

BONDI MINING LIMITED
ACN 120 723 426

NOTICE OF GENERAL MEETING
EXPLANATORY MEMORANDUM
PROXY FORM

Date of Meeting
28 April 2011

Time of Meeting
10.00 am (SA time)

Place of Meeting
Enterprise House
136 Greenhill Road
UNLEY SA 5061

**NOTICE OF GENERAL MEETING
BONDI MINING LIMITED
ACN 120 723 426**

Notice is hereby given that a general meeting of shareholders of Bondi Mining Limited will be held at 10.00 am (SA time) on 28 April 2011 at Enterprise House, 136 Greenhill Road, Unley, South Australia to consider and, if thought fit, pass the following resolutions as ordinary resolutions:

Resolution 1: Subsequent approval of the issue of 11,500,000 Initial Placement Shares

'That for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval be and is hereby given to the allotment and issue by the Company of 11,500,000 ordinary shares on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.'

Resolution 2: Issue of 18,500,000 GM Placement Shares

'That for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval be and is hereby given to the allotment and issue by the Company of 18,500,000 ordinary shares on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.'

Resolution 3: Subsequent approval of the issue of 1,750,000 Consideration Shares to Pangean Resources Pty Limited

'That for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval be and is hereby given to the allotment and issue by the Company of 1,750,000 ordinary shares on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.'

Resolution 4: Grant of 1,000,000 options to Dr Richard Valenta and/or his nominee

'That for the purposes of section 208 of the Corporations Act 2001 (Cth), ASX Listing Rule 10.11 and for all other purposes, approval be and is hereby given to the grant, allotment and issue by the Company of 1,000,000 options to Dr Richard Valenta and/or his nominee on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.'

Resolution 5: Grant of 300,000 options to Mr Simon O'Loughlin and/or his nominee

'That for the purposes of section 208 of the Corporations Act 2001 (Cth), ASX Listing Rule 10.11 and for all other purposes, approval be and is hereby given to the grant, allotment and issue by the Company of 300,000 options to Mr Simon O'Loughlin and/or his nominee on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.'

Resolution 6: Grant of 300,000 options to Mr Creagh O'Connor and/or his nominee

'That for the purposes of section 208 of the Corporations Act 2001 (Cth), ASX Listing Rule 10.11 and for all other purposes, approval be and is hereby given to the grant, allotment and issue by the Company of 300,000 options to Mr Creagh O'Connor and/or his nominee on the terms and conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.'

Resolution 7: Grant of 300,000 options to Mr Darren Morcombe and/or his nominee

'That for the purposes of section 208 of the Corporations Act 2001 (Cth), ASX Listing Rule 10.11 and for all other purposes, approval be and is hereby given to the grant, allotment and issue by the Company of 300,000 options to Mr Darren Morcombe and/or his nominee on the terms and

conditions described in the Explanatory Memorandum which is attached to and forms part of this Notice.'

DATED 11 March 2011

By order of the Board

A handwritten signature in black ink, appearing to read 'Kerry Angel', written in a cursive style.

Kerry Angel
Company Secretary

NOTES:

1. Definitions

Terms used in this Notice which are defined in the Explanatory Memorandum which is attached to and forms part of this Notice have the meanings ascribed to them therein.

2. Voting Exclusion Statement

2.1 Resolution 1

The Company will disregard any votes cast on Resolution 1 by a person who participated in the issue of Initial Placement Shares and associates of that person.

2.2 Resolution 2

The Company will disregard any votes cast on Resolution 2 by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder or ordinary securities, if the resolution is passed and associates of that person.

2.3 Resolution 3

The Company will disregard any votes cast on Resolution 3 by Pangean Resources Pty Limited and associates of that person.

2.4 Resolutions 4, 5, 6 and 7

The Company will disregard any votes cast on each of Resolutions 4, 5, 6 and 7 by a person who is named in the relevant resolution or that person's nominee and associates of the person who is named in the relevant resolution or that person's nominee.

2.5 All Resolutions

However the Company need not disregard a vote if:

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

3. Proxies

A shareholder entitled to attend this Meeting and vote is entitled to appoint a proxy to attend and vote for the shareholder at the Meeting. A proxy need not be a shareholder. If the shareholder is entitled to cast two or more votes at the Meeting the shareholder may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. A form of proxy accompanies this Notice.

4. Voting Entitlement

The Company may specify a time, not more than 48 hours before the Meeting, at which a 'snap-shot' of shareholders will be taken for the purposes of determining shareholder

entitlements to vote at the Meeting. The Company (as convenor of the Meeting) has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of shareholders as at 6.00 pm (SA time) on 26 April 2011. This means that any shareholder registered at 6.00 pm (SA time) on 26 April 2011 is entitled to attend and vote at the Meeting.

5. **Corporate Representative**

Any corporate shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of a notice convening a general meeting of shareholders of Bondi Mining Limited to be held on 28 April 2011. This Explanatory Memorandum is to assist shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the resolutions proposed. Both documents should be read in their entirety and in conjunction with each other.

