**" and shareholders approve the Company changing its name to "**Gold Mountain Limited**" with the effect from the day on which the Australian Securities and Investments Commission alters the details of the Company's registration."*

### 4.2 Resolution 5 : Adoption of new Constitution

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

*"That, the new Constitution, made available to Shareholders on the ASX company announcements' platform, submitted to this Annual General Meeting and signed by the Chairman for identification purposes, be approved and adopted as the Constitution of the Company in substitution for the previous constitution of the Company, as described in paragraph 6 of the Explanatory Memorandum."*

### 4.3 Resolution 6: Issue of the Issue Shares to the Vendors

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

*"That, in accordance with section 611, item 7 of the Corporations Act and for all other purposes, the Company be permitted and authorised to issue to the Vendors (and/or their nominee(s)) the Issue Shares (50 million Shares) in consideration for the transfer of the Viva Sale Shares by the Vendors to the Company as described in paragraph 7 of the Explanatory Memorandum."*

### 4.4 Resolution 7: Past issue of Shares

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

*"That, in accordance with ASX Listing Rule 7.4, Shareholders ratify the past issue of a total of 16,694,407 Shares comprising:*

- (i) 694,407 Shares issued to David Wallace Clark on 27 December 2013;*
- (ii) 3,000,000 Shares issued to Vibrant Link Sdn Bhd on 7 March 2014; and*
- (iii) 13,000,000 Shares issued to GHA Development Pty Ltd and Sow Cheng Seah on 1 August 2014,*

*and on the terms set out in paragraph 8 of the Explanatory Memorandum.”*

**4.5 Resolution 8: General issue of Shares to the Placement Investors**

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

*“That, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company be permitted and authorised to issue up to 30,000,000 Shares to the Placement Investors at an issue price of not less than 80% of VWAP of the Shares calculated over the last five days on which sales in the Shares were recorded before the day on which the issue was made, on the terms set out in paragraph 9 of the Explanatory Memorandum.”*

**4.6 Resolution 9: Issues of securities under Employee Share Option Plan – ASX Listing Rule 7.2 Exception 9**

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

*“That, in accordance with Exception 9 of ASX Listing Rule 7.2 and for all other purposes:*

- (a) the Employee Share Option Plan be approved;*
- (b) the Company be permitted and authorised to issue Shares to, and for the benefit of, employees and consultants of the Company (including executive Directors); and*
- (c) the Company be permitted and authorised to issue Options to, and for the benefit of, employees and consultants of the Company (including executive Directors),*

*on the terms contained in the Employee Share Option Plan, and otherwise on the terms more fully described in paragraph 10 of the Explanatory Memorandum.”*

**4.7 Resolution 10: Issues of Shares to the Converting Noteholders**

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

*“That, in accordance with ASX Listing Rule 7.1 and for all other purposes, the Company be permitted and authorised to issue up to 8,000,000 Shares to the Converting Noteholders on conversion of 8,000,000 Converting Notes held by them, on the terms and conditions set out in paragraph 11 of the Explanatory Memorandum.”*

#### 4.8 **Resolution 11: Approval of Issue of Shares to related party**

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

*“That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of shares to Rodby Holdings Pty Limited ACN 003 004 984 <ATF SP Teng Family Trust>, a related party of the Company, on the terms and conditions set out in paragraph 12 of the Explanatory Memorandum.”*

#### 4.9 **Resolution 12: Approval of the 10% placement facility**

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

*“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue), calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in paragraph 13 of the Explanatory Memorandum.”*

## 5. Voting exclusion statements

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### 5.1 **Resolution 1**

The Corporations Act prohibits any votes being cast on Resolution 1 by or on behalf of a person who is disclosed in the Remuneration Report as a member of the key management personnel of the Company (including the Directors and the Chairman) or a closely related party of that key management personnel. However, such a person may cast a vote on Resolution 1 as a proxy for a person who is permitted to vote and the appointment of the proxy specifies the way the proxy is to vote on the resolution.

### 5.2 **Resolution 6**

In accordance with the notice requirements of section 611, item 7 of the Corporations Act, the Company will disregard any votes cast on Resolution 6 by:

- (a) the Vendors; and
- (b) any Associate of the Vendors.

However, the Company will not disregard a vote if:

- (c) 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

- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### 5.3 **Resolution 7**

In accordance with the notice requirements of ASX Listing Rule 7.5.6 for approval under ASX Listing Rule 7.4, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 7 by:

- (a) a person who participated in the issue of Shares referred to in Resolution 7; and
- (b) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (c) 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
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### 5.4 **Resolution 8**

In accordance with the notice requirements of ASX Listing Rule 7.3.8 for approval under ASX Listing Rule 7.1 and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 8 by:

- (a) each Placement Investor;
- (b) a person who might obtain a benefit, except a benefit solely in the capacity of a Shareholder, if the Resolution is passed; and
- (c) any Associate of a Placement Investor.

However, the Company will not disregard a vote if:

- (d) 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
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 5.5 **Resolution 9**

In accordance with the notice requirements of ASX Listing Rule 7.2 Exception 9(b) for approval under ASX Listing Rule 7.2 Exception 9 and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 9 by:

- (a) a Director (except one who is ineligible to participate in any Employee Share Option Plan in relation to the Company); and
- (b) any Associate of that person.

However, the Company will not disregard a vote if:

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

## 5.6 **Resolution 10**

In accordance with the notice requirements of ASX Listing Rule 7.3 for approval under ASX Listing Rule 7.1, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 10 by:

- (a) the Converting Noteholders;
- (b) 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
- (c) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (d) 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
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 5.7 **Resolution 11**

In accordance with the notice requirements of ASX Listing Rule 10.13 for approval under ASX Listing Rule 10.11, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 11 by:

- (a) Rodby Holdings Pty Limited ACN 003 004 984 <ATF SP Teng Family Trust>; or
- (b) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (c) 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
- (d) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

## 5.8 **Resolution 12**

In accordance with the notice requirements of ASX Listing Rule 7.3A.7 for approval under ASX Listing Rule 7.1A, and ASX Listing Rule 14.11.1, the Company will disregard any votes cast on Resolution 12 by:

- (a) a person who may participate in the issue;
- (b) 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
- (c) any Associate of that person(s).

However, the Company will not disregard a vote if:

- (d) 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
- (e) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

## 6. **Determination of membership and voting entitlement**

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For the purpose of determining a person's entitlement to vote at the Annual General Meeting, a person will be recognised as a member of the Company and the holder of Shares if that person is registered as a holder of those Shares at 5:00pm Sydney time on Thursday, 11 December 2014.

## 7. **Votes of members**

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On a show of hands, each member present in person or by proxy (or, in the case of a body corporate, by a representative) at the Annual General Meeting who is entitled to vote shall have one vote.

On a poll, every member present in person or by attorney or by proxy (or, in the case of a body corporate, by a representative) who is entitled to vote shall have one vote for each Share held by him, her or it.

