



AUSTRALIA UNITED MINING LIMITED

ABN 35 126 540 547

SUITE6, LEVEL14, 97-99 BATHURST STREET, SYDNEY NSW 2000

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# Notice of annual general meeting and explanatory memorandum

**Australia United Mining Limited**

ACN 126 540 547

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**Date:** Wednesday, 30 November 2016

**Time:** 10.00am (AEDT)

**Place:** Suite6, Level14, 97-99 Bathurst st,  
Sydney NSW 2000

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## NOTICE OF 2015 ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of **AUSTRALIA UNITED MINING LIMITED** ACN 126 540 547 (**'the Company'**) will be held at **Suite 6, Level 14, 97-99 Bathurst Street, Sydney NSW 2000** on **30 November 2016**, at **10.00 am (AEDT)**.

### AGENDA

#### ORDINARY BUSINESS

##### 1. Financial Reports

	Financial Reports
Description	To receive and consider the Company's Annual Report comprising the Chairman's Report, Directors' Report, Remuneration Report, Auditor's Independence Declaration, Corporate Governance Statement, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Notes to the Financial Statements, Directors' Declaration and Independent Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2015.

##### 2. Adoption of Remuneration Report

Resolution 1	Adoption of Remuneration Report
Resolution (Ordinary)	To consider and, if thought fit, pass the following Advisory Resolution, as an Ordinary Resolution of the Company: <i>"That the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2015 as set out in the 2015 Annual Report be adopted."</i>
Note to Shareholders	In accordance with section 250R(3) of the <i>Corporations Act 2001</i> ( <b>'the Act'</b> ), the vote on the resolution is advisory only and does not bind the Directors or the Company.
Voting Exclusion	In accordance with section 250R(4) of the Act, a vote on Resolution 1 must not be cast (in any capacity, whether as proxy or as shareholders) by or on behalf of either of the following persons:

	<p>(a) a member of the key management personnel details of whose remuneration are included in the remuneration report;</p> <p>(b) a closely related party of such a member.</p> <p>However, the above persons may cast a vote on Resolution 1 if:</p> <p>(c) the person does so as a proxy appointed in accordance with the directions of the proxy form that specifies how the proxy is to vote on Resolution 1; and the vote is not cast on behalf a person described in subparagraphs (a) and (b) above; or</p> <p>(d) the person is the chair of the meeting appointed as proxy in accordance with the directions of the proxy form for a person who is entitled to vote, and such appointment on the proxy form expressly authorises the chair to exercise the proxy even if the resolution is connected directly with the remuneration report; and the vote is not cast on behalf of a person described in subparagraphs (a) and (b) above.</p>
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### 3. Re-election of Directors

<b>Resolution 2</b>	<b>Re-election of Mr Jianbing Zhang as Director</b>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:</p> <p><i>“That Mr Jianbing Zhang, having retired from his office as a Director in accordance with Article 59.1 of the Company’s Constitution and, being eligible for re-election under Article 59.5 of the Constitution, having offered himself for re-election, be re-elected as a Director of the Company.”</i></p>
<b>Resolution 3</b>	<b>Re-election of Ms Jia Yu as Director</b>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass the following resolution, as an Ordinary Resolution of the Company:</p> <p><i>“That Ms Jia Yu, having retired from her office as a Director in accordance with Article 59.1 of the Company’s Constitution and, being eligible for re-election under Article 59.5 of the Constitution, having offered herself for re-election, be re-elected as a Director of the Company.”</i></p>

## SPECIAL BUSINESS

### 4. Changes in capital and new issues

Resolution 4	Issue of Shares to Mr Xiaojing Wang to convert debt into equity
Resolution (Ordinary)	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution, as an Ordinary Resolution of the Company:</p> <p><i>“That, considering Xiaojing Wang (<b>‘Wang’</b>) is the Director of the Company and a related party; Wang controls W Y Australia Investment Pty Ltd (<b>‘WYAI’</b>); and Wang’s maximum voting power will be 41.74%, for the purposes of Listing Rule 10.11, Section 611, Item 7 of the Act, Chapter 2E of the Act and for all other purposes, approval be given for the Directors to issue 222,787,329 Shares to Wang in full and final satisfaction of amounts owing by the Company to Wang on account of shareholder loan as at the 30 June 2016 of \$ 668,361.99.”</i></p>
Voting Exclusion	<p>The Company will disregard any votes cast on this Resolution 4 by Wang, his associates including WYAI, Ever Resources Pty Ltd, and Ms Jia Yu, any other person who would obtain a benefit if this Resolution 4 is passed and their associates.</p> <p>However, the Company will not disregard the vote if:</p> <p>(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</p> <p>(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.</p>
Resolution 5	Issue of Shares to W Y Australia Investment Pty Ltd ACN 151 177 294 to convert debt into equity
Resolution (Ordinary)	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution, as an Ordinary Resolution of the Company:</p> <p><i>“That, considering WYAI is controlled by the Director of the Company, Wang, and a related party; and WYAI’s maximum voting power will be 41.74%, for the purposes of Listing Rule 10.11, Section 611, Item 7 of the Act, Chapter 2E of the Act and for all other purposes, approval be given for the Directors to issue 169,952,507 Shares to WYAI in full and final satisfaction of amounts owing by the Company to WYAI on account of shareholder loan and unpaid directors fees as at the 30 June 2016 of \$ 509,857.52.”</i></p>