Background

- **Share Placement**

On 8 March 2011 the Company announced a placement of 30 million ordinary shares (**Placement Shares**) in two tranches at an issue price of \$0.10 per share to raise \$3 million.

The first tranche of 11,500,000 Placement Shares (**Initial Placement Shares**) were issued on 15 March 2011. The purpose of Resolution 1 is to obtain shareholder approval for the issue of the Initial Placement Shares for the purpose of ASX Listing Rule 7.4 and for all other purposes.

Subject to obtaining shareholder approval, the second tranche of 18,500,000 Placement Shares (**GM Placement Shares**) will be issued to sophisticated investors and/or professional investors. The purpose of Resolution 2 is to obtain shareholder approval for the purpose of ASX Listing Rule 7.1 and for all other purposes.

- **Issue of Shares to Pangean Resources Pty Limited**

The Company and Pangean Resources are parties to a Share Purchase Agreement dated 4 March 2011 by which Pangean Resources has agreed to sell and the Company has agreed to buy all of the issued shares in Mount Owen Resources Pty Limited, which is the holder of Tasmanian Exploration Licence 39/2005 (see ASX Release dated 9 February 2011). Completion of the sale and purchase of the shares occurred on 8 March 2011. At completion, the Company issued 1,750,000 ordinary shares (**Consideration Shares**) to Pangean Resources as part of the consideration for the acquisition of the shares in Mount Owen Resources Pty Limited.

The purpose of Resolution 3 is to obtain shareholder approval for the issue of the Consideration Shares for the purpose of ASX Listing Rule 7.4 and for all other purposes.

- **Options to Directors**

The Board has resolved to grant options to each of its Directors, subject to obtaining shareholder approval. The purpose of Resolutions 4, 5, 6 and 7 is to obtain shareholder approval for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes.

All resolutions are ordinary resolutions.

1. **Resolution 1: Subsequent approval of the issue of 11,500,00 Initial Placement Shares**

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue equity securities in any 12 month period which exceeds 15% of the number of issued securities of the company held at the beginning of the 12 month period, except with the prior approval of shareholders of the company in general meeting, unless an exception in ASX Listing Rule 7.2 applies.

However, ASX Listing Rule 7.4 provides that an issue of equity securities made without shareholder approval under ASX Listing Rule 7.1 is treated as having been made with shareholder approval for the purpose of ASX Listing Rule 7.1 if:

- the issue did not breach ASX Listing Rule 7.1; and
- holders of ordinary securities subsequently approve it.

The issue of the Initial Placement Shares did not result in the Company breaching the 15% limit referred to in ASX Listing Rule 7.1. The issue of the Initial Placement Shares does not therefore depend upon shareholders passing Resolution 1. The purpose of Resolution 1 is to obtain shareholder approval for the purpose of ASX Listing Rule 7.4 and for all other purposes. If shareholders approve the issue of the Initial Placement Shares for the purpose of ASX Listing Rule 7.4, the issue of the Initial Placement Shares will not count towards determining the number of equity securities which the Company can issue in any 12 month period. However, if shareholders do not approve the issue of the Initial Placement Shares for the purpose of ASX Listing Rule 7.4, the issue of the Initial Placement Shares will count towards the number of equity securities which the Company can issue in any 12 month period.

For the purpose of ASX Listing Rule 7.5 information regarding the Initial Placement Shares is provided as follows:

- 11,500,000 Initial Placement Shares have been allotted.
- The Initial Placement Shares have been issued at an issue price of \$0.10 each.
- The terms and conditions of the Initial Placement Shares are the same as the terms and conditions of already issued fully paid ordinary shares in the Company.
- The allottees of the Initial Placement Shares are applicants for Initial Placement Shares as determined by the Board.
- Funds raised from the issue of the Initial Placement Shares will be used to accelerate exploration and development of the Company's Mt Owen and Namibian projects.

The Directors do not have an interest in the outcome of Resolution 1 and recommend that shareholders vote in favour of Resolution 1.

2. **Resolution 2: Issue of 18,500,000 GM Placement Shares**

A summary of ASX Listing Rule 7.1 is set out above.

The issue of the GM Placement Shares without shareholder approval will result in the Company breaching the 15% limit referred to in ASX Listing Rule 7.1. The issue of the GM Placement Shares therefore depends upon shareholders passing Resolution 2. The purpose of Resolution 2 is to obtain shareholder approval for the purpose of ASX Listing Rule 7.1 and for all other purposes. If shareholders approve the issue of the GM Placement Shares for the purpose of ASX Listing Rule 7.1, the issue of the GM Placement Shares will not count towards determining the number of equity securities which the Company can issue in any 12 month period. However, if shareholders do not approve the issue of the GM Placement Shares for the purpose of ASX Listing Rule 7.1, the issue of the GM Placement Shares will not occur.

