

DWYKA RESOURCES LIMITED

ACN 060 938 552

NOTICE OF GENERAL MEETING

and

EXPLANATORY MEMORANDUM

Date of Meeting: 2 September 2009

Time of Meeting: 10.00am

Place of Meeting: Celtic Club
48 Ord Street
West Perth
Western Australia

This Notice of General Meeting and Explanatory Memorandum should be read in their entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

DWYKA RESOURCES LIMITED
ACN 060 938 552

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Dwyka Resources Limited ACN 060 938 552 (**Company**) will be held at the Celtic Club 48 Ord Street, West Perth, Western Australia at 10.00am on 2 September 2009.

The Explanatory Memorandum which accompanies and forms part of this Notice of Meeting describes the various matters to be considered and contains a glossary of defined terms for terms that are not defined in full in this Notice of Meeting.

RESOLUTIONS

1. Change of Company Name

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

"That, pursuant to section 157 of the Corporations Act and for all other purposes, the name of the Company be changed to Nyota Minerals Limited."

2. Adoption of New Constitution

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

"That, in accordance with section 136 of the Corporations Act, the existing constitution of the Company be repealed in its entirety and the replacement constitution, in the form tabled at this meeting and signed by the Chairman of the meeting by way of identification, be approved and adopted as the constitution of the Company."

3. Ratification of issue of shares to Allerton Horizon Limited

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

"That for the purposes of Listing Rule 7.4 and for all other purposes, the shareholders of the Company hereby approve and ratify the issue of 2,158,447 ordinary shares to Allerton Horizon Limited on 12 May 2009, on the terms and conditions contained in the Explanatory Memorandum"

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| <p>The Company will disregard any votes cast on this resolution by Allerton Horizon Limited and its associates. However, a person can vote if the vote is cast as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.</p> |
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4. Establishment of Incentive Share Plan

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purposes of Listing Rule 7.2, exception 9(b) and for all other purposes, the directors of the Company are authorised to implement and maintain a share plan and to issue shares and provide loans under that plan from time to time upon the terms and conditions specified in the Rules of the Share Plan (the terms of which are summarised in the Explanatory Memorandum), as an exception to Listing Rule 7.1."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such person. However, the Company need not disregard a vote if it is cast by a director 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 a person chairing the meeting 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.

5. Establishment of Incentive Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.2, exception 9(b) and for all other purposes, the directors of the Company are authorised to implement and maintain an option plan and to grant options and issue shares upon exercise of those options under that plan from time to time upon the terms and conditions specified in the Rules of the Option Plan (the terms of which are summarised in the Explanatory Memorandum), as an exception to Listing Rule 7.1."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director 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 a person chairing the meeting 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.

6. Issue of Shares to Ms Melissa Sturgess under the Share Plan

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, subject to Resolution 4 being approved, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 1,250,000 Shares at an issue price equal to the weighted average trading price of Shares on ASX during the 5 day trading period immediately before the date on which the Shares are issued to Ms Melissa Sturgess and the provision of a loan for an amount equal to the total issue price of the Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

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| <p>The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director 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 a person chairing the meeting 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.</p> |
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7. Issue of Shares to Mr Mike Langoulant under the Share Plan

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, subject to Resolution 4 being approved, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 750,000 Shares at an issue price equal to the weighted average trading price of Shares on ASX during the 5 day trading period immediately before the date on which the Shares are issued to Mr Mike Langoulant and the provision of a loan for an amount equal to the total issue price of the Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

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| <p>The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director 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 a person chairing the meeting 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.</p> |
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8. Issue of Shares to Dr Evan Kirby under the Share Plan

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, subject to Resolution 4 being approved, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the issue of up to 750,000 Shares at an issue price equal to the weighted average trading price of Shares on ASX during the 5 day trading period immediately before the date on which the Shares are issued to Dr Evan Kirby and the provision of a loan for an amount equal to the total issue price of the Shares, in accordance with the Share Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director 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 a person chairing the meeting 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.

9. Grant of Options to Mr Terence McConnachie under the Option Plan

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, subject to Resolution 5 being approved, for the purposes of subsection 208(1) of the Corporations Act, Listing Rule 10.14 and for all other purposes, Shareholders approve and authorise the grant of up to 750,000 Options (each to subscribe for one fully paid ordinary Share in the capital of the Company at an exercise price equal to the weighted average trading price of Shares on ASX during the 5 day trading period immediately before the date on which the Options are granted, exercisable on or before 30 June 2012 to Mr Terence McConnachie in accordance with the Option Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum."

The Company will disregard any votes cast on this resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of such director. However, the Company need not disregard a vote if it is cast by a director 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 a person chairing the meeting 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.

BY ORDER OF THE BOARD



Michael Langoulant
Company Secretary
DATED: 17 July 2009

PROXY AND VOTING ENTITLEMENT INSTRUCTIONS

PROXY INSTRUCTIONS

Shareholders are entitled to appoint up to two individuals or bodies corporate to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the Company's office, Suite 2, 5 Ord Street, West Perth WA 6005, +61 8 9324 2977, not less than 48 hours before the time for holding the Meeting, or adjourned meeting as the case may be, at which the individual or body corporate named in the proxy form proposes to vote.