<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution 5 by WYAI, its associates including Wang, Ever Resources Pty Ltd, and Ms Jia Yu, any other person who would obtain a benefit if this Resolution 5 is passed and their associates.</p> <p>However, the Company will not disregard the vote if:</p> <p>(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</p> <p>(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.</p>
<b>Resolution 6</b>	<b>Issue of Shares to Mr Jianbing Zhang to convert debt into equity</b>
<b>Resolution (Ordinary)</b>	<p>To consider and, if thought fit, pass, with or without amendment, the following resolution, as an Ordinary Resolution of the Company:</p> <p><i>“That, considering Jianbing Zhang (<b>‘Zhang’</b>) is a Director of the Company and a related party; and Zhang’s maximum voting power will be 22.06%, for the purposes of Listing Rule 10.11, Section 611, Item 7 of the Act, Chapter 2E of the Act and for all other purposes, approval be given for the Directors to issue 150,455,252 Shares to Zhang in full and final satisfaction of amounts owing by the Company to Zhang on account of shareholder loan and unpaid directors fees as at the 30 June 2016 of \$ 451,365.76.”</i></p>
<b>Voting Exclusion</b>	<p>The Company will disregard any votes cast on this Resolution 6 by Mr Jianbing Zhang and any other person who would obtain a benefit if this Resolution 6 is passed and their associates.</p> <p>However, the Company will not disregard the vote if:</p> <p>(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</p> <p>(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.</p>

## BY ORDER OF THE BOARD

Jing Yuan  
Company Secretary  
02 November 2016

## EXPLANATORY MEMORANDUM

### 1. INTRODUCTION

This Explanatory Memorandum is provided to shareholders of the Company to explain the resolutions to be put to shareholders at the Annual General Meeting to be held at **Suite 6, Level 14, 97-99 Bathurst Street, Sydney NSW 2000** on **30 November 2016**, at **10.00 am (AEDT)**.

The Directors recommend shareholders read the accompanying Notice of 2015 Annual General Meeting and this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

This Explanatory Memorandum provides shareholders with all information known to the Company that is material to the decision on how to vote on the Resolutions to be put to the Annual General Meeting, other than such information that has been previously disclosed by the Company to its shareholders.

### 2. FINANCIAL REPORTS

	Financial Reports
Explanation	<p>Section 317(1) of the Act requires the Company's financial report, director's report and the auditor's report for the financial year ended 30 June 2015 to be laid before the Company's 2015 Annual General Meeting. There is no requirement for a formal resolution on this item.</p> <p>The 2015 Annual Report, which contains the Directors' Report, the Financial Report and the Remuneration Report, is available from ASX's website (<a href="http://www.asx.com.au">www.asx.com.au</a>) (ASX: AYM).</p>

### 3. ADOPTION OF REMUNERATION REPORT

Resolution 1	Adoption of Remuneration Report
Explanation	<p>In accordance with section 250R(2) of the Act, the Remuneration Report has been submitted to shareholders for consideration and adoption by way of a non-binding advisory resolution.</p> <p>The Remuneration Report is set out in the Company's 2015 Annual Report and is available from ASX's website (<a href="http://www.asx.com.au">www.asx.com.au</a>) (ASX: AYM). The Remuneration Report:</p>

	<ul style="list-style-type: none"> <li>describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of executives and the Company's performance;</li> <li>sets out the remuneration arrangements in place for each director and for certain members of the senior managements team; and</li> <li>explains the differences between the basis of remunerating non-executive directors and senior executives, including the Chief Executive Officer.</li> </ul> <p>The vote on this resolution is advisory only and does not bind the Directors. However, the Directors will take into account any discussion on this Resolution and the outcome of the vote when considering the future remuneration policies and practices of the Company.</p>
<b>Voting Exclusion</b>	A voting exclusion statement applies to this Resolution, as set out in the Notice of 2015 Annual General Meeting.
<b>Board Recommendation</b>	The Directors unanimously recommend that shareholders vote in favour of adopting the Remuneration Report.
<b>Chair's available proxies</b>	The Chair of the Meeting intends to vote all available proxies in favour of this Resolution.

