



Callabonna Resources Limited
ACN 099 247 408

Notice of Shareholder Meeting
and
Explanatory Notes

The shareholder meeting will be held:

At Level 17, 530 Collins Street, Melbourne Victoria, 3000

On 2 February 2015 at 10.00 am

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 31 January 2015

NOTICE OF MEETING

Notice is given that a General Meeting of shareholders of Callabonna Resources Limited (the "Company") will be held at Level 17, 530 Collins Street, Melbourne, at 10.00am on 2 February 2015.

Resolution 1: Issue of shares to Tassiga Limited

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders of the Company approve the issue of 40,000,000 fully paid ordinary shares in the capital of the Company to Tassiga Limited on the basis set out in the Explanatory Notes."

Resolution 2: Issue of options to recent placement investors

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders of the Company approve the issue of 16,214,222 options to identified professional and sophisticated investors, on the basis set out in the Explanatory Notes."

Resolution 3: Issue of placement shares and options

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders of the Company approve the issue of 5,110,018 fully paid ordinary shares and 2,555,009 options to identified professional and sophisticated investors, on the basis set out in the Explanatory Notes."

Resolution 4: Issue of shares and options to Director Phillip 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 2,307,692 fully paid ordinary shares and 1,153,846 options to Mr Phillip Harman (or his nominee) on the terms and conditions set out in the Explanatory Notes."

Resolution 5: Issue of shares and options 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 769,231 fully paid ordinary shares and 384,615 options to Mr Mike Raetz (or his nominee) on the terms and conditions set out in the Explanatory Notes."

Resolution 6: Ratification of prior issue of shares - Listing Rule 7.1

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify and approve the issue under Listing Rule 7.1 by the Company of 18,657,066 fully paid ordinary shares on the terms and conditions set out in the Explanatory Notes."

Resolution 7: Ratification of prior issue of shares - Listing Rule 7.1A

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify and approve the issue under Listing Rule 7.1A by the Company of 13,771,378 fully paid ordinary shares on the terms and conditions set out in the Explanatory Notes."

Resolution 8: Proposed issue of up to 60,000,000 shares

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

"That for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders of the Company approve the issue of up to 60,000,000 fully paid ordinary shares in the capital of the Company on the basis set out in the Explanatory Notes."

Dated: 24 December 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: Any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if the Resolution is passed.

Resolution 2: Any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if the Resolution is passed.

Resolution 3: Any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if the Resolution is passed.

Resolution 4: Mr Phillip Harman (or his nominee) and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if the Resolution is passed, and associates of Mr Phillip Harman.

Resolution 5: Mr Mike Raetz (or his nominee) and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if the Resolution is passed, and associates of Mr Mike Raetz.

Resolution 6: Any person who participated in the issue the subject of the Resolution and any associate of those persons.

Resolution 7: Any person who participated in the issue the subject of the Resolution and any associate of those persons.

Resolution 8: Any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares, if the Resolution is passed.

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 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 lodged at PO Box 226 Subiaco WA 6904 or by facsimile +61 8 9388 8256 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 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 (AEST) on 31 January 2015. Accordingly, transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

EXPLANATORY NOTES

The purpose of these Explanatory Notes (which is included in and forms part of this Notice of Meeting) is to provide shareholders with an explanation of the resolutions to be considered at the shareholder meeting on 2 February 2015.

Resolution 1: Issue of shares to Tassiga Limited

On 6 May 2014, the Company announced to ASX that it has entered into a Share Sale and Purchase Agreement ("the Agreement") with Tassiga Limited involving the purchase of an interest in Ansongo Limited, a fully owned subsidiary of Tassiga Limited, and an agreement to manage and develop a manganese exploration project ("Project") in Mali that is subject to Exploration Permit PE 2011/15. On 21 October 2014, the Company announced to ASX that the Agreement had been varied so that the Company could earn a further 33.8% interest bringing the total possible interest the Company could earn in Ansongo Limited up to 51%.

In accordance with the Agreement, the Company proposes to issue 40,000,000 fully paid ordinary shares to Tassiga Limited to satisfy part of the Company's payment obligations and to earn a further interest in Ansongo Limited.

This resolution seeks shareholder approval of the proposed issue of shares in the Company for the purposes of Listing Rule 7.1.

The purpose of seeking shareholder approval of the proposed issue of securities in this resolution is to ensure that the proposed issue does not reduce the Company's future placement capacity.

The shares to be issued to Tassiga Limited will rank equally with all shares currently on issue.

The shares will be issued for 1.5 cents per share.

The shares are expected to be allotted and issued immediately following shareholder approval, and in any event, no later than 3 months from the date of the meeting.

The Directors of the Company unanimously recommend that shareholders of the Company vote in favour of this resolution.