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the Corporations Act.

The proxy may, but need not, be a shareholder of the Company.

In the case of shares jointly held by two or more persons, all joint holders must sign the proxy form.

A proxy form is attached to this Notice.

VOTING ENTITLEMENT

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 7.00 pm WST on 31 August 2009. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

DWYKA RESOURCES LIMITED
ACN 060 938 552

PROXY FORM

Dwyka Resources Limited, Suite 2, 5 Ord Street, West Perth WA 6005, Facsimile +61 8 9324 2977

I/We _____

of _____

being a shareholder/(s) of Dwyka Resources Limited (**Company**) and entitled to

_____ shares in the Company

hereby appoint _____

of _____

or failing him/her/it _____

of _____

or failing him/her/it the Chairman as my/our proxy to vote for me/us and on my/our behalf at the general meeting of the Company to be held at the Celtic Club 48 Ord Street, West Perth, Western Australia at 10.00am on 2 September 2009 and at any adjournment thereof in respect of _____ of my/our shares or, failing any number being specified, **ALL** of my/our shares in the Company.

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is []%.
(An additional proxy form will be supplied by the Company on request.)

If you wish to indicate how your proxy is to vote, please tick the appropriate places below. If no indication is given on a resolution, the proxy may abstain or vote at his/her/its discretion.

In relation to undirected proxies, the Chairman intends to vote in favour of all of the Resolutions.

If you do not wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of a resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolutions and your votes will not be counted in calculating the required majority if a poll is called on a resolution.

I/we direct my/our proxy to vote as indicated overleaf:

DWYKA RESOURCES LIMITED
ACN 060 938 552

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be considered at the general meeting of Shareholders to be held at the Celtic Club 48 Ord Street, West Perth, Western Australia at 10.00am on 2 September 2009.

The Explanatory Memorandum should be read in conjunction with the accompanying Notice of Meeting. For the assistance of Shareholders, a glossary of defined terms is included at the end of the Explanatory Memorandum.

Full details of the business to be considered at this General Meeting are set out below.

1. Resolution 1 - Change of Company name

It is proposed that the Company change its name from Dwyka Resources Limited to Nyota Minerals Limited. "Nyota" means star or good fortune/prosperity in Swahili.

Under section 157(1) of the Corporations Act 2001, a Company must obtain member approval by a special resolution to adopt a new name. The name change is subject to, and will take effect when, the Australian Securities and Investments Commission effects the change and alters the Company's registration details.

2. Resolution 2 - Adoption of New Constitution

Shareholders are asked to adopt a new Constitution (with effect from the date the resolution is passed) which is appropriate for a company listed on ASX and on the AIM market of the LSE.

The Company's constitution has not been amended since it was adopted by the Company upon its incorporation and there have been significant changes to the Corporations Act since that time. Therefore, the Directors consider that it is preferable to replace the Company's Constitution in its entirety rather than put before Shareholders the significant number of amendments required.

The proposed new Constitution accords with the requirements of the Corporations Act and the ASX Listing Rules and contains provisions that would be appropriate for a Company admitted to trading on AIM.

The main differences between the existing Constitution and the proposed new Constitution are that:

- the new Constitution has been updated to reflect changes in the Corporations Act since the date the existing Constitution was adopted; and
- the new Constitution contains provisions that are consistent with the AIM Rules.

You can obtain a copy of both the existing Constitution and the proposed new Constitution by contacting Ms Lisa Samatha on +618 9324 2955. You may collect a copy from the offices of the Company, or request a copy to be sent to you at no cost to you. Alternatively, copies are available for inspection during normal business hours prior to the General Meeting at the Company's registered office at Suite 2, 5 Ord Street, West Perth, Western Australia.

3. Resolution 3 - Ratification of issue of Shares to Allerton Horizon Limited

Resolution 3 seeks ratification by shareholders of the issue of Shares to Allerton Horizon Limited for the purposes of Listing Rule 7.4.

The purpose of seeking shareholder approval and ratification of the issue of the Shares in Resolution 3 is to effectively reinstate the maximum limit under the Listing Rules on the number of securities that the Company may issue in any 12 month period without shareholder approval.

In accordance with the disclosure requirements of Listing Rule 7.5, the following information is provided to Shareholders to enable them to consider and ratify the issue of the Shares in Resolution 3:

- (a) the number of Shares allotted to Allerton Horizon Limited was 2,158,477 on 12 May 2009.
- (b) These Shares were issued as consideration for full and final settlement of all claims by Allerton Horizon Limited under the Share Purchase Agreement whereby Dwyka acquired the Muremera Nickel Project. The deemed issue price of the Shares was \$0.09.
- (c) The Shares rank equally with all existing Shares.
- (d) The allottee is not a related party of the Company.
- (e) No funds will be raised by the issue of the Shares pursuant to Resolution 3.

The Directors unanimously recommend Shareholders vote in favour of Resolution 3.

4. Resolutions 4 and 5 - Establishment of Incentive Plans for employees and Directors

4.1 Background

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of directors and employees of a high calibre, the Company has established share and option plans. The Company's existing share and option plans, which were approved by shareholders on 30 November 2007, have expired.