#### 4. RE-ELECTION OF DIRECTORS

<b>Resolution 2 &amp; Resolution 3</b>	<b>Re-election of Mr Jianbing Zhang and Ms Jia Yu as Directors</b>
<b>Explanation</b>	<p>Article 59.1 of the Company's Constitution requires two directors to retire at the close of each Annual General Meeting of the Company.</p> <p>Accordingly, Mr Jianbing Zhang and Ms Jia Yu retire from their office as directors in accordance with Article 59.1 of the Company's Constitution and, being eligible under Article 59.5 of the Constitution, offer themselves for re-election as directors.</p> <p>Please refer to the 2015 Annual Report for information about Mr Zhang and Ms Yu.</p>

<b>Board Recommendation</b>	The Directors, with Mr Zhang and Ms Yu abstaining on the resolutions the subject of Resolutions 2 and 3 respectively, recommends that shareholders vote in favour of these re-elections.
<b>Chair's available proxies</b>	The Chair of the Meeting intends to vote all available proxies in favour of these two Resolutions.

## 5. CHANGES IN CAPITAL AND NEW ISSUES

### BACKGROUND

Resolutions 4-6 seek shareholder approval for the issue of Shares in full and final satisfaction of certain indebtedness of the Company to:

- Mr Xiaojing Wang ('**Wang**'); and
- W Y Australia Investment Pty Ltd ACN 151 177 294 ('**WYAI**'); and
- Mr Jianbing Zhang ('**Zhang**').

A summary of the Company's indebtedness to each of the abovementioned parties follows:

	<b>Amount (\$)</b>	<b>Details</b>
Xiaojing Wang	668,361.99	Loan
	287,857.54	Loan
W Y Australia Investment Pty Ltd	221,999.98	Outstanding directors fees
	379,365.76	Loan
Jianbing Zhang	72,000.00	Outstanding directors fees
	<u>1,629,585.27</u>	

The purpose of the loans was to provide the Company with financial support so that the Company was able to continue as a going concern and the exploration of its current mineral assets. There were not alternative options to related party loans. Attempts to raise further capital through private placements and non-related party loans were unsuccessful. There were also significant shortfall shares as a result of the Company's pro-rata non-renounceable rights issue closed on 8 July 2015.

Shareholder approval was not obtained under Chapter 2E of the Act because the loans were entered into at arm's length and the Company relied on section 210(a) of the Act. If the loans



were not approved, there would be a material uncertainty about the Company's ability to continue as a going concern. The material terms of the loans are set out in the table below:

	Principal	Interest Rate	Date of Agreement	Drawdown Date	Maturity Date
Wang	\$250,000.00	6% pa	14 August 2015	11 August 2015	14 September 2015
	\$100,000.00	6.5% pa	8 March 2016	8 March 2016	8 June 2016
	\$300,000.00	6.5% pa	22 April 2016	3 May 2016 (\$100,000.00)	22 April 2017
				6 May 2016 (\$200,000.00)	
WYAI	\$150,000.00	12% pa	30 October 2014	24 October 2014	24 January 2015
	\$100,000.00	7% pa	18 May 2015	19 May 2015	19 August 2015
Zhang	\$100,000.00	7% pa	18 May 2015	19 May 2015	19 August 2015
	\$250,000.00	10% pa	14 August 2015	21 August 2015	14 September 2015

The Company is currently in default of loans that have passed their maturity date. Considering the Company's precarious financial position, the abovementioned parties have not formally demanded repayment of these loans.

Admittedly, the Company is yet to adopt policies and procedures in relation to related party arrangements. However, the loans were on arm's length terms given that the stubbornly low commodity price and the Company's precarious financial position have combined to limit the Company's fundraising capability. The following factors in particular have been considered:

- the principals were set at a moderate level to provide the Company with sufficient working capital;
- the rate of interest was first determined to be 12% pa taking into account the unsecured nature of the loan. The rates were subsequently revised downward as the Company's financial position continued to deteriorate and it constantly failed to meet the timetable for repayments;
- the loans were not secured against any of the Company's assets;
- the timetable for repayments indicated that the loans were extended to meet the Company's imminent working capital needs which cannot be satisfied by resorting to other avenues of financing.