For the purpose of ASX Listing Rule 7.3 information regarding the GM Placement Shares is provided as follows:

- A maximum of 18,500,000 GM Placement Shares will be issued.
- If Resolution 2 is passed, the GM Placement Shares will be issued no later than three months after the date of the Meeting.
- The GM Placement Shares will be issued at an issue price of \$0.10 each.
- The allottees of the GM Placement Shares will be applicants for GM Placement Shares as determined by the Board.
- The terms and conditions of the GM Placement Shares are the same as the terms and conditions of already issued fully paid ordinary shares in the Company.
- Funds raised from the issue of the GM Placement Shares will be used to accelerate exploration and development of the Company's Mt Owen and Namibian projects.
- All of the GM Placement Shares will be allotted on one date.

The Directors do not have an interest in the outcome of Resolution 2 and recommend that shareholders vote in favour of Resolution 2.

3. **Resolution 3: Subsequent approval of the issue of 1,750,000 Consideration Shares to Pangean Resources Pty Limited**

A summary of ASX Listing Rules 7.1 and 7.4 is set out above.

The issue of the Consideration Shares did not result in the Company breaching the 15% limit referred to in ASX Listing Rule 7.1. The issue of the Consideration Shares does not therefore depend upon shareholders passing Resolution 3. The purpose of Resolution 3 is to obtain shareholder approval for the purpose of ASX Listing Rule 7.4 and for all other purposes. If shareholders approve the issue of the Consideration Shares for the purpose of ASX Listing Rule 7.4, the issue of the Consideration Shares will not count towards determining the number of equity securities which the Company can issue in any 12 month period. However, if shareholders do not approve the issue of the Consideration Shares for the purpose of ASX Listing Rule 7.4, the issue of the Consideration Shares will count towards the number of equity securities which the Company can issue in any 12 month period.

For the purpose of ASX Listing Rule 7.5 information regarding the Consideration Shares is provided as follows:

- 1,750,000 Consideration Shares have been allotted.
- The Consideration Shares have been issued for no consideration pursuant to the Share Purchase Agreement dated 4 March 2011 between the Company and Pangean Resources.
- The terms and conditions of the Consideration Shares are the same as the terms and conditions of already issued fully paid ordinary shares in the Company.
- The allottee of the Consideration Shares is Pangean Resources.
- No funds were raised from the issue of the Consideration Shares.

The Directors do not have an interest in the outcome of Resolution 3 and recommend that shareholders vote in favour of Resolution 3.

4. **Resolution 4: Grant of 1,000,000 options to Dr Richard Valenta and/or his nominee**

On 9 March 2011 the Board resolved, subject to obtaining shareholder approval, to grant 1,000,000 options to Dr Richard Valenta and/or his nominee each to acquire one ordinary share in the Company with an exercise price of \$0.20 and an exercise period of four years commencing on the date the options are granted and expiring on the fourth anniversary of that date.

The proposed options grant to Dr Valenta and/or his nominee requires the approval of shareholders pursuant to ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act. Shareholder approval is required under ASX Listing Rule 10.11 and section 208 of the Corporations Act because Dr Valenta is a director of the Company and, as such, a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.13 and section 219 of the Corporations Act information regarding the proposed options grant is provided as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- Subject to shareholder approval, it is proposed that Dr Valenta and/or his nominee will be granted 1,000,000 options to subscribe for new ordinary shares in the Company. It is considered appropriate to issue options to Dr Valenta as a key component of his remuneration in order to retain his services and to provide incentive linked to the performance of the Company. There are no additional performance criteria on the options given the small management team responsible for running the Company. It is considered the performance of Dr Valenta and the performance and value of the Company will be closely related. As such, the options to be granted will only be of benefit if Dr Valenta performs to the level whereby the value of the Company increases sufficiently to warrant exercising the options. It is considered that any additional performance criteria are not warranted.
- The breakdown of the options that Dr Valenta and/or his nominee will receive in accordance with Resolution 4 is highlighted in the following table:

| Director | No. of Options | Exercise Price | Expiry Date | Value per Option | Total Value |
|-----------------|----------------|----------------|-----------------------------|------------------|-------------|
| Richard Valenta | 1,000,000 | \$0.20 | 4 years after date of grant | \$0.079 | \$79,000 |

- No funds will be raised by the grant of the options to Dr Valenta and/or his nominee as they are being granted for no consideration.
- Each option proposed to be granted to Dr Valenta and/or his nominee entitles Dr Valenta and/or his nominee to subscribe for one ordinary share in the Company at the exercise price specified above exercisable during the period between the date of grant and the fourth anniversary of that date. Shares issued on exercise of the options will rank equally in all respects with existing fully paid ordinary shares in the Company.
- The options will not be quoted on ASX. Further terms and conditions of the options are set out in the annexure to this Explanatory Memorandum.
- A valuation of the options has been conducted and this value is included above. The valuation imputes a total value of the options to be issued to Dr Valenta and/or his

nominee at \$79,000. The value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company. The valuation has applied the Black-Scholes valuation methodology together with the following assumptions:

- (i) a volatility index of 103.72% based on the historic volatility of the Company's shares;
 - (ii) an assumed market value of \$0.12, being the volume-weighted average closing price at which the Company's shares have traded on ASX over 30 trading days up to 10 March 2011, being the day immediately before the date this Notice was lodged at ASIC;
 - (iii) for the purposes of the valuation it is assumed that the options will not be exercised any earlier than the exercise period expiry date; and
 - (iv) a risk free rate of 5.32% has been used.
- The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of the options granted under Resolution 4, assuming that Resolutions 2 and 4 to 7 (inclusive) are passed:

| | |
|--|-------------|
| Current shares issued | 101,912,807 |
| Shares issued pursuant to Resolution 2 | 18,500,000 |
| Shares issued assuming all existing options are exercised | 1,685,000 |
| Shares issued assuming exercise of all the options referred to in Resolution 4 | 1,000,000 |
| Total shares | 123,097,807 |
| Dilution effect | 0.81% |

- The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of the options granted under Resolutions 4 to 7 (inclusive), assuming that Resolutions 2 and 4 to 7 (inclusive) are passed:

| | |
|--|-------------|
| Current shares issued | 101,912,807 |
| Shares issued pursuant to Resolution 2 | 18,500,000 |
| Shares issued assuming all existing options are exercised | 1,685,000 |
| Shares issued assuming exercise of all the options referred to in Resolutions 4 to 7 (inclusive) | 1,900,000 |
| Total shares | 123,997,807 |
| Dilution effect | 1.53% |

- The market price of shares in the Company would normally determine whether or not Dr Valenta and/or his nominee will exercise the options. If the options are exercised at a price that is lower than the price at which shares are trading on ASX, there may be a perceived cost to the Company. The highest, lowest and last recorded market price of the shares quoted on ASX during the 12 month period from 11 March 2010 to 10 March 2011, being the last closing price available on the day immediately before the date this Notice was lodged at ASIC were:

| | |
|---------|-------------------------|
| Highest | \$0.15 on 7 March 2011 |
| Lowest | \$0.05 on 30 June 2010 |
| Last | \$0.12 on 10 March 2011 |

- For the financial year ending 30 June 2011 Dr Valenta will receive remuneration and superannuation totalling \$152,600.
- The Directors are also entitled to reimbursement of all reasonable travelling, accommodation and other expenses that they properly incur in attending meetings of Directors or any meetings of committees of Directors, in attending meetings of shareholders or in connection with the business of the Company.
- The current share and option holdings of Dr Valenta and his associates is as follows:

| Director | Shares | | Options | |
|-----------------|--------|-----------|---------|-----------|
| | Direct | Indirect | Direct | Indirect |
| Richard Valenta | Nil | 1,358,549 | Nil | 1,500,000 |

- The share and option holdings of Dr Valenta and his associates if Resolution 4 is passed will be as follows:

| Director | Shares | | Options | |
|-----------------|--------|-----------|---------|-----------|
| | Direct | Indirect | Direct | Indirect |
| Richard Valenta | Nil | 1,358,549 | Nil | 2,500,000 |

- The total value of the options proposed to be granted to Dr Valenta and/or his nominee is \$79,000 (the value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company).
- The Directors (other than Dr Valenta) do not have an interest in the outcome of Resolution 4 and recommend that shareholders vote in favour of Resolution 4.
- If Resolution 4 is passed, the options to be granted to Dr Valenta and/or his nominee will be issued and granted not later than one month after the date of the Meeting.

5. Resolution 5: Grant of 300,000 options to Mr Simon O'Loughlin and/or his nominee

On 9 March 2011 the Board resolved, subject to obtaining shareholder approval, to grant 300,000 options to Mr Simon O'Loughlin and/or his nominee each to acquire one ordinary share in the Company with an exercise price of \$0.20 and an exercise period of four years

commencing on the date the options are granted and expiring on the fourth anniversary of that date.

The proposed options grant to Mr O’Loughlin and/or his nominee requires the approval of shareholders pursuant to ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act. Shareholder approval is required under ASX Listing Rule 10.11 and section 208 of the Corporations Act because Mr O’Loughlin is a director of the Company and, as such, a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.13 and section 219 of the Corporations Act information regarding the proposed options grant is provided as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- Subject to shareholder approval, it is proposed that Mr O’Loughlin and/or his nominee will be granted 300,000 options to subscribe for new ordinary shares in the Company. It is considered appropriate to issue options to Mr O’Loughlin as a key component of his remuneration in order to retain his services and to provide incentive linked to the performance of the Company. There are no additional performance criteria on the options given the small management team responsible for running the Company. It is considered the performance of Mr O’Loughlin and the performance and value of the Company will be closely related. As such, the options to be granted will only be of benefit if Mr O’Loughlin performs to the level whereby the value of the Company increases sufficiently to warrant exercising the options. It is considered that any additional performance criteria are not warranted.
- The breakdown of the options that Mr O’Loughlin and/or his nominee will receive in accordance with Resolution 5 is highlighted in the following table:

| Director | No. of Options | Exercise Price | Expiry Date | Value per Option | Total Value |
|------------------|-----------------------|-----------------------|-----------------------------|-------------------------|--------------------|
| Simon O’Loughlin | 300,000 | \$0.20 | 4 years after date of grant | \$0.079 | \$23,700 |