The Directors, employees and consultants of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plans are an appropriate method to:

- (a) reward Directors, consultants and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior employees and consultants; and
- (d) assist to retain the services of valuable employees and consultants.

Further, the Directors consider that the Plans will provide the Company with the ability to attract and retain employees of a high calibre. The Plans will be used as part of the

remuneration planning for executive Directors and employees. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals. The Plans will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Guidelines, the Company considers that it is appropriate for non-executive Directors to participate in the Plans given the size of the Company.

Although the Company is not required to obtain Shareholder approval for the introduction of the Plans themselves, if the Plans are approved by Shareholders within 3 years of the date of issue of securities under the Plans, then the issue of those securities will fall within an exception to Listing Rule 7.1.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may not issue or agree to issue securities which represent more than 15% of the company's issued capital at the beginning of any 12 month period without obtaining shareholder approval. If Shareholders approve Resolutions 4 and 5, then the securities issued under the Plans would not be included in the 15% limit imposed by Listing Rule 7.1.

The Company will offer, subject to certain exceptions as outlined below, no more than 5% of its total issued capital under the Plans. No Shares have been issued under the Share Plan and no options have been granted under the Option Plan.

A summary of the terms of the Share Plan is set out in Section 4.2. A summary of the terms of the Option Plan is set out in Section 4.3. A copy of the full rules of the Plans will be sent to any Shareholder upon request.

4.2 Summary of the terms and conditions of the Share Plan

Set out below is a summary of the terms and conditions of the Share Plan.

- **Participants** - Participants in the Share Plan may be directors, full-time and part-time employees of, and consultants to, the Company or any of its subsidiaries (**Participants**).
- **Board** - The Board, or a duly appointed committee of the Board, is responsible for the operation of the Share Plan.
- **Eligibility** - The Board determines the eligibility of Participants, having regard to:
 - (a) the seniority of the Participant and the position the Participant occupies with the Company or any subsidiary;
 - (b) the length of service of the Participant with the Company and its subsidiaries;
 - (c) the record of employment of the Participant with the Company and its subsidiaries;
 - (d) the potential contribution of the Participant to the growth and profitability of the Company and its subsidiaries; and
 - (e) any other matters which the Board considers relevant.
- **Invitations** - The Board may issue invitations to Participants for the number of Shares specified in the invitation. Shares offered under the Share Plan must be in the name of the Participant.

- **Number of Shares** - The number of Shares that may be offered to a Participant is entirely within the discretion of the Board. The number of Shares issued pursuant to the Share Plan, and any other share option plan in the last three years, cannot exceed 5% of the issued capital of the Company from time to time. Shares issued to overseas offerees and excluded offerees in accordance with section 708 of the Corporations Act are not included in calculating the 5% limit.
- **Issue Price** - The issue price for each Plan Share will be not less than:
 - (a) (if there was at least one trade in Shares on ASX or AIM during the 5 day trading period immediately before the date on which the Plan Shares are issued) the weighted average trading price of Shares on ASX or AIM during that period; or
 - (b) (if there was no trading in the Shares on ASX or AIM during that 5 day trading period immediately before the date on which the Plan Shares are issued) the last price at which an offer was made on ASX or AIM to purchase a Share.
- **Loan** - A Participant who is invited to subscribe for Shares under the Share Plan may also be invited to apply for a loan (**Loan**) up to the amount payable in respect of the Shares accepted by the Participant, on the following terms:
 - (a) Loans must be made solely to the Participant and in the name of that Participant.
 - (b) Loans will be interest free.
 - (c) Any Loan made available to a Participant shall be applied by the Company directly toward payment of the issue price of the Shares to be acquired under the Share Plan.
 - (d) The term of the Loan, the time in which repayment of the Loan must be made by the Participant and the manner for making such payments shall be determined by the Board and set out in the invitation.
 - (e) The amount repayable on the Loan by the Participant will be the lesser of:
 - (i) the issue price of the Shares, less any cash dividends paid in respect of the Shares and applied by the Company in accordance with paragraph (g) below and any amount of the Loan repaid by the Participant; and
 - (ii) the last sale price of the Shares on ASX on the date of repayment of the Loan or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Shares are sold by the Company, the amount realised by the Company from the sale.
 - (f) A Participant must repay the Loan in full prior to expiry of the term of the Loan but may elect to repay the Loan amount in respect of any or all of the Shares (in multiples representing not less than 1,000 Shares) at any time prior to expiry of the term of the Loan.
 - (g) Cash dividends which are paid in respect of Shares the subject of a Loan will be applied by the Company on behalf of the Participant to

repayment of the amount outstanding under the Loan and any surplus of the cash dividend will be paid to the Participant.

- (h) Any fees, charges and stamp duty payable in respect of a Loan will be payable by the Participant.
- (i) The Company shall have a lien over the Shares in respect of which a Loan is outstanding and the Company shall be entitled to sell those Shares in accordance with the terms of the Share Plan.
- (j) A Share issued under the Share Plan will not be tradeable by a Participant until the Loan amount in respect of that Share has been repaid and the Company will place a holding lock over the Loan Shares until the Loan amount has been repaid.