## 8. Proxies

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Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint no more than two proxies;
- (b) an instrument appointing a proxy must be in the form of the Proxy Form attached to this Notice of Annual General Meeting;
- (c) where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If a Shareholder appoints two proxies, neither person may vote on a show of hands and on a poll, each person may only exercise the voting rights for the portion of votes the person holds;
- (d) a proxy may be a Shareholder;
- (e) a proxy need not be a Shareholder;
- (f) a proxy form may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where a proxy form so provides, the proxy is not entitled to vote on the Resolution except as specified in the proxy form;
- (g) a proxy has the authority to vote on the member's behalf as he or she thinks fit, on any motion to adjourn the Annual General Meeting, or any other procedural motion, unless the member gives a direction to the contrary;
- (h) a valid proxy form will be deemed to confer authority to demand or join in demanding a poll;
- (i) to be valid, a proxy form must be signed by the member or the member's attorney or, if the member is a corporation, executed in accordance with the corporation's constitution and the Corporations Act (and may be signed on behalf of the corporation by its attorney); and
- (j) to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be received by no later than 10:30 am (Sydney time) on Thursday 11 December 2014:

**by the Share Registry:**

- in person: Boardroom Pty Limited  
Level 7, 207 Kent Street  
Sydney NSW 2000  
Australia

or - by mail: Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001  
Australia

or - by facsimile: +61 2 9290 9655

**By order of the Board:**

A handwritten signature in black ink, appearing to be 'Eric Kam', written in a cursive style.

Eric Kam  
Company Secretary

Dated: 13 November 2014  
Sydney



## Section C Explanatory Memorandum

### 1. Introduction

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This Explanatory Memorandum contains the information needed for the Shareholders to assess the Resolutions to be put to them at the Annual General Meeting of CGU on 15 December 2014. A Notice of Annual General Meeting accompanies this Explanatory Memorandum.

In addition, the Independent Expert's Report has been provided which contains an analysis of whether the issue of the Issue Shares to the Vendors (and/or their nominee(s)) pursuant to Resolution 6 is fair and reasonable for Shareholders. The Independent Expert has concluded that the proposed issue of the Issue Shares to the Vendors is not fair but reasonable to the non-associated Shareholders.

This Explanatory Memorandum, as well as the Notice of Annual General Meeting and the Independent Expert's Report, should be read carefully and in their entirety.

### 2. Resolution 1 – Adoption of Remuneration Report

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Resolution 1 is proposed for the adoption of the Remuneration Report contained in the Directors' Report referred to in the first item of the agenda set out in the Notice. Under the Corporations Act, the Company is required to present its Remuneration Report to Shareholders for adoption at its Annual General Meeting. The Remuneration Report of the Company for the financial year ended 30 June 2014 is set out in the Directors' Report, specifically on pages 14 to 19 and Note 19 to the Annual Report.

The Annual Report may be accessed on the ASX company announcements platform using the ASX code: CGU. Shareholders will be given a reasonable opportunity to raise questions of the Directors and make comments on the Remuneration Report prior to the Resolution being put to Shareholders. The Resolution to adopt the Remuneration Report is a non-binding Resolution on the Company and its Directors.

However, if at least 25% of the votes cast are against the adoption of the Remuneration Report, the Company's next Remuneration Report must explain the Board's proposed action in response or explain why no action has been taken.

In the following year, if at least 25% of the votes cast on the resolution that the Remuneration Report be adopted are against adoption, Shareholders will then vote to determine whether the Directors will need to stand for re-election. If more than 50% of the votes cast on the resolution are in favour, a separate re-election meeting must be held within 90 days.

The Board recommends that Shareholders vote in favour of adopting the Remuneration Report.

### 3. Resolution 2 – Election of Matthew Morgan as Director

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Mr Morgan was appointed as a Director on 3 July 2014 in accordance with Rule 11.14 of the Constitution.

Under Rule 11.14 of the Constitution, the Directors may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed only holds office until the next annual general meeting and must then retire from office. Rule 11.15 of the Constitution provides that a retiring Director is eligible for election.

In accordance with the Constitution, Mr Morgan will retire and seek election at the Annual General Meeting.

A brief summary of Mr Morgan's qualifications and experience is set out below:

Mr Morgan (BSc Geology) brings to the Board over 20 years' experience in exploration and mine development with companies including, inter alia, BHP Billiton, Rio Tinto and Theiss.

Mr Morgan has filled CEO and senior management roles in both listed and unlisted companies. His technical experience has included exploration and mine geology, resource estimation, mine engineering and operational management in minerals such as gold, iron ore and coal.

In addition to his experience in Australia, Mr Morgan has international experience including Malaysia and Mongolia, and has negotiated off-take mineral contracts with several foreign governments.

### 4. Resolution 3 – Election of Sin Pyng "Tony" Teng as Director

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Sin Pyng "Tony" Teng was appointed as a Director on 9 July 2014 in accordance with Rule 11.14 of the Constitution.

Under Rule 11.14 of the Constitution, the Directors may appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed only holds office until the next annual general meeting and must then retire from office. Rule 11.15 of the Constitution provides that a retiring Director is eligible for election.

In accordance with the Constitution, Mr Teng will retire and seek election at the Annual General Meeting.

A brief summary of Mr Teng's qualifications and experience is set out below:

Mr Teng has experience as a management consultant and with merger and acquisitions, corporate restructuring and public company capital raising. He was co-founder and former director of Coalworks Limited

that was acquired by Whitehaven Coal Limited in 2012 in a successful \$200 million takeover bid.

## 5. Resolution 4 : Change of Company name

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Resolution 4 seeks Shareholder approval to change the name of the Company to **Gold Mountain Limited**.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The adoption of the new name under Resolution 4 is to be approved by Shareholders under section 157(1) of the Corporations Act.

The Company proposes to change its name to **Gold Mountain Limited** to more accurately reflect its proposed activities.

The change of name of the Company will take effect on the day that ASIC approves the change of name.

Each of the Directors recommends that Shareholders vote in favour of Resolution 4.

## 6. Resolution 5: Adoption of new Constitution

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The current Constitution was adopted by the Company in March 2008. Accordingly, the Constitution of the Company will need to be changed to reflect the changes in law since 2008.

The proposed Constitution complies with the requirements of the Corporations Act and the ASX Listing Rules.

Copies of the old Constitution and the proposed Constitution are available for perusal by Shareholders on the ASX company announcements' platform.

In accordance with section 136 of the Corporations Act, a resolution to adopt a new Constitution must be passed by special resolution passed at a general meeting and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Accordingly, Shareholder approval is sought for the adoption of the proposed Constitution.

## 7. Resolution 6 – Issue of the Issue Shares to the Vendors

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### 7.1 Background

The Company is seeking the approval of Shareholders in accordance with item 7 of section 611 of the Corporations Act for the issue of 50 million Shares (**Issue Shares**) to the Vendors in accordance with the terms and conditions of the Letter Agreement. The Issue Shares, on issue, will represent 27.64% of the issued capital of the Company.

The Company had announced to the market on 30 June 2014 that the Company (as purchaser) had entered into the Letter Agreement with Viva, the Vendors (as vendors) in relation to the Company's acquisition of the Viva Sale Shares (**Acquisition**). The Viva Sale Shares comprise 20% of the entire issued capital of Viva.