- No funds will be raised by the grant of the options to Mr O’Loughlin and/or his nominee as they are being granted for no consideration.
- Each option proposed to be granted to Mr O’Loughlin and/or his nominee entitles Mr O’Loughlin and/or his nominee to subscribe for one ordinary share in the Company at the exercise price specified above exercisable during the period between the date of grant and the fourth anniversary of that date. Shares issued on exercise of the options will rank equally in all respects with existing fully paid ordinary shares in the Company.
- The options will not be quoted on ASX. Further terms and conditions of the options are set out in the annexure to this Explanatory Memorandum.
- A valuation of the options has been conducted and this value is included above. The valuation imputes a total value of the options to be issued to Mr O’Loughlin and/or his nominee at \$23,700. The value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company. The valuation has applied the Black-Scholes valuation methodology together with the following assumptions:

- (i) a volatility index of 103.72% based on the historic volatility of the Company's shares;
 - (ii) an assumed market value of \$0.12, being the volume-weighted average closing price at which the Company's shares have traded on ASX over 30 trading days up to 10 March 2011, being the day immediately before the date this Notice was lodged at ASIC;
 - (iii) for the purposes of the valuation it is assumed that the options will not be exercised any earlier than the exercise period expiry date; and
 - (iv) a risk free rate of 5.32% has been used.
- The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of the options granted under Resolution 5, assuming that Resolutions 2 and 4 to 7 (inclusive) are passed:

| | |
|--|-------------|
| Current shares issued | 101,912,807 |
| Shares issued pursuant to Resolution 2 | 18,500,000 |
| Shares issued assuming all existing options are exercised | 1,685,000 |
| Shares issued assuming exercise of all the options referred to in Resolution 5 | 300,000 |
| Total shares | 122,397,807 |
| Dilution effect | 0.25% |

- The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of the options granted under Resolutions 4 to 7 (inclusive), assuming that Resolutions 2 and 4 to 7 (inclusive) are passed:

| | |
|--|-------------|
| Current shares issued | 101,912,807 |
| Shares issued pursuant to Resolution 2 | 18,500,000 |
| Shares issued assuming all existing options are exercised | 1,685,000 |
| Shares issued assuming exercise of all the options referred to in Resolutions 4 to 7 (inclusive) | 1,900,000 |
| Total shares | 123,997,807 |
| Dilution effect | 1.53% |

- The market price of shares in the Company would normally determine whether or not Mr O'Loughlin and/or his nominee will exercise the options. If the options are exercised at a price that is lower than the price at which shares are trading on ASX, there may be a perceived cost to the Company. The highest, lowest and last recorded market price of the

shares quoted on ASX during the 12 month period from 11 March 2010 to 10 March 2011, being the last closing price available on the day immediately before the date this Notice was lodged at ASIC were:

| | |
|---------|-------------------------|
| Highest | \$0.15 on 7 March 2011 |
| Lowest | \$0.05 on 30 June 2010 |
| Last | \$0.12 on 10 March 2011 |

- For the financial year ending 30 June 2011 Mr O'Loughlin will receive directors fees and superannuation totalling \$38,150.
- The Directors are also entitled to reimbursement of all reasonable travelling, accommodation and other expenses that they properly incur in attending meetings of Directors or any meetings of committees of Directors, in attending meetings of shareholders or in connection with the business of the Company.
- The current share and option holdings of Mr O'Loughlin and his associates is as follows:

| Director | Shares | | Options | |
|------------------|--------|----------|---------|----------|
| | Direct | Indirect | Direct | Indirect |
| Simon O'Loughlin | Nil | 800,000 | Nil | Nil |

- The share and option holdings of Mr O'Loughlin and his associates if Resolution 5 is passed will be as follows:

| Director | Shares | | Options | |
|------------------|--------|----------|---------|----------|
| | Direct | Indirect | Direct | Indirect |
| Simon O'Loughlin | Nil | 800,000 | Nil | 300,000 |

- The total value of the options proposed to be granted to Mr O'Loughlin and/or his nominee is \$23,700 (the value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company).
- The Directors (other than Mr O'Loughlin) do not have an interest in the outcome of Resolution 5 and recommend that shareholders vote in favour of Resolution 5.
- If Resolution 5 is passed, the options to be granted to Mr O'Loughlin and/or his nominee will be issued and granted not later than one month after the date of the Meeting.