- **Termination of the Loan prior to the Repayment Date** - If, prior to repayment of a Loan by a Participant:

- (a) the Participant dies, becomes bankrupt or is no longer a director or employee of, or consultant to, the Company or its subsidiaries as a result of retirement or retrenchment, then the Participant is required to either repay the loan within 12 months or allow the Company to place shares with excluded offerees for the purposes of s708 of the Corporations Act or to sell the Shares on ASX or AIM and apply the proceeds of sale in repayment of the Loan; or
- (b) the Participant is no longer a director or employee of, or consultant to, the Company or its subsidiaries other than as a result of one of the matters referred to in paragraph (a) above, then the Participant is required to either repay the loan within one month or allow the Company to place shares with excluded offerees for the purposes of s708 of the Corporations Act or to sell the Shares on ASX or AIM and apply the proceeds of the sale in repayment of the loan.

If the proceeds of sale of the Shares are less than the amount outstanding in relation to the Loan, the Company will forgive the amount of the shortfall.

- **Restriction on Transfer** - Subject to the requirements of the Listing Rules, Shares issued under the Share Plan may not be sold or otherwise dealt with until the loan in respect of those Shares has been repaid in full and any other qualifying period that may be imposed by the Board has expired. If a Participant wishes to sell any Shares prior to the expiry of the qualifying period, the Participant may give written notice to the Company requesting the Company to place shares with excluded offerees for the purposes of s708 of the Corporations Act or to sell the relevant Shares on ASX or AIM. The Directors have absolute discretion to arrange the sale of the Shares, in the case of hardship or otherwise, provided that the proceeds of sale are reasonably likely to exceed the outstanding Loan amount.
- **Rights attaching to Shares issued under the Share Plan** - Shares which are issued under the Share Plan will rank equally in all respects (other than with respect to any restriction on transfer imposed until the Loan has been repaid or otherwise imposed by the Board and set out in the relevant invitation) with all Shares on issue.

4.3 **Summary of the terms and conditions of the Option Plan**

Set out below is a summary of the terms and conditions of the Option Plan.

- **Participants** - Participants in the Option Plan may be directors, full time or part-time employees of, and consultants to, the Company or any of its subsidiaries (**Participants**).
- **Board** - The Board, or a duly appointed committee of the Board, is responsible for the operation of the Option Plan.
- **Eligibility** - The Board determines the eligibility of Participants, having regard to:
 - (a) the seniority of the Participant and the position the Participant occupies with the Company or any subsidiary;
 - (b) the length of service of the Participant with the Company and its subsidiaries;
 - (c) the record of employment of the Participant with the Company and its subsidiaries;
 - (d) the potential contribution of the Participant to the growth and profitability of the Company and its subsidiaries;
 - (e) the extent (if any) of the existing participation of the Participant in the Option Plan; and
 - (f) any other matters which the Board considers relevant.
- **Invitations** - The Board may, in its absolute discretion, issue invitations to Participants for the number of options specified in the invitation.
- **Number of Options** - The number of Options that may be offered to a Participant is entirely within the discretion of the Board. Each option will entitle the holder to one Share, upon payment of the exercise price in full upon application, prior to the expiry date. The number of Options issued pursuant to the Option Plan, and any other share option plan in the last three years, cannot exceed 5% of the issued capital of the Company from time to time. Options issued to overseas offerees and excluded offerees in accordance with section 708 of the Corporations Act are not included in calculating the 5% limit.
- **Issue Price** - Options granted under the Option Plan will be granted free of charge.
- **Exercise Price** - The exercise price of Options granted under the Option Plan will be determined by the Board, but must not be less than:
 - (a) (if there was at least one transaction in Shares on ASX during the 5 trading day period immediately before the date the Options are granted) the weighted average of the prices at which the Shares were traded on ASX during that period; or
 - (b) (if there were no transactions in the Shares on ASX during the 5 trading day period immediately before the date on which the Options are granted, the last price at which an offer was made on ASX to purchase a Share.
- **Expiry Date** - The expiry date of the options will be determined by the Board, but will not be more than 10 years from the date of the grant. Options granted under the Option Plan will lapse if not exercised prior to the expiry date, or on the first to occur of the following:

- (a) if the Participant (or the person by virtue of whom a Participant holds options) ceases to be a Director, employee or consultant for any reason other than set out in paragraph (b) below, one month thereafter; and
 - (b) if the Participant (or the person by virtue of whom a Participant holds options) dies, retires, is retrenched, becomes bankrupt, wound up or deregistered, 12 months thereafter.
- **Restriction on Transfer** - Options may not be transferred without the prior written approval of the Board.
 - **Adjustment of Options** - If, prior to the expiry of an option granted under the Option Plan, there is a reorganisation of the issued share capital of the Company (including a consolidation, subdivision or reduction of capital or return of capital to shareholders), the number of Shares subject to the option and/or the exercise price will be adjusted in the manner required by the Listing Rules.
 - **Bonus issue and rights issues** - A participant is required to exercise an Option in order to participate in a bonus or entitlement issue made by the Company. Participants will be provided with written notice of the terms of the issue to shareholders and afforded that period as determined by the Listing Rules to exercise their Options if they wish to participate in the bonus or entitlement issue.
 - **Shares issued on Exercise of Options** - Shares which are issued as a result of the exercise of options granted under the Option Plan will rank equally in all respects with all Shares on issue and the Company will apply for quotation of those Shares on ASX and AIM.
 - **Rights on exercise of Options** - Dividends will not accrue on the shares in respect of which an Option was exercised until the exercise price has been paid in full in cash. No Participant may exercise any votes attaching to the shares in respect of which an Option was exercised until the exercise price has been paid in full in cash.