The unpaid directors fees are set out in the table below:

	As at 30 June 2015	As at 31 December 2015	As at 30 June 2016
WYAI/Wang	\$73,999.98	\$147,999.98	\$221,999.98
Zhang	\$24,000.00	\$48,000.00	\$72,000.00

If shareholder approval is obtained, the Company will issue Shares at a price of \$0.003 per Share being the closing price of the Company's Shares before the trading halt for the purpose of converting all of the above debts into equity. The proposed debt-for-equity conversion will improve the Company's balance sheet thereby improving the Company's prospects for raising additional equity.

The Company's capital structure as at 05 October 2016 follows:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Zhang	129,591,500	17.84
WYAI	80,000,000	11.01
Chao Ma	66,666,600	9.18
Shandong Gold Pty Ltd	61,072,709	8.41
Xinhua Geng	33,333,300	4.59
Wang	23,783,302	3.27
Jia Yu	6,666,667	0.92
Ever Resources Pty Ltd	26,666,667	3.67
<b>Subtotal</b>	<b>427,780,745</b>	<b>58.90</b>
Others	298,556,849	41.10
<b>Total ordinary shares on issue</b>	<b>726,337,594</b>	<b>100.00</b>

Please note that according to section 12(2)(c) of the Act, Ms Jia Yu, WYAI and Ever Resources Pty Ltd are Wang's associates, whereas Wang, Ms Jia Yu and Ever Resources are associates of WYAI.

A summary of the impact on the Company's Share capital if Resolutions 4-6 are passed follows:

	Current Structure		After Resolutions are passed	
	Shares	%	Shares	%
Total	726,337,594	100.00	1,269,532,682	100.00
Wang	23,783,302	3.27	246,570,631	19.42
Jia Yu	6,666,667	0.92	6,666,667	0.53
WYAI	80,000,000	11.01	249,952,507	19.69

Ever Resources Pty Ltd	26,666,667	3.67	26,666,667	2.10
Zhang	129,591,500	17.84	280,046,752	22.06
Non-associated Shareholders	459,629,458	63.28	459,629,458	36.20
<b>Wang and his associates</b>	<b>137,116,636</b>	<b>18.88</b>	<b>392,739,836</b>	<b>41.74</b>
<b>WYAI and its associate</b>	<b>103,783,302</b>	<b>18.88</b>	<b>392,739,836</b>	<b>41.74</b>
<b>Zhang</b>	<b>129,591,500</b>	<b>17.84</b>	<b>280,046,752</b>	<b>22.06</b>

A summary of the impact on the abovementioned parties' maximum voting power if Resolutions 4-6 are passed follows:

	<b>Current (%)</b>	<b>After Resolutions are passed (%)</b>
Xiaojing Wang	18.88	41.74
W Y Australian Investment Pty Ltd	18.88	41.74
Jianbing Zhang	17.84	22.06

A summary of the disadvantages of approving Resolutions 4-6 follows:

### **1. Control effect**

Wang and his associates and Zhang will be able to collectively pass ordinary resolutions, and control the composition of the Company's board.

### **2. Dilutionary effect**

The interests of the Non-Associated Shareholders will be diluted from 63.28% to 36.20%.

### **3. Deterrence effect**

The presence of significant shareholding of Wang and his associates and Zhang both reduces the liquidity of the Company's share trading and the likelihood that the Company will be the target of potential takeover bids.

A summary of the material terms of the debt conversion agreements is contained in Annexure A.

An independent expert's report for the purpose of section 611 of the Act is contained in Annexure B.

Resolution 4	Issue of Shares to Mr Xiaojing Wang to convert debt into equity
Explanation	<p><b><i>Listing Rules 10.11</i></b></p> <p>Exception 14 of Listing Rule 7.2 provides that where shareholder approval is obtained under Listing Rule 10.11 , additional shareholder approval is not required under Listing Rule 7.1. Listing Rule 10.11 provides that an entity must not issue, or agree to issue, equity securities to a related party without the approval of its shareholders. With reference to section 228 of the Act, a ‘related party’ of the Company includes the directors of the Company, and any entities that the directors control. Mr Xiaojing Wang is the director of the Company, and therefore a related party.</p> <p>The following information is provided in accordance with Listing Rule 10.13:</p> <ol style="list-style-type: none"> <li>1. The Shares the subject of this Resolution 4 will be issued to Xiaojing Wang.</li> <li>2. If this Resolution 4 is passed, the Company will issue to Xiaojing Wang 222,787,329 Shares.</li> <li>3. The price at which the Shares will be issued is \$0.003 per share.</li> <li>4. The Company intends issuing the Shares as soon as practicable following the date of the 2015 Annual General Meeting and in any event, not later than one month from the date of the meeting.</li> <li>5. The Shares will be issued on the same terms as, and rank pari passu with, the existing issued Shares of the Company.</li> <li>6. As the Shares will be issued in satisfaction of moneys owing, there will be no fresh funds raised from the issue of the Shares.</li> </ol> <p>A voting exclusion statement applies to this Resolution 4, as set out in the Notice of 2015 Annual General Meeting.</p> <p><b><i>Chapter 2E of the Act</i></b></p> <p>Part 2E.1 of the Act regulates the provision of ‘financial benefits’ by a public company and entities controlled by the public company to</p>