6. **Resolution 6: Grant of 300,000 options to Mr Creagh O'Connor and/or his nominee**

On 9 March 2011 the Board resolved, subject to obtaining shareholder approval, to grant 300,000 options to Mr Creagh O'Connor and/or his nominee each to acquire one ordinary share in the Company with an exercise price of \$0.20 and an exercise period of four years commencing on the date the options are granted and expiring on the fourth anniversary of that date.

The proposed options grant to Mr O'Connor and/or his nominee requires the approval of shareholders pursuant to ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act. Shareholder approval is required under ASX Listing Rule 10.11 and section 208 of the

Corporations Act because Mr O'Connor is a director of the Company and, as such, a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.13 and section 219 of the Corporations Act information regarding the proposed options grant is provided as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- Subject to shareholder approval, it is proposed that Mr O'Connor and/or his nominee will be granted 300,000 options to subscribe for new ordinary shares in the Company. It is considered appropriate to issue options to Mr O'Connor as a key component of his remuneration in order to retain his services and to provide incentive linked to the performance of the Company. There are no additional performance criteria on the options given the small management team responsible for running the Company. It is considered the performance of Mr O'Connor and the performance and value of the Company will be closely related. As such, the options to be granted will only be of benefit if Mr O'Connor performs to the level whereby the value of the Company increases sufficiently to warrant exercising the options. It is considered that any additional performance criteria are not warranted.
- The breakdown of the options that Mr O'Connor and/or his nominee will receive in accordance with Resolution 6 is highlighted in the following table:

| Director | No. of Options | Exercise Price | Expiry Date | Value per Option | Total Value |
|-----------------|----------------|----------------|-----------------------------|------------------|-------------|
| Creagh O'Connor | 300,000 | \$0.20 | 4 years after date of grant | \$0.079 | \$23,700 |

- No funds will be raised by the grant of the options to Mr O'Connor and/or his nominee as they are being granted for no consideration.
- Each option proposed to be granted to Mr O'Connor and/or his nominee entitles Mr O'Connor and/or his nominee to subscribe for one ordinary share in the Company at the exercise price specified above exercisable during the period between the date of grant and the fourth anniversary of that date. Shares issued on exercise of the options will rank equally in all respects with existing fully paid ordinary shares in the Company.
- The options will not be quoted on ASX. Further terms and conditions of the options are set out in the annexure to this Explanatory Memorandum.
- A valuation of the options has been conducted and this value is included above. The valuation imputes a total value of the options to be issued to Mr O'Connor and/or his nominee at \$23,700. The value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company. The valuation has applied the Black-Scholes valuation methodology together with the following assumptions:
 - (i) a volatility index of 103.72% based on the historic volatility of the Company's shares;
 - (ii) an assumed market value of \$0.12, being the volume-weighted average closing price at which the Company's shares have traded on ASX over 30 trading days up to 10 March 2011, being the day immediately before the date this Notice was lodged at ASIC;

- (iii) for the purposes of the valuation it is assumed that the options will not be exercised any earlier than the exercise period expiry date; and
- (iv) a risk free rate of 5.32% has been used.

- The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of the options granted under Resolution 6, assuming that Resolutions 2 and 4 to 7 (inclusive) are passed:

| | |
|--|-------------|
| Current shares issued | 101,912,807 |
| Shares issued pursuant to Resolution 2 | 18,500,000 |
| Shares issued assuming all existing options are exercised | 1,685,000 |
| Shares issued assuming exercise of all the options referred to in Resolution 6 | 300,000 |
| Total shares | 122,397,807 |
| Dilution effect | 0.25% |

- The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of the options granted under Resolutions 4 to 7 (inclusive), assuming that Resolutions 2 and 4 to 7 (inclusive) are passed:

| | |
|--|-------------|
| Current shares issued | 101,912,807 |
| Shares issued pursuant to Resolution 2 | 18,500,000 |
| Shares issued assuming all existing options are exercised | 1,685,000 |
| Shares issued assuming exercise of all the options referred to in Resolutions 4 to 7 (inclusive) | 1,900,000 |
| Total shares | 123,997,807 |
| Dilution effect | 1.53% |

- The market price of shares in the Company would normally determine whether or not Mr O'Connor and/or his nominee will exercise the options. If the options are exercised at a price that is lower than the price at which shares are trading on ASX, there may be a perceived cost to the Company. The highest, lowest and last recorded market price of the shares quoted on ASX during the 12 month period from 11 March 2010 to 10 March 2011, being the last closing price available on the day immediately before the date this Notice was lodged at ASIC were:

| | |
|---------|------------------------|
| Highest | \$0.15 on 7 March 2011 |
| Lowest | \$0.05 on 30 June 2010 |

| | |
|------|-------------------------|
| Last | \$0.12 on 10 March 2011 |
|------|-------------------------|