5. Resolutions 6, 7, 8 and 9 - Issue of Shares to Ms Melissa Sturgess, Mr Mike Langoulant and Dr Evan Kirby under the Share Plan and grant of Options to Mr Terence McConnachie under the Option Plan

5.1 Details of proposed issues

The Company proposes to issue Shares to three directors of the Company, Ms Melissa Sturgess, Mr Mike Langoulant and Dr Evan Kirby in accordance with the terms of the Share Plan and to grant Options to a fourth director, Mr Terence McConnachie in accordance with the terms of the Option Plan.

The proposed issue of Shares and grant of Options to the Recipient Directors is intended to:

- (a) provide an appropriate and adequate incentive for the Directors;
- (b) ensure that the Company may retain the services of the Directors; and
- (c) reinforce the commitment of the Directors to the Company.

The Recipient Directors will only benefit from an issue of Shares under the Share Plan and a grant of Options under the Option Plan when there is an improvement in the Company's share price following the date on which they were issued the Shares, or granted the Options, as applicable.

Resolutions 6, 7, 8 and 9 seek shareholder approval for the issue of Shares and grant of Options to the Recipient Directors as follows:

| Name of Director | Number of Shares to be Issued | Number of Options to be granted |
|-------------------------|--------------------------------------|--|
| Ms Melissa Sturgess | 1,250,000 | - |
| Mr Mike Langoulant | 750,000 | - |
| Dr Evan Kirby | 750,000 | - |
| Mr Terence McConnachie | - | 750,000 |

The number of Shares proposed to be issued and Options proposed to be granted to the Recipient Directors reflects the level of commitment provided or to be provided by each Director to the Company, taking into account the responsibilities of each Director and the time commitments required from each Director. The number of Shares proposed to be issued and Options proposed to be granted to the Recipient Directors also reflects the value the Board feels that each Director brings to the enhancement of the Company.

The issue price of the Shares offered to the Recipient Directors under the Share Plan and the exercise price of the Options will be determined at the time of issue of the Shares and grant of the Options. The issue price of the Shares will be equal to the weighted average trading price of Shares on ASX during the 5 day trading period immediately before the date on which the Plan Shares are issued. The exercise price of the Options will be equal to the weighted average trading price of Shares on ASX during the 5 day trading period immediately before the date on which the Options are granted.

The Shares to be issued pursuant to Resolutions 6, 7 and 8 may not be transferred or otherwise dealt with and will be subject to a holding lock until the loan amount in respect of the relevant share has been paid.

The Shares to be issued pursuant to Resolutions 6, 7 and 8 and the Options to be granted pursuant to Resolution 9 are in addition to the fee and remuneration packages payable by the Company to the Recipient Directors.

5.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions of the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each Recipient Director is a related party and the issue of Shares and grant of Options to the Recipient Directors and provision of loans by the Company to three of the Recipient Directors to fund payment of the subscription price of the Shares constitutes the giving of a financial benefit. Accordingly, Shareholder approval is required.

In accordance with the requirements of Chapter 2E, and in particular with section 219, of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Shares, grant of Options and the provisions of loans by the

Company to three of the Recipient Directors to fund payment of the subscription price of the Shares:

- (a) the Recipient Directors are each related parties of the Company to whom proposed Resolutions 6, 7, 8 and 9 would permit the financial benefit to be given;
- (b) the nature of the financial benefit to be given to Ms Sturgess is the issue of 1,250,000 Shares and a loan in respect of those Shares, being an amount equal to the total issue price of the Shares. If the price of the Shares increases, Ms Sturgess will benefit from any such increase in the price of the Shares whilst the amount repayable on the loan will remain an amount equal to the total issue price of the Shares. If the price of the Shares decreases, the amount repayable on the loan will be the last sale price of the Shares on ASX on the date of repayment of the loan. In this case, when the loan is repaid the Company will receive an amount that is less than the total issue price of the Shares;
- (c) the nature of the financial benefit to be given to Mr Langoulant is the issue of 750,000 Shares and a loan in respect of those Shares, being an amount equal to the total issue price of the Shares. If the price of the Shares increases, Mr Langoulant will benefit from any such increase in the price of the Shares whilst the amount repayable on the loan will remain an amount equal to the total issue price of the Shares. If the price of the Shares decreases, the amount repayable on the loan will be the last sale price of the Shares on ASX on the date of repayment of the loan. In this case, when the loan is repaid the Company will receive an amount that is less than the total issue price of the Shares;
- (d) the nature of the financial benefit to be given to Dr Kirby is the issue of 750,000 Shares and a loan in respect of those Shares, being an amount equal to the total issue price of the Shares. If the price of the Shares increases, Dr Kirby will benefit from any such increase in the price of the Shares whilst the amount repayable on the loan will remain an amount equal to the total issue price of the Shares. If the price of the Shares decreases, the amount repayable on the loan will be the last sale price of the Shares on ASX on the date of repayment of the loan. In this case, when the loan is repaid the Company will receive an amount that is less than the total issue price of the Shares;
- (e) the nature of the financial benefit to be given to Mr McConnachie is the grant of 750,000 Options;
- (f) the Shares will be issued and the loans will be provided under the Share Plan, the terms of which are summarised in section 4.2;
- (g) the Options will be granted for no cash consideration;
- (h) as at the date of this Notice, the capital structure of the Company is as follows:

| Capital | Number |
|-----------------|---------------|
| Ordinary Shares | 190,742,254 |
| Options | 625,000 |