### 7.2 Assets: Exploration Licences and Application and associated mining information

Exploration leases located in the north eastern part of Enga Province in the Highlands of Papua New Guinea

EL No.	Area (km <sup>2</sup> )	Granted	Expiry
EL 1966	239.4	27/06/2013	27/06/2015
EL 1967	294.0	28/11/2013	28/11/2015
EL 1968	328.2	28/11/2013	28/11/2015
ELA 1969	276.0	Application in process	Application in process

### 7.3 Letter Agreement

#### (a) Background

The Company, Viva and the Vendors entered into the Letter Agreement on 25 June 2014, pursuant to which the Vendors agreed to sell and the Company agreed to purchase the Viva Sale Shares, conditional on satisfaction of the conditions precedent described below.

#### (b) Exclusivity

In accordance with the terms of the Letter Agreement, in consideration for the payment of \$75,000 by the Company to Viva, Viva and the Vendors have undertaken, jointly and severally to the Company that they will not negotiate or deal with any other person or entity relating to an investment in, or acquisition of, all or any part of Viva or shares in Viva or the Assets or any other assets of Viva other than with CGU or with the prior written approval of CGU for the period commencing on the date of the Letter Agreement and ending on the date that is the first to occur of:

- (i) six months from the date of the Letter Agreement; and
- (ii) three Business Days after the date on which the last of the conditions precedent to the Acquisition is satisfied or waived (**Completion Date**),

(**Exclusive Dealing Period**).

(c) **Conditions precedent**

Completion of the Acquisition is conditional on the occurrence of each of the following events (**Conditions Precedent**):

- (i) completion by CGU, to the absolute satisfaction of the Board, of all necessary due diligence investigations in respect of Viva and the Assets;
- (ii) the entry into and completion of a full form acquisition agreement between the Vendors (as vendors) and CGU (as purchaser) (**Acquisition Agreement**) in relation to the Acquisition;
- (iii) CGU completing a capital raising of a minimum of \$800,000.00 by way of private placement(s), the issue of convertible securities, or otherwise;
- (iv) the shareholders of CGU approving the issue of the Issue Shares to the Vendors or their nominee(s) in accordance with section 611 item 7 of the *Corporations Act* 2001 (Cth) and ASX Listing Rule approvals;
- (v) receipt of all necessary ASIC, ASX and other regulatory approvals in respect of the Acquisition, and
- (vi) receipt of all necessary approvals as may be required from the relevant government authority in Papua New Guinea in respect of the Acquisition,

by no later than the end of the Exclusive Dealing Period (**Completion**).

(d) **Operational and management rights**

Conditional on Completion occurring, Viva has agreed to grant to CGU the full management and operational rights and obligations in respect of the Assets (**Operation and Management Rights and Obligations**) for the period commencing on the Completion Date and ending on the second anniversary of the Completion Date (**Operation and Management Period**).

In consideration of Viva agreeing to grant the Operational and Management Rights and Obligations to CGU, CGU has agreed to spend \$1 million on the development, and the maintenance of the good order and standing, of the Exploration Licences (including any exploration licence granted in respect of the Exploration Licence Application) during the Operation and Management Period.

(e) **Option to acquire further 50% of Viva**

Conditional on the completion of CGU's \$1 million expenditure on the development, and the maintenance of the good order and standing, of the Exploration Licences, the Vendors have granted CGU an option to acquire additional Viva shares constituting an additional 50% of the issued capital of Viva (**Tranche 2 Shares**). The exercise period of six months during which the Company can exercise the option to acquire the Tranche 2 Shares commences on the date that an acquisition of more than 25% of the issued capital of Viva is permitted under the PNG Mining Act. Completion of the acquisition of the Tranche 2 Shares will be conditional on the parties having obtained all necessary regulatory approvals and CGU having obtained all necessary shareholder approvals, including any approvals required under the PNG Mining Act.

(f) **Pre-emptive rights**

In accordance with the terms of the Letter Agreement, the Vendors have granted CGU pre-emptive rights in relation to Viva shares they hold.

#### 7.4 **Approval under the Corporations Act**

(a) **Relevant interests**

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

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% to below 90%.

The voting power of a person in a company is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's Associates have a relevant interest.

A person has a relevant interest in securities if they:

- (iii) are the holder of the securities;
- (iv) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (v) have the power to dispose of, or control the exercise of a power to dispose of, the securities.

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

(b) **Exception to the section 606 prohibition**

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting shares with shareholder approval.

In order for the exemption of item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person making the acquisition and their Associates or the company, that was material to the decision on how to vote on the resolution, including:

- (i) the identity of the person proposing to make the acquisition and their Associates;
- (ii) the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;
- (iii) the voting power that person would have as a result of the acquisition;
- (iv) the maximum extent of the increase in the voting power of each of that person's Associates that would result from the acquisition; and
- (v) the voting power that each of that person's Associates would have as a result of the acquisition.

For responses on these matters, see paragraph 7.5.

(c) **Why Shareholder approval is required**

As at the date of this Notice, being prior to the issue of the Issue Shares (50 million Shares) to the Vendors pursuant to Resolution 6 and prior to the issues of Shares contemplated by Resolutions 8, 9 and 10, the Vendors hold no Shares in the Company.

If the Company issues the Issue Shares to the Vendors in accordance with the terms of the Letter Agreement and Resolution 6, and prior to the issues of Shares contemplated by Resolutions 8, 9 and 10, the Vendors will hold 50 million Shares as follows:

<b>Vendors</b>	<b>Number of Shares held</b>	<b>Percentage of Shares on issue</b>
KEH	30,000,000	16.59%
Mr Siew Hong Koh	10,200,000	5.64%
Mr Hin Hong Koh	9,800,000	5.41%

<b>Vendors</b>	<b>Number of Shares held</b>	<b>Percentage of Shares on issue</b>
<b>Total</b>	<b>50,000,000</b>	<b>27.64%</b>

The issue of the Issue Shares to the Vendors will increase the Vendors' voting power in the Company from 0 to 27.64%.

This increase in the Vendors' relevant interest in the Company from less than 20% to more than 20% is prohibited under section 606 of the Corporations Act. However, such issue would be permitted if prior Shareholder approval is granted for the issue of the Issue Shares to the Vendors in accordance with the terms of Resolution 6.

#### **7.5 Information for Shareholders under item 7 of section 611 of the Corporations Act**

The following information is provided to Shareholders for the purposes of the requirements under the Corporations Act in respect of obtaining Shareholder approval for item 7 of section 611 of the Corporations Act:

- (a) KEH, Mr Siew Hong Koh and Mr Hin Hong Koh are the persons proposing to make the acquisition (that is, the persons who will be issued with the Issue Shares);
- (b) if the Vendors are issued with the Issue Shares, the maximum extent of the increase in the Vendors' voting power in the Company will be 27.64%;
- (c) on completion of the issue of the Issue Shares to Vendors in accordance with the terms of the Letter Agreement, the Vendors will have voting power of 27.64% in the Company;
- (d) if Vendors are issued with the Issue Shares, the maximum extent of the increase in the voting power of the Vendors' Associates will be nil%; and
- (e) on completion of the issue of the Issue Shares, each of the Vendors' Associates would have a voting power of nil%.

A more detailed illustration of the changes to the capital structure of the Company as a result of this transaction is set out in paragraph 7.8.



## 7.6 Information for Shareholders required by RG 74

Further information required by ASIC Regulatory Guide 74 (RG 74) is set out in the following paragraphs.