- For the financial year ending 30 June 2011 Mr O'Connor will receive directors fees and superannuation totalling \$38,150.
- The Directors are also entitled to reimbursement of all reasonable travelling, accommodation and other expenses that they properly incur in attending meetings of Directors or any meetings of committees of Directors, in attending meetings of shareholders or in connection with the business of the Company.
- The current share and option holdings of Mr O'Connor and his associates is as follows:

| Director | Shares | | Options | |
|-----------------|--------|-----------|---------|----------|
| | Direct | Indirect | Direct | Indirect |
| Creagh O'Connor | Nil | 1,755,556 | Nil | Nil |

- The share and option holdings of Mr O'Connor and his associates if Resolution 6 is passed will be as follows:

| Director | Shares | | Options | |
|-----------------|--------|-----------|---------|----------|
| | Direct | Indirect | Direct | Indirect |
| Creagh O'Connor | Nil | 1,755,556 | Nil | 300,000 |

- The total value of the options proposed to be granted to Mr O'Connor and/or his nominee is \$23,700 (the value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company).
- The Directors (other than Mr O'Connor) do not have an interest in the outcome of Resolution 6 and recommend that shareholders vote in favour of Resolution 6.
- If Resolution 6 is passed, the options to be granted to Mr O'Connor and/or his nominee will be issued and granted not later than one month after the date of the Meeting.

7. Resolution 7: Grant of 300,000 options to Mr Darren Morcombe and/or his nominee

On 9 March 2011 the Board resolved, subject to obtaining shareholder approval, to grant 300,000 options to Mr Darren Morcombe and/or his nominee each to acquire one ordinary share in the Company with an exercise price of \$0.20 and an exercise period of four years commencing on the date the options are granted and expiring on the fourth anniversary of that date.

The proposed options grant to Mr Morcombe and/or his nominee requires the approval of shareholders pursuant to ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act. Shareholder approval is required under ASX Listing Rule 10.11 and section 208 of the Corporations Act because Mr Morcombe is a director of the Company and, as such, a related party of the Company. If shareholder approval is given under ASX Listing Rule 10.11, shareholder approval is not required under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.13 and section 219 of the Corporations Act information regarding the proposed options grant is provided as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- Subject to shareholder approval, it is proposed that Mr Morcombe and/or his nominee will be granted 300,000 options to subscribe for new ordinary shares in the Company. It is considered appropriate to issue options to Mr Morcombe as a key component of his remuneration in order to retain his services and to provide incentive linked to the performance of the Company. There are no additional performance criteria on the options given the small management team responsible for running the Company. It is considered the performance of Mr Morcombe and the performance and value of the Company will be closely related. As such, the options to be granted will only be of benefit if Mr Morcombe performs to the level whereby the value of the Company increases sufficiently to warrant exercising the options. It is considered that any additional performance criteria are not warranted.
- The breakdown of the options that Mr Morcombe and/or his nominee will receive in accordance with Resolution 7 is highlighted in the following table:

| Director | No. of Options | Exercise Price | Expiry Date | Value per Option | Total Value |
|-----------------|----------------|----------------|-----------------------------|------------------|-------------|
| Darren Morcombe | 300,000 | \$0.20 | 4 years after date of grant | \$0.079 | \$23,700 |

- No funds will be raised by the grant of the options to Mr Morcombe and/or his nominee as they are being granted for no consideration.
- Each option proposed to be granted to Mr Morcombe and/or his nominee entitles Mr Morcombe and/or his nominee to subscribe for one ordinary share in the Company at the exercise price specified above exercisable during the period between the date of grant and the fourth anniversary of that date. Shares issued on exercise of the options will rank equally in all respects with existing fully paid ordinary shares in the Company.
- The options will not be quoted on ASX. Further terms and conditions of the options are set out in the annexure to this Explanatory Memorandum.
- A valuation of the options has been conducted and this value is included above. The valuation imputes a total value of the options to be issued to Mr Morcombe and/or his nominee at \$23,700. The value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company. The valuation has applied the Black-Scholes valuation methodology together with the following assumptions:
 - (i) a volatility index of 103.72% based on the historic volatility of the Company's shares;
 - (ii) an assumed market value of \$0.12, being the volume-weighted average closing price at which the Company's shares have traded on ASX over 30 trading days up to 10 March 2011, being the day immediately before the date this Notice was lodged at ASIC;
 - (iii) for the purposes of the valuation it is assumed that the options will not be exercised any earlier than the exercise period expiry date; and
 - (iv) a risk free rate of 5.32% has been used.