If Shareholders approve all resolutions in this Notice and all Shares and Options are issued as contemplated by this Notice, the issued capital of the Company would be as follows:

| Capital | Number |
|---|---------------|
| Ordinary Shares | 193,492,254 |
| Options (\$0.52 exercisable on or before 30/06/10) | 125,000 |
| Options (\$0.31 exercisable on or before 30/06/10) | 500,000 |
| Options exercisable on or before 30 June 2012 | 750,000 |
| Total Ordinary Shares if all Options on issue are exercised | 194,867,254 |

If Shareholders approve the issue of 2,750,000 Shares to Recipient Directors, the effect will be to dilute the shareholding of existing members by approximately 1.417%, based on the existing number of Shares as at the date of this Notice and assuming all existing Options are exercised.

If Shareholders approve the grant of 750,000 Options to Mr McConnachie and all of those options are exercised, the effect will be to dilute the shareholding of existing members by approximately 0.385%, based on the number of shares in the Company as at the date of this Notice and assuming all existing Options are exercised.

If Shareholders approve the issue of 2,750,000 Shares to all three of the Recipient Directors and the grant of 750,000 Options to Mr McConnachie and all of those Options are exercised, the effect will be to dilute the shareholdings of existing members by approximately 1.802% based in the existing number of shares in the Company as at the date of this Notice and assuming all existing Options are exercised.

- (i) as at the date of this Notice, the Recipient Directors hold the following securities in the Company representing 2.238% of the issued capital on a fully diluted basis:

| Director | Number of Shares held directly | Number of Shares held indirectly | Number of Options held directly or indirectly |
|------------------|---------------------------------------|---|--|
| Ms M Sturgess | 2,069,855 | - | - |
| Mr M Langoulant | 1,106,129 | - | - |
| Dr E Kirby | 1,016,129 | - | - |
| Mr T McConnachie | - | - | - |

If Shareholders approve all Resolutions contained in this Notice, all Shares are issued and all Options are granted as contemplated by this Notice, the Recipient Directors will hold the following securities in the Company, representing 3.901% of the issued capital of the Company on a fully diluted basis:

| Director | Number of Shares held directly | Number of Shares held indirectly | Number of Options held directly or indirectly |
|------------------|--------------------------------|----------------------------------|---|
| Ms M Sturgess | 3,319,855 | - | - |
| Mr M Langoulant | 1,766,129 | - | - |
| Dr E Kirby | 1,766,129 | - | - |
| Mr T McConnachie | - | - | 750,000 |

- (j) details of the Recipient Directors' remuneration for the financial year end 30 June 2009 are as follows:

| Director | Base fees (\$) | Salary and Consulting (\$) | Superannuation (\$) | Share and option based payments (\$) | Total (\$) |
|------------------|----------------|----------------------------|---------------------|--------------------------------------|------------|
| Ms M Sturgess | 35,000 | 253,000 | 3,150 | 8,683 | 299,833 |
| Mr M Langoulant | 35,000 | 54,000 | 3,150 | 8,719 | 100,869 |
| Dr E Kirby | 35,000 | 26,668 | 3,150 | 6,530 | 71,348 |
| Mr T McConnachie | 35,000 | - | - | - | 35,000 |

- (k) the issue price at which 2,750,000 Shares may be issued to the Recipient Directors will be equal to the weighted average price of Shares on ASX over the past 5 trading days immediately before the date on which the Shares were issued to the Recipient Directors, with the issue price being loaned to the Directors on the terms set out in section 4.2 of the Explanatory Memorandum, in accordance with the terms of the Share Plan;
- (l) the market price for the underlying shares during the term of the Options would normally determine whether or not Mr McConnachie would exercise the Options. If, at the time any of the Options are exercised, the price of the underlying shares is higher than the exercise price of the Options, there may be a perceived cost to the Company;
- (m) during the last 12 months before the date of lodgement of this Notice with ASIC, the highest trading price of the Shares was \$0.40 on 5 August 2008 and the lowest trading price of the Shares was \$0.05 on 13 March 2009. The market price of the Company's Shares over the 5 day trading on ASX up to and including 17 July 2009 has been between a minimum of \$0.10 per Share to a maximum of \$0.10 per Share.