- (a) *Identity of the allottee and any person who will have a relevant interest in the Issue Shares*

KEH, Mr Siew Hong Koh and Mr Hin Hong Koh.

- (b) *Full particulars (including the number and the percentage) of the Shares to which the Vendors are or will be entitled immediately before and after the proposed allotment of the Issue Shares and considered in relation to the entire issued capital of the Company*

This information is set out in some detail in paragraph 7.7.

- (c) *The identity, associations (with the Vendors and with any of their Associates) and qualifications of any person who it is intended will become a Director if Shareholders approve the issue of the Issue Shares*

The Vendors have not requested any changes to the current composition of the Board and have no current plans to do so.

- (d) *A statement of the Vendors' intentions regarding the future of the Company if Shareholders agree to the issue of the Issue Shares and, in particular:*

- (i) *any intention to change the business of the Company*

The Vendors have no present intention to change the business of the Company. CGU already has existing gold tenements. The Company will focus on the development of the area of the Exploration Licences.

- (ii) *any intention to inject further capital into the Company, and if so how*

The Vendors have no present intention to inject any further capital of their own into the Company as at the date of this Notice.

The Company is also seeking the approval of Shareholders for the issue of an additional 30 million Shares to Placement Investors (Resolution 8) and further Shares under Resolution 9.

The Company may also consider obtaining debt funding on an arm's length basis if such funding is considered appropriate and necessary by the Board.

- (iii) *the future employment of the present employees of the Company*

The Vendors have no present intention to make any changes to the employment arrangements of the present employees of the Company.

- (iv) *any proposal whereby any assets will be transferred between the Company and the Vendors or any Associate of the Vendors*

The Vendors have no present intention to transfer any property between the Company and the Vendors or any person associated with the Vendors.

- (v) *any intention to otherwise redeploy the fixed assets of the Company*

The Vendors has no present intention to redeploy the fixed assets of the Company other than in respect of CGU's compliance with its obligations under the Letter Agreement.

- (vi) *any intention of the Vendors to change significantly the financial or dividend policies of the Company*

The Vendors have no present intention to change significantly the financial or dividend policies of the Company.

- (e) *Particulars of the terms of the proposed allotment and any other contract or proposed contract between the Vendors and the Company or any of their Associates which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the allotment of the Issue Shares.*

The terms of the proposed allotment of the Issue Shares are contained in the Letter Agreement, a summary of which is set out in paragraph 7.3.

There is no other contract or proposed contract between the Vendors and the Company or any of their Associates which is conditional upon, or directly or indirectly dependent on Shareholders' agreement to the allotment of the Issue Shares.

- (f) *When the allotment of the Issue Shares is to be completed*

Subject to the other conditions precedent to the issue of the Issue Shares to the Vendors contained in the Letter Agreement having been satisfied, the Issue Shares will be issued to the Vendors within three Business Days of the date on which Shareholder approval is obtained pursuant to this Notice of Annual General Meeting, but in any case, no later than three months after that Shareholder approval is obtained.

- (g) *An explanation of reasons for the proposed allotment*

The Issue Shares will be issued and allotted to the Vendors in accordance with the terms of the Letter Agreement, a summary of which is set out in paragraph 7.3.

- (h) *The interests of the Directors in Resolution 1*

None of the Directors is a related party or Associate of the Vendors. Therefore none of the Directors has any particular interest in this Resolution.

The number and description of Shares and Options held by or on behalf of each Director as at the date of the Notice are as follows:

<b>Name of Director</b>	<b>Number of Shares</b>	<b>Number of Options</b>
Matthew Morgan	500,000	250,000
Sin Pyng (Tony) Teng	1,020,000	0
Graham Kavanagh	0	0

#### 7.7 **ASX Listing Rule 7.1 approval**

ASX Listing Rule 7.2, Exception 16 provides that if approval of an issue of securities is approved by a company's shareholders for the purposes of item 7 of section 611, Listing Rules 7.1 and 7.1A do not apply. Accordingly, the Company is not seeking approval of the issue of the Issue Shares to the Vendors under either ASX Listing Rule 7.1 or 7.1A.

#### 7.8 **Current and proposed interests in the Company**

The table below shows the percentage of the Shares that the Vendors hold, and the voting power of the Vendors as at the date of this Notice, being prior to the issue of the Issue Shares (50 million Shares) to the Vendors pursuant to Resolution 6 and prior to the issues of Shares contemplated by this Notice:

	<b>Number of Shares held</b>	<b>% Shares</b>	<b>Voting power as a %</b>
Existing Shareholders	130,868,987	100%	100%
Vendors	0	0%	0%
<b>Total</b>	130,868,987	100%	100%

The table below shows the percentage of the Shares that the Vendors will hold, and the voting power of the Vendors once the Issue Shares are issued to the Vendors and prior to the issues of Shares contemplated by this Notice:

	<b>Number of Shares held</b>	<b>% Shares</b>	<b>Voting power as a %</b>
Existing Shareholders	130,868,987	72.36%	72.36%
Vendors	50,000,000	27.64%	27.64%
<b>Total</b>	<b>180,868,987</b>	<b>100%</b>	<b>100%</b>

## 7.9 Independent Expert's Report

In accordance with the requirements of RG 74, the Directors engaged the Independent Expert to prepare and provide the Independent Expert's Report which contains an analysis of whether the proposed issue of the Issue Shares to the Vendors is fair and reasonable for non-associated Shareholders.

The Independent Expert's Report compares the likely advantages and disadvantages for the non-associated Shareholders if the proposal is agreed to, with the advantages and disadvantages to those Shareholders if it is not.

The Independent Expert has concluded that the proposed issue of the Issue Shares to the Vendors is **not fair but reasonable** to the non-associated Shareholders. For a summary of the Independent Expert's findings please refer to section 2 of the Independent Expert's Report.

The Independent Expert has given, and not before the date of the Notice withdrawn, its consent to the inclusion of the Independent Expert's Report in this document and to the references to the Independent Expert's Report in this Explanatory Memorandum being made in the form and context in which each such reference is included.

## 7.10 Advantages and disadvantages

The Board is of the opinion that the benefits of the issue of the Issue Shares proposed to be undertaken by the Company may include that:

- (a) the capital raising of \$800,000 to be completed in satisfaction of the Condition Precedent referred to in paragraph 7.3(c)(iii) will be used by the Company:
  - (i) to partly fund its obligation to invest \$1,000,000 on the development, and the maintenance of the good order and standing, of the Exploration Licences and Application Tenement (**Tenements**) as part of its

Operation and Management Rights and Obligations as described in paragraph 7.3(d); and

- (ii) for working capital purposes;
- (b) it will enable the completion of the acquisition of the Vendors' rights and entitlements in the Assets;
- (c) it will provide the Company with access to an area in Papua New Guinea that is prospective for gold mineralisation within the New Guinea Fold Belt;
- (d) the potential for the Company to develop an attractive lead project, operating in a mining precinct that is known to host world class deposits, leading to further opportunities to raise additional capital as required in the future; and
- (e) the Vendors are supportive of the Company's management and its current operating plan. There has been no indication from the Vendors that they intend to change the Company's business as conducted by the current management.