Resolution 2: Issue of options to recent placement investors

On 8 December 2014, the Company announced to ASX that it proposes raising further funds from a fully paid ordinary share issue of up to 54,000,000 shares at 1.3 cents per share with 27,000,000 options.

On 18 December 2014, the Company announced to ASX a capital raising of \$528,000, being the issue of 40,615,385 fully paid ordinary shares at 1.3 cents per share with 20,307,692 attaching unlisted options. The

announcement noted that it issued 32,428,444 fully paid ordinary shares, issued at 1.3 cents per share (the "Placement").

This resolution seeks shareholder approval of the proposed issue of 16,214,222 attaching unlisted options in the Company to identified professional and sophisticated investors who participated in the Placement for the purposes of Listing Rule 7.1.

The options will be issued to those investors who have recently been issued shares in connection with the Placement.

The options are expected to be allotted and issued immediately following shareholder approval, and in any event, no later than 3 months from the date of the meeting.

Each option will be issued for nil consideration.

The options are unlisted options that expire on 31 December 2017, are exercisable at 3 cents each and otherwise on terms set out in Annexure A to this Notice of Meeting.

The new funds raised will be used to fund the management and initial exploration of the Project in accordance with the Agreement as set out above.

The directors of the Company unanimously recommend that shareholders vote in favour of this Resolution.

Resolution 3: Issue of placement shares and options

On 18 December 2014, the Company announced to ASX a capital raising of \$528,000 being the issue of 40,615,385 fully paid ordinary shares at 1.3 cents per share with 20,307,692 options.

The Company currently does not have placement capacity to do so, accordingly, it is seeking shareholder approval to issue the remaining (excluding directors) 5,110,018 shares and 2,555,009 options.

This resolution seeks shareholder approval of the proposed issue of securities in the Company for the purposes of Listing Rule 7.1.

The purpose of seeking shareholder approval of the issue of securities in this resolution is to enable the proposed issue of shares and options to occur.

The shares and options are expected to be allotted and issued immediately following shareholder approval, and in any event, no later than 3 months from the date of the meeting.

The shares will be issued 1.3 cents per share.

Each option will be issued for nil consideration.

The shares will rank equally with all shares currently on issue. The options are unlisted options that expire on 31 December 2017, are exercisable at 3 cents each and otherwise on terms under which the options described above are to be issued.

The new funds raised will be used to fund the management and initial exploration of the Project in accordance with the Agreement as set out above.

The directors of the Company unanimously recommend that shareholders vote in favour of this Resolution.

Resolution 4 and 5: Issue of shares and options to Director Phillip Harman and Director Mike Raetz

This resolution seeks shareholder approval of the proposed issue of securities in the Company for the purposes of Listing Rule 10.11. Listing Rule 10.11 provides that a company must not issue securities to a related party without approval of the shareholders.

The purpose of seeking shareholder approval of the issue of securities in this resolution is to seek approval of the proposed issue to certain Directors as follows:

Director Name	Amount Invested	Shares	Options
P. Harman	\$30,000	2,307,692	1,153,846
M. Raetz	\$10,000	769,231	384,615

Specific approval in the case of securities issued to Directors is required.

The issue price will be 1.3 cents each, being the same price paid by investors under the placement. Each share will rank equally with all shares currently on issue. The options are unlisted and expire on 31 December 2017, are exercisable at 3 cents each and otherwise on terms under which other investors are participating.

The new funds raised will be used to fund the management and initial exploration of the Project in accordance with the Agreement as set out above.

The securities are expected to be allotted and issued immediately following shareholder approval, and in any event, no later than 1 month from the date of the meeting.

If approval is given under this Resolution, approval is not required under Listing Rule 7.1.

Resolution 6 and 7: Ratification of prior issue of shares - Listing Rules 7.1 and 7.1A

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities in any 12 month period other than the amount which is equal to 15% of its fully paid ordinary securities on issue at the start of that 12 month period ("15% share issue capacity").

ASX Listing Rule 7.1A provides that certain eligible companies may seek shareholder approval at its AGM to issue up to a further 10% of its fully paid ordinary securities on issue at the start of the 12 month period commencing on the date of the AGM ("10% share issue capacity"). The Company is an eligible company and sought and received shareholder approval to the 10% share issue capacity at its AGM on 25 November 2014. The shareholder approval is valid until the earlier of 12 months from the date of the AGM (that is, until 25 November 2015) or, if the Company undertakes a significant transaction requiring shareholder approval under Listing Rule 11.1.2 or 11.2, the date the shareholders approve that transaction.

ASX Listing Rule 7.4 provides that an issue of securities made without approval under Listing Rule 7.1 or 7.1A will be treated as having been made with shareholder approval for the purposes of those Listing Rules if shareholders subsequently ratify it and the issue did not breach Listing Rule 7.1.