On 17 July 2009, the last trading day before this Notice of Meeting was lodged with the ASIC, the Shares closed at a price of \$0.10 per Share;

- (n) assuming a market price on the date of repayment of the loans of \$0.10 being the market price on 17 July 2009, the Company will receive \$275,000 from the issue of the Shares to the Recipient Directors. As the amount repayable on the loans will fluctuate depending on the market price of the Shares, there is no guarantee that the Company will receive \$275,000 when the loans are repaid in full. As described in section 4.2, the amount repayable on the loans will be the lesser of the issue price of the Shares and the last sale price of the Shares on ASX on the date of repayment of the Loan.;
- (o) the primary purpose of the issue of the Shares and grant of Options to the Recipient Directors under the Share Plan and Option Plan is to provide an incentive and reward to the Directors. Given this purpose, the Board does not consider that there is any opportunity cost or benefit foregone to the Company in issuing the Shares proposed by Resolutions 6, 7 and 8 or granting the Options proposed by Resolution 9;
- (p) the issue of Shares and grant of Options to the Recipient Directors is a more cost effective incentive for the Company as opposed to the payment of cash compensation;
- (q) Ms Sturgess has a material personal interest in the outcome of Resolution 6, Mr Langoulant has a material personal interest in the outcome of Resolution 7, Dr Kirby has a material personal interest in the outcome of Resolution 8 and Mr McConnachie has a material personal interest in the outcome of Resolution 9 as the recipients of the Shares proposed to be issued and the Options proposed to be granted;
- (r) none of the Recipient Directors wish to make a recommendation to Shareholders about Resolutions 6, 7, 8 and 9 because each has an interest in the outcome of those Resolutions;
- (s) the Company has no directors other than the Recipient Directors;
- (t) a valuation of the Shares proposed to be issued to the Recipient Directors is set out below;
- (u) a valuation of the Options proposed to be granted to the Recipient Directors is set out below;
- (v) additional information in relation to Resolutions 6, 7, 8 and 9 is set out throughout this Explanatory Memorandum. Shareholders should therefore read the Explanatory Memorandum in its entirety before making a decision on how to vote on Resolutions 6, 7, 8 and 9;
- (w) the Company will incur no liabilities or costs in respect of the proposed issue of the Shares to the Recipient Directors other than:
 - (i) the fees payable to ASX for quotation of the Shares to be issued to Ms Sturgess, Mr Langoulant and Dr Kirby and that may be issued upon exercise of the Option to be granted to Mr McConnachie. At the rates applying at the date of this Notice, these fees would be approximately \$3,700. However, these fees will not be payable in relation to Resolution 9 until, the Options have been exercised;

- (ii) a value equal to the weighted average trading price of Shares on ASX in the five days immediately before the date of valuation, will be included as wages for the purposes of *Pay-roll Tax Act 2002 (WA)*, *Pay-roll Tax Assessment Act 2002 (WA)* and *the Taxation Administration Act 2003 (WA)*. If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company may be required to register for pay-roll tax in the relevant jurisdiction. If this value in addition to other wages that are taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction; and
- (iii) in relation to the Options, a value equal to the market value of the underlying Shares that could be acquired by exercising the Options, as at the day on which the Options are granted, minus the lowest amount that must be paid to exercise the Options to acquire those Shares, will be included as wages for the purposes of *Pay-roll Tax Act 2002 (WA)*, *Pay-roll Tax Assessment Act 2002 (WA)* and *the Taxation Administration Act 2003 (WA)*. If this value in addition to other wages paid or payable by the Company during a month is in excess of the monthly pay-roll tax threshold, the Company may be required to register for pay-roll tax in the relevant jurisdiction. If this value in addition to other wages that are taxable in the jurisdiction is in excess of the annual pay-roll tax threshold, the Company will have a liability in respect of pay-roll tax in that jurisdiction; and
- (x) neither the Board nor the Company is aware of any other information that would be reasonably be required by Shareholders in order to decide whether it is in the best interests of the Company to pass Resolutions 6, 7, 8 and 9, other than as stated in this Explanatory Memorandum.

5.3 Valuation of Shares

The value of the Shares to be granted to the Recipient Directors has been calculated using the *Black-Scholes* pricing model and based on the following assumptions:

- share price on date of issue \$0.10
- share price volatility 100%;
- risk free rate of return 3.15%;
- discount for lack of marketability 20%; and
- dividend yield 0%.

Based on the assumptions outlined above, the *Black -Scholes* pricing model attributes a theoretical value of \$0.05 per Share. This values the Shares to be granted to Ms Sturgess, Mr Langoulant and Dr Kirby at \$62,500, \$37,500 and \$37,500 respectively.

If the share price on the date of issue assumption was \$0.15 then the *Black -Scholes* pricing model attributes a theoretical value of \$0.076 per Share. This values the Shares to be granted to Ms Sturgess, Mr Langoulant and Dr Kirby at \$95,000, \$57,000 and \$57,000 respectively..

If the share price on the date of issue assumption was \$0.20 then the *Black -Scholes* pricing model attributes a theoretical value of \$0.101 per Share. This values the Shares to be granted to Ms Sturgess, Mr Langoulant and Dr Kirby at \$126,250, \$75,750 and \$75,750 respectively.

5.4 Valuation of Options

The value of the Options to be granted to the Recipient Directors has been calculated using the *Black-Scholes* pricing model and based on the following assumptions:

- share price on date of issue \$0.10
- share price volatility 100%;
- risk free rate of return 3.15%;
- discount for lack of marketability 50%; and
- dividend yield 0%.