Potential disadvantages of the issue of the Issue Shares include that:

- (f) **dilutions of interests:** Shareholders' interests in the Company will be diluted by 38% based on the issue of the Issue Shares prior to the issues of Shares contemplated by this Notice. However, the Directors consider that any dilution of Shareholders' interests will be offset by the immediate benefits of the long-term association of the Vendors;
- (g) **Vendors' influence:** the Vendors will hold a relevant interest in the Company of 27.6%, which will place the Vendors in a position of some influence where the Vendors may be able to obstruct the decisions and operations of the Company. None of the Vendors has any current intention to obstruct the decisions and operations of the Company;
- (h) **exploration and development risks:** the Tenements are in the early stage of exploration and development and there is no assurance that exploration of mineral interests will result in the discovery of an economically viable mineral deposit;
- (i) **operational risks:** the operations of the Company may be affected by various factors which are beyond the control of the Company including the failure to identify mineral deposits on the Tenements, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company;
- (j) **commodity price, volatility and foreign exchange risks:** in the event that the Company (together with Viva) achieves exploration success leading to production, the revenue that the Tenements will produce through the sale of

commodities exposes the income of Viva (and therefore the dividends payable to the Company) to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company (and Viva). These factors include world demand for commodities, forward selling by producers and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macro economic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's (and Viva's) exploration, development and production activities, as well as on its ability to fund those activities. Furthermore, international prices of various commodities are denominated in United States Dollars whereas the income and expenditure of the Company (and Viva) are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States Dollar and the Australian Dollar as determined in international markets; and

- (k) **tenement title:** Interests in tenements in Papua New Guinea are governed by legislation and is evidenced by the granting of licences. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, Viva could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet the expenditure commitments as and when they arise.

All of the Tenements will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each Tenement is at the discretion of the minerals authority in Papua New Guinea. If a Tenement is not renewed or granted, the Company may suffer significant damage through loss of Viva's opportunity to develop and discover any mineral resources on that Tenement.

The Board takes the view that the advantages of the issue of the Issue Shares to the Vendors substantially outweigh any disadvantages and unanimously recommend that Shareholders vote in favour of this Resolution.

## 7.11 Recommendation of the Directors

The Directors unanimously approved the proposal to put the Resolution (Resolution 6) to Shareholders for their approval.

The Board has carefully considered the advantages and disadvantages and evaluated their relative weight in the circumstances of the Company. The Board unanimously believes that the sum of the advantages outweighs the sum of the disadvantages and that the issue of the Issue Shares to the Vendors is in the best interests of existing Shareholders as a whole for the reasons set out in this Explanatory Memorandum and the Independent Expert's Report.

The Directors unanimously recommend that Shareholders vote in favour of the Resolution.

The Directors advise that each of them proposes to vote in favour of the Resolution.

#### 7.12 Further information

If you have any questions or need more information about the Resolution, please contact the Company Secretary:

	by telephone:	02 9283 3880, 02 9258 9906
or	by facsimile:	02 9477 5565
or	by email:	eric.kam@bigpond.com

## 8. Resolution 7 – Past issue of Shares

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Pursuant to ASX Listing Rule 7.5, the following information is provided regarding ASX Listing Rule 7.4 approval.

ASX Listing Rule 7.1 provides that a company must not issue equity securities, or agree to issue equity securities (which includes shares and options) without the approval of shareholders if the number of equity securities to be issued in any 12-month period (including equity securities issued on the exercise of any convertible securities) exceeds 15% of the issued capital of the company preceding the issue. ASX Listing Rule 7.4 allows for subsequent shareholder approval if the company did not breach ASX Listing Rule 7.1 at the time of issue and the holders of ordinary shares subsequently approve it.

During the period commencing 27 December 2013 and ending on 1 August 2014, the Company issued a total of 16,694,407 Shares to various allottees. The Company is seeking approval of the issue of the 16,694,407 Shares comprising:

- (a) 694,407 Shares issued to David Wallace Clark on 27 December 2013;
- (b) 3,000,000 Shares issued to Vibrant Link Sdn Bhd on 7 March 2014; and
- (c) 13,000,00 Shares issued to GHA Development Pty Ltd and Sow Cheng Seah on 1 August 2014,

in the manner provided by ASX Listing Rule 7.4. Details of these issues are set out in the schedule that is included in this paragraph 8 of this Explanatory Memorandum (Schedule of Past Issues of Shares). None of the allottees is related to the Company.

The Company was not required to provide any of the Investors with a disclosure document.

Although Shareholder approval was not required for the issue of these Shares, the Company now seeks Shareholder approval for these issues in the manner provided by ASX Listing Rule 7.4, because this will enable the Company to issue, pursuant to ASX Listing Rule 7.1, further equity securities up to the 15% limit from time to time as

required by the Company, to capitalise on future opportunities without needing to obtain prior Shareholder approval.

These Shares rank equally with all the other Shares on issue.

The amount raised by the issue of Shares for which Shareholder approval is sought is set out in the Schedule of Past Issues of Shares below.

A voting exclusion statement is included in paragraph 5.3 of the Notice of Annual General Meeting (Section C).



Schedule of Past Issues of Shares

No.	Date of Issue	Number of Shares	Issue Price Per Share \$	Total Amount Paid \$	Name of Allottee	Purpose of Issue
1	27/12/2013	694,407	\$0.02	\$13,888.14	David Wallace Clark	Business development and working capital
2	7/3/2014	3,000,000*	\$0.02 (deemed)	\$60,000 (deemed)	Vibrant Link Sdn Bhd	In lieu of payment for services
3	1/8/2014	12,000,000	\$0.03	\$360,000	GHA Development Pty Ltd	Business development and working capital
4	1/8/2014	1,000,000	\$0.03	\$30,000	Sow Cheng Seah	Business development and working capital
<b>Total</b>		<b>16,694,407</b>		<b>\$463,888.14</b>		

\* plus 1,500,000 free attaching Options with an exercise price of 4.0 cents and expiring on 31 May 2015. The Company is not ratifying the issue of the Options.

## 9. Resolution 8 - General issue of Shares to the Placement Investors

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Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

(a) **ASX Listing Rule 7.3.1:** Maximum number of securities to be issued

30 million Shares (**General Placement Shares**). Subject to the approval of the Board, the General Placement Shares will be issued to Placement Investors for the purposes of raising additional working capital for the Company. No General Placement Shares will be issued to a Placement Investor if, as a result of that issue, the Placement Investor or other person acquires a relevant interest in Shares in breach of section 606 of the Corporations Act. On issue, the General Placement Shares would constitute 22.9% of the issued capital of the Company.

(b) **ASX Listing Rules 7.3.2 and 7.3.7:** Date by which securities will be issued and allotted

Subject to Shareholder approval being obtained and the Board resolving to issue the General Placement Shares, the issue and allotment of the General Placement Shares to the Placement Investors will occur on a date or dates which is or are no later than three months after the date of this General Meeting or such later time as deemed appropriate by an ASX waiver.

(c) **ASX Listing Rule 7.3.3:** *Issue price of securities*

Not less than 80% of the VWAP of the Shares calculated over the last five days on which sales in the Shares were recorded before the day on which the issue was made.

(d) **ASX Listing Rule 7.3.4:** *Names of allottees*

The allottees are the Placement Investors. The Placement Investors must be persons who are not related parties of the Company.