The Company is seeking shareholder approval to ratify the 18 December 2014 issue of:

- 18,657,066 ordinary shares issued under the Company's Listing Rule 7.1 capacity, and
- 13,771,378 ordinary shares issued under the Company's Listing Rule 7.1A capacity.

The shares were issued at \$0.013 per share.

The shares will rank equally with all shares currently on issue.

The new funds raised will be used to fund the management and initial exploration of the Project in accordance with the Agreement as set out above.

Without shareholder approval pursuant to Listing Rule 7.4, the issues will be counted towards the Company's 15% share issue capacity and 10% share issue capacity respectively and will therefore reduce the Company's capacity to issue securities in the future without obtaining shareholder approval.

Accordingly, these resolutions seek shareholder approval to allow the Company to refresh its 15% share issue capacity (Resolution 5) and 10% share issue capacity (Resolution 6).

The directors of the Company unanimously recommend that shareholders vote in favour of Resolution 5 and 6.

Resolution 8: Proposed issue of up to 60,000,000 Shares

The Company will continue to explore the Ansongo manganese project in 2015. Additional share capital is proposed to be raised following completion of the current drilling program and working capital.

This resolution seeks shareholder approval of the proposed issue of up to 60,000,000 fully paid ordinary shares in the Company for the purposes of Listing Rule 7.1.

The shares are expected to be allotted and issued immediately following shareholder approval, and in any event, no later than 3 months from the date of the meeting.

The shares to be issued will rank equally with all shares currently on issue and will be issued at a price not less than 80% of the volume weighted average price for shares calculated in accordance with Listing Rule 7.3.3.

The new funds raised will be used to fund exploration at the Ansongo manganese project and working capital.

The directors of the Company unanimously recommend that shareholders vote in favour of this Resolution.

ANNEXURE A
TERMS AND CONDITIONS
OPTIONS

The Options to be issued pursuant to the Resolutions will be issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option is \$0.03 ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Callabonna Resources Limited ACN 009 247 408 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. Subject to paragraphs 10 and 11, the Options will lapse at 5.00 pm, Eastern Standard Time on 31 December 2017 ("**Expiry Date**").
5. The Options may be transferred at any time in accordance with the Corporations Act, the SCH Business Rules and/or the Listing Rules;
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before books closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in the ASX Listing Rules;
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. If a takeover bid within the meaning of the *Corporations Act 2001* (Cth) is made for the Shares in the Company and the bidder becomes entitled to compulsorily acquire all of the Shares, any Options not exercised by the end of the bid period shall lapse.
11. If a court orders a meeting to be held in relation to a proposed scheme of arrangement in relation to the Company the effect of which may be that a person will have a relevant interest in at least 90% of the ordinary Shares in the Company, and if the shareholders pass the resolution by the requisite majority, any Options not exercised during the period which is within 7 days of the date of the meeting shall lapse.
12. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The Notice and cheque must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
13. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
14. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.

PROXY FORM

APPOINTMENT OF PROXY
CALLABONNA RESOURCES LIMITED
ABN 71 099 247 408

GENERAL MEETING



NAME:.....ADDRESS:.....

No. of shares held.....

I/We being a member(s) of Callabonna Resources Limited (Company) and entitled to attend and vote at the Meeting of the Company to be held at Level 17, 530 Collins Street, Melbourne Victoria, 3000, at **10.00am** EST on **2 February 2015**, hereby appoint:

☐

the Chairman
of the
Meeting
(mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy (do not insert your own name). I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.

If no person/body corporate is named, the Chairman of the Meeting is appointed as my/our proxy and to vote for me/us on my/our behalf at the Meeting and at any adjournment or postponement of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business, as far as permitted.

Voting on Business of the Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Issue of shares to Tassiga Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of options to recent placement investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of placement shares and options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of shares and options to Director Phillip Harman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of shares and options to Director Mike Raetz	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Ratification of prior issue of shares - Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Ratification of prior issue of shares - Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Proposed issue of up to 60,000,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Signature of Member(s)

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. If a member appoints only one proxy, that proxy may vote on a show of hands. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. If a box is not marked the proxy may vote as they choose. If more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
 - **(Foreign Companies):** Foreign corporations must sign in accordance with the laws of that corporation's place of incorporation.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Meeting in person, then:
 - the proxy's authority to speak for that member is suspended while the member is present at the Meeting; and
 - the proxy's authority to vote for the member on any resolution is not suspended while the member is present but is revoked by the member voting in person on that resolution.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - mail to Callabonna Resources Limited, at PO Box 226, Subiaco WA 6904;
 - email to Ian Hobson (Company Secretary) ianhobson@bigpond.com;
 - facsimile to (08) 9388 8256

so that it is received no later than 10.00am (EST) on 29 January 2015.

Proxy forms received later than this time will be invalid.