related parties of the public company. By section 208(1) of the Act, the public company can only give a 'financial benefit' to a 'related party' if it obtains the approval of its shareholders in accordance with the procedures set out in Part 2E.1 of the Act. With reference to section 228 of the Act, a 'related party' of the Company includes the directors of the Company, and any entities that the directors control. Mr Xiaojing Wang is the director of the Company, and therefore a related party.

The following information is provided in accordance with Chapter 2E of the Act:

1. Xiaojing Wang, as one of the directors of the Company, is the related party.
2. The nature of the financial benefit is the issue of ordinary shares of the Company to Xiaojing Wang.
3. The Directors of the Company do not wish to make a recommendation to shareholders about this Resolution 4. Xiaojing Wang is the related party. Jia Yu is the spouse of Xiaojing Wang. Jianbing Zhang is the related party of another debt-for-equity swap proposed in Resolution 6.
4. For the same reasons stated above, all three directors of the Company have an interest in the outcome of this Resolution 4.
5. Please refer to the 'Background' section, the summary of the material terms of the debt conversion agreements and the independent expert report for other information that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass this Resolution 4 and that is known to the Company or any of its directors.

A voting exclusion statement applies to this Resolution 4, as set out in the Notice of 2015 Annual General Meeting.

***Section 611, Item 7 of the Act***

Section 606 of the Act prohibits a person from acquiring a relevant interest in issued voting shares in a company, if as a result of the acquisition; any person's voting power in the company would increase from:

- (a) 20% or below to more than 20%; or

	<p>(b) a starting point that is above 20% and below 90%.</p> <p>Section 611, Item 7 of the Act allows a person to acquire a relevant interest in shares that would otherwise be prohibited under section 606 if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the company; and</p> <p>(a) no votes are cast in favour of the resolution by the proposed acquirer or its associates ;</p> <p>(b) there was full disclosure of all information that was known to the proposed acquirer or its associates that was material to a decision on how to vote on the resolution.</p> <p>The following information is provided in accordance with section 611, Item 7 of the Act:</p> <ol style="list-style-type: none"> <li>1. Xiaojing Wang is the person proposing to make the acquisition.</li> <li>2. As a result of the acquisition, the person's maximum voting power would increase from 18.88% to 41.74%.</li> <li>3. As a result of the acquisition, the maximum voting power of the associates of the person including W Y Australian Investment Pty Ltd, Ever Resources Pty Ltd, and Ms Jia Yu would increase from 18.88% to 41.74%.</li> <li>4. Please refer to the summary of the material terms of the debt conversion agreements and the independent expert's report for other information known to the person proposing to make the acquisition or known to the company, that was material to the decision on how to voting on the resolution.</li> </ol> <p>A voting exclusion statement applies to this Resolution 4, as set out in the Notice of 2015 Annual General Meeting.</p>
<p><b>Statement of Wang and his associates</b></p>	<p><b><i>RG 74.25(e)(ii) of the ASIC Regulatory Guide 74</i></b></p> <p>Wang and his associates intend to inject further capital into the Company to support the Company's continued exploration of its current mineral assets.</p> <p><b><i>RG 74.25(f) of the ASIC Regulatory Guide 74</i></b></p> <p>Wang and his associates do not intend to significantly change the financial or dividend distribution policy of the Company.</p>