(c) **ASX Listing Rule 7.3.5:** *Terms of securities*

The Company will apply to the ASX to have the General Placement Shares issued to the Placement Investors Officially Quoted and these General Placement Shares will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the holders in respect of the General Placement Shares issued to the Placement Investors will be identical to the rights and entitlements of the holders of existing issued Shares.

(e) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

The funds raised by the issue of up to 30 million Shares to the Placement Investors will be used to provide additional working capital to the Company, including to fund expenditure set out in paragraph 7.3(d).

(f) **ASX Listing Rule 7.3.8:** A voting exclusion statement

A voting exclusion statement is included at paragraph 5.4 of the Notice of Annual General Meeting (Section B).

## 10. Resolution 9 - Issues of securities under Employee Share Option Plan - ASX Listing Rule 7.2, Exception 9

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### 10.1 Background

The Company's Employee Share Option Plan (**Plan**) was established in 2011. The Plan is designed to assist with the attraction, motivation and retention of relevant employees of the Company, align the interests of those employees and shareholders by matching rewards with the long term performance of the Company and, accordingly, drive the Company' improved performance.

The Company included a summary of the terms of the Plan in the Company's in initial public offering Prospectus dated 23 March 2011 prior to listing on ASX on 2 September 2011. Accordingly, securities issued until 2 September 2014 are excluded from the 15% capacity in ASX Listing Rule 7.1.

However, so that the future issue of securities pursuant to the Plan will not be counted for the purposes of ASX Listing Rule 7.1, the Company seeks Shareholder approval for the purposes of ASX Listing Rule 7.2, Exception 9.

The effect of Shareholder approval under this exception is that any issues of securities under the Plan are treated as having been made with the approval of Shareholders for the purposes of Listing Rule 7.1. Approval under Listing Rule 7.2, (Exception 9) lasts for three years.

Resolution 10 seeks to refresh Shareholder approval for a further three years so that securities issued pursuant to the Plan are not included within the limit of 15% of issued shares under Listing Rule 7.1 that can be issued without Shareholder approval.

The Company established the Scheme for a number of purposes and continues believe that the Scheme is integral to the Company's financial performance for a number of reasons, including:

- (a) retaining and incentivising its key personnel;
- (b) attract and retain valued employees essential for the continued growth and development of the Company;
- (c) establish a sense of ownership in the Company for the employees;

- (d) promote and foster loyalty and support amongst the employees for the benefit of both the employees and the Company;
- (e) enhance the relationship between the Company and its employees for the long term mutual benefit of the parties; and
- (f) enable the Company to attract high calibre individuals, who can bring expertise to the Company.

In accordance with ASX Listing Rule 7.2, Exception 9:

(g) *Summary of the terms of the Employee Share Option Plan*

The key terms of the Employee Share Option Plan are as follows:

- (i) All employees (full and part-time) any Director holding a salaried employment or office in the Company will be eligible to participate in the Plan.
- (ii) The allocation of Options to each employee is at the discretion of the Board.
- (iii) If permitted by the Board, Options may be issued to an employee's nominee.
- (iv) Each Option is to subscribe for one fully paid ordinary share in the Company and will expire five years from its date of issue. An Option is exercisable at any time from its date of issue.
- (v) Options will be issued for nil consideration. The exercise price of Options will be the amount determined by the Board. The total number of shares the subject of Options issued under the Plan, when aggregated with issues during the previous five years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.
- (vi) If, prior to the expiry date of Options, an employee's employment is terminated where such termination has either been voluntary on the employee's part or otherwise has occurred without cause, the Options held by that person (or that person's nominee) must be exercised within 30 days after the termination (but prior to the expiry date of Options) otherwise they will automatically lapse.
- (vii) Except with the consent of the Board, Options may not be transferred and will not be quoted on or by ASX.
- (viii) Shares issued as a result of the exercise of Options will rank equally with all existing Shares in the capital of the Company.
- (ix) Optionholders may only participate in new issues of securities by first exercising their Options.

- (x) If there is a bonus share issue to the holders of shares, the number of shares over which an Option is exercisable will be increased by the number of shares which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.
- (xi) If there is a pro rata issue (other than a bonus share issue) to the holders of shares, the exercise price of an Option will be reduced to take account of the effect of the pro rata issue.
- (xii) If there is a reorganisation of the issued capital of the Company, unexercised Options will be reorganised in accordance with the ASX Listing Rules.

(h) *Number of securities issued under the scheme since the date of last approval*

The Company has not issued any Shares or Options under the Employee Share Option Plan.

(i) *Voting exclusion statement*

A voting exclusion statement is included at paragraph 5.5 of the Notice of General Meeting.

## 11. Resolution 10 - Issue of Shares to the Converting Noteholders

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### 11.1 Background

As announced to the market on 30 June 2014, the Company has successfully completed a fund raising of \$200,000 by way of the issue of 8,000,000 Converting Notes to the Converting Noteholders, including \$75,000 by way of the issue of 3,000,000 Converting Notes to Hardie Energy Pty Ltd and \$50,000 by way of the issue of 2,000,000 Converting Notes to Irene Teng, the sister of Tony Teng (**Converting Noteholders**). The remaining 3,000,000 Converting Notes are the subject of Resolution 12.

The Converting Noteholders are sophisticated and professional investors (within the meanings ascribed to those terms in the Corporations Act).

The terms of the Converting Notes are set out in paragraph 11.2 below.

### 11.2 ASX Listing Rule 7.3 requirements

Pursuant to ASX Listing Rule 7.3, the following information is provided regarding ASX Listing Rule 7.1 approval:

- (d) **ASX Listing Rule 7.3.1:** *Maximum number of securities to be issued or the formula for calculating the number of securities to be issued pursuant to Resolution 10*

5,000,000 Shares.

(e) **ASX Listing Rules 7.3.2 and 7.3.7:** *Date by which securities will be issued*

If Shareholder approval is obtained, the issue and allotment of the Shares to the Converting Noteholders will occur on a date which is two Business Days after the date of this Annual General Meeting, but in any case no later than three months after the date of this Annual General Meeting or such later time as deemed appropriate by an ASX waiver.

(f) **ASX Listing Rule 7.3.3:** *Issue price of securities*

Nil per Share – the Shares will be issued for nil consideration on conversion of the Converting Notes.

(g) **ASX Listing Rule 7.3.4:** *Names of allottees*

The allottees are the Converting Noteholders contained in the Schedule of Converting Noteholders (below).

(h) **ASX Listing Rule 7.3.5:** *Terms of securities*

- (i) Each Converting Note has a face value of \$0.025.
- (ii) The Converting Notes are unsecured.
- (iii) In respect the Converting Notes, the conversion price is \$0.025.
- (iv) Subject to the expiry of the Converting Notes at an earlier date, the Converting Notes shall expire on 31 December 2014 (**Expiry Date**).
- (v) Each Converting Note converts into one Share on the date that Shareholder approval is obtained at the Annual General Meeting.
- (vi) Any Shares in the Company that are issued and allotted pursuant to the conversion of the Converting Notes rank pari passu in all respects with other Shares of the Company on issue at the date of the issue and allotment.
- (vii) The rights of the Converting Noteholders will change to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation, including ASX Listing Rule 7.22.1.
- (viii) The Converting Notes will not be listed on the ASX. Upon the conversion of the Converting Notes and the issue of the Shares, the Company will apply to the ASX to have the Shares issued to the Converting Noteholders Officially Quoted and, subject to any ASX ruling regarding restricted securities, will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of the Converting Noteholders in respect of the Shares to be issued to them will be identical to the rights and entitlements of the holders of issued Shares.