Based on the assumptions outlined above, the *Black-Scholes* pricing model attributes a theoretical value of \$0.032 per Option. This values the Options to be granted to Mr McConnell at \$24,000.

If the share price on the date of issue assumption was \$0.15 then the *Black -Scholes* pricing model attributes a theoretical value of \$0.047 per Share. This values the Shares to be granted to Mr McConnell at \$35,250.

If the share price on the date of issue assumption was \$0.20 then the *Black -Scholes* pricing model attributes a theoretical value of \$0.063 per Option. This values the Options to be granted to Mr McConnell at \$47,250.

5.5 Listing Rule 10.14

Listing Rule 10.14 provides, in essence, that the approval of ordinary shareholders by ordinary resolutions is required before any of the following persons can acquire securities under an employee incentive scheme:

- (a) director;
- (b) an associate of a director; or
- (c) a person whose relationship with the company or a related party is, in ASX's opinion, such that approval should be obtained.

Each of the Recipient Directors is a Director of the Company for the purpose of Listing Rule 10.14. Accordingly, in order for the Recipient Directors to acquire Shares and Options under the Share Plan and Option Plan, the Company must obtain Shareholder approval pursuant to Listing Rule 10.14.

5.6 Listing Rule disclosure requirements

In accordance with Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolutions 6, 7, 8 and 9:

- (a) Ms Sturgess, Mr Langoulant, Dr Kirby and Mr McConnell are Directors;
- (b) the maximum number of Shares that may be issued to Ms Sturgess under Resolution 6 is 1,250,000 Shares, to Mr Langoulant under Resolution 7 is 750,000 Shares and to Dr Kirby under Resolution 8 is 750,000 Shares;
- (c) the maximum number of Options that may be granted to Mr McConnell under Resolution 9 is 750,000;
- (d) no Shares have been issued under the Share Plan and no options have been granted under the Option Plan;

- (e) directors, full-time and part-time employees of, and consultants to, the Company or any of its subsidiaries, may participate in the Share Plan and Option Plan;
- (f) the Shares will be issued and the Options will be granted on the next business day following the date of the meeting;
- (g) the issue price of the Shares will be the weighted average price of Shares on ASX over the 5 trading days prior to the date on which the Shares are issued;
- (h) the exercise price of the Options will be the weighted average price of Shares on ASX over the 5 trading days prior to the date on which the Options are granted;
- (i) the Options will be granted for no consideration and accordingly, there will be no funds raised pursuant to the grant of the Options;
- (j) the expiry date of the Options will be 3 years from the date on which the Options are granted;
- (k) subject to compliance with the Listing Rules, the Shares to be issued to Ms Sturgess, Mr Langoulant and Dr Kirby pursuant to Resolutions 6, 7 and 8 may not be transferred or otherwise dealt with until the loan in respect of those Shares has been repaid;
- (l) other than the restriction on trading referred to above, the Shares issued pursuant to Resolutions 6, 7 and 8 will rank equally with all other Shares on issue;
- (m) the Company will provide loans to Ms Sturgess, Mr Langoulant and Dr Kirby in relation to the acquisition of the Shares under the Dwyka Resources Share Plan. The loans are repayable within 3 years from the date of issue of the Shares. The other terms of the loans are set out in section 4.2 of this Explanatory Memorandum;
- (n) initially no funds will be raised by the issue of Shares due to the provision of the loans to the Recipient Directors. However, when the loans have been repaid, the funds raised by the issue of the Shares will be used for working capital purposes of the Company as the Board thinks fit; and
- (o) a summary of the terms of the Share Plan is set out in section 4.2 of this Explanatory Memorandum and a summary of the terms of the Option Plan is set out in section 4.3 of this Explanatory Memorandum.

6. Glossary of Terms

The following terms and abbreviations used in the Notice of Meeting and this Explanatory Memorandum have the following meanings:

\$ means Australian dollars.

AIM means the AIM Market of the LSE.

AIM Rules means the rules applicable to companies listed on the AIM or the LSE (as applicable).

General Meeting or **Meeting** means the general meeting of Shareholders to be held at the Celtic Club 48 Ord Street, West Perth, Western Australia at 10.00am on 2 September 2009. or any adjournment thereof.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

Board means the board of Directors.

Company and **Dwyka** means Dwyka Resources Limited ACN 060 938 552.

Corporations Act means the *Corporations Act 2001* (Commonwealth).

Directors means the directors of the Company, from time to time.

Explanatory Memorandum means this explanatory memorandum.

Listing Rules means the official listing rules of ASX.

LSE means London Stock Exchange Plc.

Notice of Meeting means the notice of the Meeting which accompanies the Explanatory Memorandum.

Option means an option to acquire Shares.

Option Plan means the Option Plan proposed to be established in accordance with Resolution 5.

Plan Share means a share issued pursuant to the Share Plan.

Plans means the Share Plan and the Option Plan.

Recipient Directors means Ms Melissa Sturgess, Mr Mike Langoulant, Dr Evan Kirby and Mr Terence McConnachie.

Resolution means a resolution in the Notice of Meeting.

Section means a section of this Explanatory Memorandum.

Shareholders means registered holders of Shares.

Share Plan means the Share Plan proposed to be established in accordance with Resolution 4.