Resolution 5	Issue of Shares to W Y Australia Investment Pty Ltd ACN 151 177 294 to convert debt into equity
Explanation	<p><b><i>Listing Rules 10.11</i></b></p> <p>Exception 14 of Listing Rule 7.2 provides that where shareholder approval is obtained under Listing Rule 10.11, additional shareholder approval is not required under Listing Rule 7.1. Listing Rule 10.11 provides that an entity must not issue, or agree to issue, equity securities to a related party without the approval of its shareholders. With reference to section 228 of the Act, a ‘related party’ of the Company includes the directors of the Company, and any entities that the directors control. W Y Australia Investment Pty Ltd is controlled by Mr Xiaojing Wang, the director of the Company, and therefore a related party.</p> <p>The following information is provided in accordance with Listing Rule 10.13:</p> <ol style="list-style-type: none"> <li>1. The Shares the subject of this Resolution 5 will be issued to W Y Australia Investment Pty Ltd.</li> <li>2. If this Resolution 5 is passed, the Company will issue to W Y Australia Investment Pty Ltd 169,952,507 Shares.</li> <li>3. The price at which the Shares will be issued is \$0.003 per share.</li> <li>4. The Company intends issuing the Shares as soon as practicable following the date of the 2015 Annual General Meeting and in any event, not later than one month from the date of the meeting.</li> <li>5. The Shares will be issued on the same terms as, and rank pari passu with, the existing issued Shares of the Company.</li> <li>6. As the Shares will be issued in satisfaction of moneys owing, there will be no fresh funds raised from the issue of the Shares.</li> </ol> <p>A voting exclusion statement applies to this Resolution 5, as set out in the Notice of 2015 Annual General Meeting.</p> <p><b><i>Chapter 2E of the Act</i></b></p> <p>Part 2E.1 of the Act regulates the provision of ‘financial benefits’ by a</p>

public company and entities controlled by the public company to related parties of the public company. By section 208(1) of the Act, the public company can only give a 'financial benefit' to a 'related party' if it obtains the approval of its shareholders in accordance with the procedures set out in Part 2E.1 of the Act. With reference to section 228 of the Act, a 'related party' of the Company includes the directors of the Company, and any entities that the directors control. W Y Australia Investment Pty Ltd is controlled by Mr Xiaojing Wang, the director of the Company, and therefore a related party.

The following information is provided in accordance with Chapter 2E of the Act:

1. W Y Australia Investment Pty Ltd, as an entity controlled by Xiaojing Wang, one of the directors of the Company, is the related party.
2. The nature of the financial benefit is the issue of ordinary shares of the Company to W Y Australia Investment Pty Ltd.
3. The Directors of the Company do not wish to make a recommendation to shareholders about this Resolution 5. Xiaojing Wang is the director of W Y Australia Investment Pty Ltd. Jia Yu is the spouse of Xiaojing Wang. Jianbing Zhang is the related party of another debt-for-equity swap proposed in Resolution 6.
4. For the same reasons stated above, all three directors of the Company have an interest in the outcome of this Resolution 5.
5. Please refer to the 'Background' section, the summary of the material terms of the debt conversion agreements and the independent expert report for other information that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass this Resolution 5 and that is known to the Company or any of its directors.

A voting exclusion statement applies to this Resolution 5, as set out in the Notice of 2015 Annual General Meeting.

***Section 611, Item 7 of the Act***

Section 606 of the Act prohibits a person from acquiring a relevant



interest in issued voting shares in a company, if as a result of the acquisition; any person's voting power in the company would increase from:

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

Section 611, Item 7 of the Act allows a person to acquire a relevant interest in shares that would otherwise be prohibited under section 606 if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the company; and

- (a) no votes are cast in favour of the resolution by the proposed acquirer or its associates ;
- (b) there was full disclosure of all information that was known to the proposed acquirer or its associates that was material to a decision on how to vote on the resolution.

The following information is provided in accordance with section 611, Item 7 of the Act:

1. W Y Australia Investment Pty Ltd is proposing to make the acquisition.
2. As a result of the acquisition, the maximum voting power of W Y Australian Investment Pty Ltd would increase from 18.88% to 41.74%.
3. As a result of the acquisition and assuming Resolution 4 and 6 are passed, the maximum voting power of the associates of W Y Australian Investment Pty Ltd including Mr Xiaojing Wang, Ever Resources Pty Ltd, and Ms Jia Yu would increase from 18.88% to 41.74%.
4. Please refer to the summary of the material terms of the debt conversion agreements and the independent expert's report for other information known to the person proposing to make the acquisition or known to the company, that was material to the decision on how to voting on the resolution.

A voting exclusion statement applies to this Resolution 5, as set out in the Notice of 2015 Annual General Meeting.