(i) **ASX Listing Rule 7.3.6:** *Intended use of the funds*

No funds will be raised by the issue of up to 5,000,000 Shares to the Converting Noteholders. The funds raised by the issue of the Converting Notes was applied towards working capital purposes by the Company.

(j) **ASX Listing Rule 7.3.8:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 5.6 of the Notice of Annual General Meeting (Section B).

**Schedule of Converting Noteholders**

<b>No.</b>	<b>Name of Allottee</b>	<b>Number of Notes</b>	<b>Issue Price Per Note \$</b>	<b>Total Amount Paid \$</b>
<b>1</b>	Hardie Energy Pty Ltd ACN 126 104 354	3,000,000	\$0.025	\$75,000.00
<b>2</b>	Irene Teng	2,000,000	\$0.025	\$50,000.00
<b>Total:</b>		<b>5,000,000</b>		<b>\$125,000</b>

## 12. Resolution 11 - Issue of Shares to related party

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### 12.1 Background

Rodby Holdings Pty Limited ACN 003 004 984 in its capacity as trustee for the SP Teng Family Trust (**Rodby Holdings**) is a company controlled by Mr Sin Pyng Teng (Tony Teng), a non- executive Director of the Company. Accordingly, Rodby Holdings is a related party to the Company and the Company is seeking the approval of Shareholders under ASX Listing Rule 10.11, for the issue of 3,000,000 Shares to Rodby Holdings.

Rodby Holdings subscribed for the Converting Notes on the same terms as applied to the subscription by the other Converting Noteholders, the subject of Resolution 10. Furthermore, the Converting Notes held by Rodby Holdings convert into Shares on the same terms as the Converting Notes held by the other Converting Noteholders. On this basis, the Board determined that the issue of Shares to Rodby Holdings on the conversion of the Converting Notes that it holds complies with section 210 of the Corporations Act.

If Shareholders approve Resolution 11 in accordance with ASX Listing Rule 10.11:

- (a) Shareholder approval is not required under ASX Listing Rule 7.1; and
- (b) the 3,000,000 Shares will not count towards the Company's 15% placement capacity under ASX Listing Rule 7.1 or 7.1A.

## 12.2 Information required under ASX Listing Rule 10.13

Pursuant to ASX Listing Rule 10.13, the following information is provided regarding ASX Listing Rule 10.11 approval:

(a) **ASX Listing Rule 10.13.1:** *Name of person*

Rodby Holdings Pty Limited ACN 003 004 984 <ATF SP Teng Family Trust>.

(b) **ASX Listing Rule 10.13.2:** *Maximum number of securities to be issued to the person*

3,000,000 Shares.

(c) **ASX Listing Rule 10.13.3:** *Date by which the securities are to be issued*

If Shareholders approve Resolution 12, the issue and allotment of the Shares to Rodby Holdings Pty Limited ACN 003 004 984 <ATF SP Teng Family Trust> will occur on a date which is two Business Days after the date of the Extraordinary General Meeting, but in any case no later than one month after the date of this Annual General Meeting or such later time as deemed appropriate by an ASX waiver.

(d) **ASX Listing Rule 10.13.4:** *Nature of relationship*

Rodby Holdings Pty Limited ACN 003 004 984 <ATF SP Teng Family Trust> is a company controlled by Mr Sin Pyng Teng (Tony Teng), a non- executive Director of the Company.

(e) **ASX Listing Rule 10.13.5:** *Issue price of the securities and a statement of terms of issue*

Nil per Share - the Shares will be issued for nil consideration on conversion of the Converting Notes.

The Company will apply to the ASX to have the Shares issued to Rodby Holdings Pty Limited ACN 003 004 984 <ATF SP Teng Family Trust> Officially Quoted and these Shares will rank equally with all the other Shares on issue. In all other respects, the rights and entitlements of Rodby Holdings Pty Limited ACN 003 004 984 <ATF SP Teng Family Trust> in respect of the Shares issued to it will be identical to the rights and entitlements of the holders of existing issued Shares.

(f) **ASX Listing Rule 10.13.6:** *A voting exclusion statement*

A voting exclusion statement is included at paragraph 5.7 of this Notice of Annual General Meeting (Section B).

(g) **ASX Listing Rule 10.13.6A:** *Intended use of the funds*

No funds will be raised from the issue of Shares to Rodby Holdings Pty Limited ACN 003 004 984 <ATF SP Teng Family Trust>. The funds raised by the issue



of the Converting Notes was applied towards working capital purposes by the Company.

## 13. Resolution 12 - Approval of the 10% placement facility

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### 13.1 General

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued capital, through placements over a 12 month period, after the Annual General Meeting (**10% Placement**). The 10% Placement is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 7.1A, an eligible entity is an entity that:

- is not included in the S&P/ASX 300 Index; and
- has a market capitalisation of \$300 million or less.

The Company is an eligible entity.

The Company is seeking to obtain Shareholder approval by way of a special resolution, to enable the Company to issue Equity Securities under the 10% Placement.

The exact number of Equity Securities to be issued under the 10% Placement will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and set out in detail in paragraph 13.2(c), below.

### 13.2 Description of ASX Listing Rule 7.1A

#### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement is subject to Shareholder approval by way of a special resolution at an annual general meeting and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### (b) Equity Securities

Any Equity Securities issued under the 10% Placement must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Notice of Annual General Meeting, the Company has one quoted class of Equity Securities on issue, being Shares.

#### (c) Formula for calculating the 10% Placement

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue,

during the 12 month period after the date of the annual general meeting, the number of Equity Securities calculated in accordance with the following formula:

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

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

*plus* the number of fully paid Shares issued in the 12 months under an exception in ASX Listing Rule 7.2;

*plus* the number of partly paid Shares that became fully paid in the 12 months;

*plus* the number of fully paid Shares issued in the 12 months with approval of holders of Shares under ASX Listing Rules 7.1 and 7.4; and

*less* the number of fully paid Shares cancelled in the 12 months.

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of Shares under ASX Listing Rules 7.1 or 7.4.

(d) **ASX Listing Rules 7.1 and 7.1A**

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1.

At the date of this Notice of Annual General Meeting, the Company has on issue 130,868,987 Shares and therefore, has capacity to issue:

- (i) subject to Shareholder approval being obtained under Resolution 7, 19,630,348 Equity Securities under ASX Listing Rule 7.1; and
- (ii) subject to Shareholder approval being obtained under Resolution 8, 13,086,899 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated on the date of issue of Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (see paragraph 13.2(c)).

(e) **Minimum issue price**

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must not be less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 trading days 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 trading days of the date in paragraph 13.2(e)(i), the date on which the Equity Securities are issued.

(f) **10% Placement Period**

Shareholder approval of the 10% Placement under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; and
- (ii) the date of the approval by Shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of a main undertaking),

**(10% Placement Period).**

### 13.3 **ASX Listing Rule 7.1A**

The effect of Resolution 12 will be to allow the Company to issue Equity Securities in any existing quoted class, under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1. As at the date of the Notice of Annual General Meeting, the Company has one quoted class of Equity Securities on issue, being Shares.