<p><b>Statement of WYAI and its associate</b></p>	<p><b><i>RG 74.25(e)(ii) of the ASIC Regulatory Guide 74</i></b></p> <p>WYAI and its associate intend to inject further capital into the Company to support the Company's continued exploration of its current mineral assets.</p> <p><b><i>RG 74.25(f) of the ASIC Regulatory Guide 74</i></b></p> <p>WYAI and its associate do not intend to significantly change the financial or dividend distribution policy of the Company.</p>
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<p><b>Resolution 6</b></p>	<p><b>Issue of Shares to Mr Jianbing Zhang to convert debt into equity</b></p>
<p><b>Explanation</b></p>	<p><b><i>Listing Rules 10.11</i></b></p> <p>Exception 14 of Listing Rule 7.2 provides that where shareholder approval is obtained under Listing Rule 10.11, additional shareholder approval is not required under Listing Rule 7.1. Listing Rule 10.11 provides that an entity must not issue, or agree to issue, equity securities to a related party without the approval of its shareholders. With reference to section 228 of the Act, a 'related party' of the Company includes the directors of the Company, and any entities that the directors control. Mr Jianbing Zhang is the director of the Company, and therefore a related party.</p> <p>The following information is provided in accordance with Listing Rule 10.13:</p> <ol style="list-style-type: none"> <li>1. The Shares the subject of this Resolution 6 will be issued to Jianbing Zhang.</li> <li>2. If this Resolution 6 is passed, the Company will issue to Jianbing Zhang 150,455,252 Shares.</li> <li>3. The price at which the Shares will be issued is \$0.003 per share.</li> <li>4. The Company intends issuing the Shares as soon as practicable following the date of the 2015 Annual General Meeting and in any event, not later than one month from the date of the meeting.</li> <li>5. The Shares will be issued on the same terms as, and rank pari passu with, the existing issued Shares of the Company.</li> </ol>

6. As the Shares will be issued in satisfaction of moneys owing, there will be no fresh funds raised from the issue of the Shares.

A voting exclusion statement applies to this Resolution 6, as set out in the Notice of 2015 Annual General Meeting.

### ***Chapter 2E of the Act***

Part 2E.1 of the Act regulates the provision of 'financial benefits' by a public company and entities controlled by the public company to related parties of the public company. By section 208(1) of the Act, the public company can only give a 'financial benefit' to a 'related party' if it obtains the approval of its shareholders in accordance with the procedures set out in Part 2E.1 of the Act. With reference to section 228 of the Act, a 'related party' of the Company includes the directors of the Company, and any entities that the directors control. Mr Jianbing Zhang is the director of the Company, and therefore a related party.

The following information is provided in accordance with Chapter 2E of the Act:

1. Jianbing Zhang, as one of the directors of the Company, is the related party.
2. The nature of the financial benefit is the issue of ordinary shares of the Company to Jianbing Zhang.
3. The Directors of the Company do not wish to make a recommendation to shareholders about this Resolution 6. Jianbing Zhang is the related party. Xiaojing Wang is the related party of another debt-for-equity swap proposed in Resolution 4. Jia Yu is the spouse of Xiaojing Wang.
4. For the same reasons stated above, all three directors of the Company have an interest in the outcome of this Resolution 6.
5. Please refer to the 'Background' section, the summary of the material terms of the debt conversion agreements and the independent expert report for other information that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass this Resolution 6 and that is known to the Company or any of its directors.

A voting exclusion statement applies to this Resolution 6, as set out in the Notice of 2015 Annual General Meeting.

***Section 611, Item 7 of the Act***

Section 606 of the Act prohibits a person from acquiring a relevant interest in issued voting shares in a company, if as a result of the acquisition; any person's voting power in the company would increase from:

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

Section 611, Item 7 of the Act allows a person to acquire a relevant interest in shares that would otherwise be prohibited under section 606 if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the company; and

- (a) no votes are cast in favour of the resolution by the proposed acquirer or its associates ;
- (b) there was full disclosure of all information that was known to the proposed acquirer or its associates that was material to a decision on how to vote on the resolution.

The following information is provided in accordance with section 611, Item 7 of the Act:

1. Jianbing Zhang is the person proposing to make the acquisition.
2. As a result of the acquisition, the person's maximum voting power would increase from 17.84% to 22.06%.
3. Please refer to the summary of the material terms of the debt conversion agreements and the independent expert's report for other information known to the person proposing to make the acquisition or known to the company, that was material to the decision on how to voting on the resolution.

A voting exclusion statement applies to this Resolution 6, as set out in the Notice of 2015 Annual General Meeting.