Resolution 12 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

#### 13.4 **Specific Information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement under ASX Listing Rule 7.1A:

(a) **ASX Listing Rule 7.3A.1:** *Minimum price at which the equity securities may be issued*

The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 trading days 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 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(b) **ASX Listing Rule 7.3A.2:** *Statement of the risk of economic and voting dilution of existing ordinary security holders*

If Resolution 12 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement, the existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:

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

The table below sets out the potential dilution of existing Shareholders on the basis of the current market price of Shares and the current number of Shares on issue, being variable "A" in the table, which is calculated in accordance with the formula in ASX Listing Rule 7.1A.2 as at the date of this Notice of Annual General Meeting.

The table also shows:

- (iii) in addition to the current variable "A", two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Shares the Company has on issue. The number of Shares on issue may increase as a result of issues of Shares that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at future Shareholders' meetings; and

- (iv) two examples, one where the issue price of ordinary securities has decreased by 50% and the other where the issue price of ordinary securities has increased by 100%, as against the current market price.

			Dilution		
Variable "A" in ASX Listing Rule 7.1A.2 (subject to the assumptions below)			50% decrease in Issue Price \$0.0125	Issue Price \$0.025	100% increase in Issue Price \$0.05
<b>Current Variable A</b> 130,868,987 Shares	10% voting dilution		13,086,899 Shares	13,086,899 Shares	13,086,899 Shares
		Funds raised	\$163,586.24	\$327,172.48	\$654,344.95
<b>50% increase in current Variable A</b> 196,303,480 Shares	10% voting dilution		19,630,348 Shares	19,630,348 Shares	19,630,348 Shares
		Funds raised	\$245,379.35	\$490,758.70	\$981,517.40
<b>100% increase in current Variable A</b> 261,737,974 Shares	10% voting dilution		26,173,797 Shares	26,173,797 Shares	26,173,797 Shares
		Funds raised	\$327,172.46	\$654,344.93	\$1,308,689.85

The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement, based on that Shareholder's holding at the date of the Annual General Meeting.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- The assumed issue price is \$0.025, being the closing price of Shares on ASX on 21 October 2014.

(c) **ASX Listing Rule 7.3A.3: Date by which securities may be issued**

The Company will only issue the Equity Securities during the 10% Placement Period.

The approval under Resolution 12 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the

Company's activities) or ASX Listing Rule 11.2 (disposal of the Company's main undertaking) during the 10% Placement Period.

(d) **ASX Listing Rule 7.3A.4: Purposes of the issue**

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

- (i) 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; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards the exploration activities at its existing projects and/or for acquisition of new assets or investments (including expenses associated with such acquisition) and general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities.

(e) **ASX Listing Rule 7.3A.5: Details of the allocation policy for issues under the approval**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, a share placement, rights issue or other issue in which an existing Shareholder(s) can subscribe for Shares;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement have not been determined as at the date of this Notice of Annual General Meeting but may include existing substantial Shareholders and/or new Shareholders who are not related parties or Associates of a related party of the Company. For the avoidance of doubt, the allottees will not include related parties or Associates of a related party of the Company.

(f) **ASX Listing Rule 7.3A.6: Previous approval under ASX Listing Rule 7.1A**

The Company obtained Shareholder approval under ASX Listing Rule 7.1A at its 2013 annual general meeting (**2013 AGM**).

Since the 2013 AGM:

- (i) the Company has issued the total of 106,135,529 equity securities issued since the 2013 AGM and they represent 193.1% of the total number of equity securities on issue at the date of the 2013 AGM; and
- (ii) the Company has issued the following Shares on the following terms:

(A) Issue 1 during the 12 month period

Date of issue	27 December 2013
Number issued	3,240,754
Type of equity	Shares
Summary of terms	Shares issued in lieu of directors fees Shares issued rank pari passu with existing Shares on issue
Names of persons who received Shares	Chris Battye, Wesley Harder and Robert Waring
Price	\$0.045
Discount to market	Not Applicable
Total cash consideration	\$145,834 value of shares in lieu of directors' fees
Intended use of remaining cash	Non-cash

(B) Issue 2 during the 12 month period

Date of issue	27/12/2013	24/12/2013	12/2/2014	7/7/2014
Number issued	694,407	6,471,829*	15,000,000**	30,995,084^
Type of equity	Shares	Shares	Shares	Shares
Summary of terms	Conversion of debt into equity	Rights issue one new Share for each share held	Placement of Non-Renounceable Rights issue shortfall Shares to sophisticated and professional investors	
Names of persons who received Shares	David Wallace Clark	Shareholder entitlements under rights issue	Various sophisticated and professional investors	
	Shares issued rank pari passu with existing Shares on issue			
Price	\$0.020	\$0.020	\$0.020	\$0.020
Discount to market	Not applicable			
Total cash consideration	\$694,407 (non-cash)	\$129,436	\$300,000	\$619,902
	Total: \$1,049,338			
Use of cash consideration	Working capital			
Amount of cash consideration spent	\$1,049,338			

\* plus 3,235,913 free attaching Options with an exercise price of 4.0 cents and expiring on 31 May 2015

\*\* plus 7,500,000 free attaching Options with an exercise price of 4.0 cents and expiring on 31 May 2015

^ plus 15,497,542 free attaching Options with an exercise price of 4.0 cents and expiring on 31 May 2015

(C) Issue 3 during the 12 month period

Date of issue	12/3/2014 and 19/3/2014
Number issued	6,000,000
Type of equity	Shares
Summary of terms	Issued on conversion of convertible notes Shares issued rank pari passu with existing Shares on issue
Names of persons who received Shares	Various sophisticated and professional investors
Price	\$0.025
Discount to market	Not applicable
Total cash consideration	\$150,000 from issue of the convertible notes for purpose of working capital
Cash consideration spent	\$150,000-

(D) Issue 4 during the 12 month period

Date of issue	7/3/2014
Number issued	3,000,000*
Type of equity	Shares
Summary of terms	Issued in lieu of payment for services Shares issued rank pari passu with existing Shares on issue
Names of persons who received Shares	Various sophisticated and professional investors
Price	\$0.0
Discount to market	Not applicable
Total cash consideration	\$0 - the value of the non-cash consideration was deemed to be \$0.02 per Share, with a total value of \$60,000
Intended use of remaining cash	Non-cash



\* plus 1,500,000 free attaching Options with an exercise price of 4.0 cents and expiring on 31 May 2015

(E) Issue 5 during the 12 month period

Date of issue	1/8/2014
Number issued	13,000,000
Type of equity	Shares
Summary of terms	Private placement of shares with sophisticated investors Shares issued rank pari passu with existing Shares on issue
Names of persons who received Shares	Various sophisticated and professional investors
Price	\$0.030
Discount to market	Not applicable
Total cash consideration	\$390,000
Intended use of remaining cash	Working capital

(g) **ASX Listing Rule 7.3A.7:** A voting exclusion statement

A voting exclusion statement is included at paragraph 5.8 of the Notice of Extraordinary General Meeting.

### 13.5 **Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 8. The Directors consider that the approval of the 10% Placement described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months, without further Shareholder approval.

## Section D Independent Expert's Report