<p style="text-align: center;"><b>Statement of Zhang</b></p>	<p><b><i>RG 74.25(e)(ii) of the ASIC Regulatory Guide 74</i></b></p> <p>Zhang intends to inject further capital into the Company to support the Company's continued exploration of its current mineral assets.</p> <p><b><i>RG 74.25(f) of the ASIC Regulatory Guide 74</i></b></p> <p>Zhang does not intend to significantly change the financial or dividend distribution policy of the Company.</p>
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## GLOSSARY

In the Notice of 2015 General Meeting and the Explanatory Memorandum, the following words have the meanings hereinafter ascribed, unless inconsistent with the context:

**ASX** means the Australian Securities Exchange.

**Company** means Australia United Mining Limited ACN 126 540 547.

**Director** means a person appointed to the position of a director of the Company.

**Directors** means all or some of the Directors acting as a board.

**Share** means a fully paid ordinary share in the Company (ASX: AYM).

## ANNEXURE A

### SUMMARY OF DEBT CONVERSION AGREEMENTS

**Debt Conversion Agreement term sheet**  
**(Non-binding and subject to formal legal contracts)**

<b>Parties</b>	Australia United Mining Limited ACN 126 540 547 ('the Company') <b>AND</b> Xiaojing Wang ('Wang')
<b>Amounts Converted</b>	A\$ 668,361.99
<b>Conversion Price</b>	The conversion price is fixed at A\$0.003 per share being the closing price before the trading halt.
<b>Shares Issued</b>	222,787,329
<b>Terms of Shares Issued</b>	The shares are issued on the same terms as, and rank pari passu with ordinary shares of the Company currently on issue and will be quoted on ASX.
<b>Condition precedent</b>	The conversion is subject to shareholders' approval by way of ordinary resolution in the 2015 General Meeting of the Company.
<b>Assumptions</b>	Financial assumptions on which the price was prepared: <ul style="list-style-type: none"><li>• Net assets of the Company: \$17,312,165 (as on 30 June 2015);</li><li>• Closing price before the trading halt: \$0.003.</li></ul>
<b>Representations and Warranties</b>	Wang makes the following representations and warranties: <ul style="list-style-type: none"><li>• The Company and Wang have a genuine and valid creditor-debtor relationship.</li><li>• The outstanding debts to be converted are genuine and valid.</li></ul>
<b>Timetable</b>	The conversion shall be effected not more than one month after the condition precedent is met.

**Debt Conversion Agreement term sheet**  
**(Non-binding and subject to formal legal contracts)**

<b>Parties</b>	Australia United Mining Limited ACN 126 540 547 ('the Company') <b>AND</b> Wy Australian Investment Pty Ltd ('WY')
<b>Amounts Converted</b>	A\$ 509,857.52
<b>Conversion Price</b>	The conversion price is fixed at A\$0.003 per share being the closing price before the trading halt.
<b>Shares Issued</b>	169,952,507
<b>Terms of Shares Issued</b>	The shares are issued on the same terms as, and rank pari passu with ordinary shares of the Company currently on issue and will be quoted on ASX.
<b>Condition precedent</b>	The conversion is subject to shareholders' approval by way of ordinary resolution in the 2015 General Meeting of the Company.
<b>Assumptions</b>	Financial assumptions on which the price was prepared: <ul style="list-style-type: none"> <li>• Net assets of the Company: \$17,312,165 (as on 30 June 2015);</li> <li>• Closing price before the trading halt: \$0.003.</li> </ul>
<b>Representations and Warranties</b>	WY makes the following representations and warranties: <ul style="list-style-type: none"> <li>• The Company and WY have a genuine and valid creditor-debtor relationship.</li> <li>• The outstanding debts to be converted are genuine and valid.</li> </ul>
<b>Timetable</b>	The conversion shall be effected not more than one month after the condition precedent is met.

**Debt Conversion Agreement term sheet**  
**(Non-binding and subject to formal legal contracts)**

<b>Parties</b>	Australia United Mining Limited ACN 126 540 547 ('the Company') <b>AND</b> Jianbing Zhang ('Zhang')
<b>Amounts Converted</b>	A\$ 451,365.76
<b>Conversion Price</b>	The conversion price is fixed at A\$0.003 per share being the closing price before the trading halt.
<b>Shares Issued</b>	150,455,252
<b>Terms of Shares Issued</b>	The shares are issued on the same terms as, and rank pari passu with ordinary shares of the Company currently on issue and will be quoted on ASX.
<b>Condition precedent</b>	The conversion is subject to shareholders' approval by way of ordinary resolution in the 2015 General Meeting of the Company.
<b>Assumptions</b>	Financial assumptions on which the price was prepared: <ul style="list-style-type: none"> <li>• Net assets of the Company: \$17,312,165 (as on 30 June 2015);</li> <li>• Closing price before the trading halt: \$0.003.</li> </ul>
<b>Representations and Warranties</b>	Zhang makes the following representations and warranties: <ul style="list-style-type: none"> <li>• The Company and Zhang have a genuine and valid creditor-debtor relationship.</li> <li>• The outstanding debts to be converted are genuine and valid.</li> </ul>
<b>Timetable</b>	The conversion shall be effected not more than one month after the condition precedent is met.



## **ANNEXURE B**

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