- The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of the options granted under Resolution 7, assuming that Resolutions 2 and 4 to 7 (inclusive) are passed:

| | |
|--|-------------|
| Current shares issued | 101,912,807 |
| Shares issued pursuant to Resolution 2 | 18,500,000 |
| Shares issued assuming all existing options are exercised | 1,685,000 |
| Shares issued assuming exercise of all the options referred to in Resolution 7 | 300,000 |
| Total shares | 122,397,807 |
| Dilution effect | 0.25% |

- The following table demonstrates the dilution of all other shareholdings in the Company upon exercise of the options granted under Resolutions 4 to 7 (inclusive), assuming that Resolutions 2 and 4 to 7 (inclusive) are passed:

| | |
|--|-------------|
| Current shares issued | 101,912,807 |
| Shares issued pursuant to Resolution 2 | 18,500,000 |
| Shares issued assuming all existing options are exercised | 1,685,000 |
| Shares issued assuming exercise of all the options referred to in Resolutions 4 to 7 (inclusive) | 1,900,000 |
| Total shares | 123,997,807 |
| Dilution effect | 1.53% |

- The market price of shares in the Company would normally determine whether or not Mr Morcombe and/or his nominee will exercise the options. If the options are exercised at a price that is lower than the price at which shares are trading on ASX, there may be a perceived cost to the Company. The highest, lowest and last recorded market price of the shares quoted on ASX during the 12 month period from 11 March 2010 to 10 March 2011, being the last closing price available on the day immediately before the date this Notice was lodged at ASIC were:

| | |
|---------|-------------------------|
| Highest | \$0.15 on 7 March 2011 |
| Lowest | \$0.05 on 30 June 2010 |
| Last | \$0.12 on 10 March 2011 |

- For the financial year ending 30 June 2011 Mr Morcombe will receive directors fees and superannuation totalling \$38,150.

- The Directors are also entitled to reimbursement of all reasonable travelling, accommodation and other expenses that they properly incur in attending meetings of Directors or any meetings of committees of Directors, in attending meetings of shareholders or in connection with the business of the Company.
- The current share and option holdings of Mr Morcombe and his associates is as follows:

| Director | Shares | | Options | |
|-----------------|--------|------------|---------|----------|
| | Direct | Indirect | Direct | Indirect |
| Darren Morcombe | Nil | 12,742,500 | Nil | Nil |

- The share and option holdings of Mr Morcombe and his associates if Resolution 7 is passed will be as follows:

| Director | Shares | | Options | |
|-----------------|--------|------------|---------|----------|
| | Direct | Indirect | Direct | Indirect |
| Darren Morcombe | Nil | 12,742,500 | 300,000 | Nil |

- The total value of the options proposed to be granted to Mr Morcombe and/or his nominee is \$23,700 (the value may increase or decrease after the date of the valuation as it will depend upon the future price of shares in the Company).
- The Directors (other than Mr Morcombe) do not have an interest in the outcome of Resolution 7 and recommend that shareholders vote in favour of Resolution 7.
- If Resolution 7 is passed, the options to be granted to Mr Morcombe and/or his nominee will be issued and granted not later than one month after the date of the Meeting.

8. Glossary

In this Explanatory Statement unless the context otherwise requires:

ASIC means Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691;

ASX Listing Rules means the official listing rules of ASX;

Board means the board of directors of the Company;

Company means Bondi Mining Limited ACN 120 723 426;

Corporations Act means *Corporations Act 2001* (Cth);

Directors means the directors of the Company;

Meeting means the meeting of shareholders convened by the Notice;

Notice means the notice of general meeting to which this Explanatory Memorandum is attached; and

Pangean Resources means Pangean Resources Pty Limited ACN 117 044 774.

ANNEXURE

TERMS AND CONDITIONS OF OPTIONS

1. Each option entitles the holder to one ordinary share in the Company.
2. Each option has an exercise price of \$0.20.
3. Each option is exercisable at any time during the period commencing on the date of grant and expiring on the date being four years after the date of grant (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. Options may be transferred in the form commonly used for the transfer of options at any time until the expiry of the Exercise Period, subject to any restrictions that may be imposed by ASX.
8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

A = the new exercise price of the option;

O = the old exercise price of the option;

E = the number of underlying ordinary shares into which one option is exercisable;

P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stockmarket of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);

S = the subscription price for a security under the pro rata issue;

D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

11. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 652 186
(outside Australia) +61 3 9415 4148

Proxy Form

For your vote to be effective it must be received by 10:00am (SA time) Tuesday 26 April 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Bondi Mining Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Bondi Mining Limited to be held at Enterprise House, 136 Greenhill Road, Unley 5061, South Australia on Thursday, 28 April 2011 at 10:00am (SA time) and at any adjournment of that meeting.

Important for Item/s 5: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Item/s 5 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item/s 5 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of item/s 5 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

| | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| 1 Subsequent approval of the issue of 11,500,000 Initial Placement Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Issue of 18,500,000 GM Placement Shares | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Subsequent approval of the issue of 1,750,000 Consideration Shares to Pangean Resources Pty Ltd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Grant of 1,000,000 options to Dr Richard Valenta and/or his nominee | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5 Grant of 300,000 options to Mr Simon O'Loughlin and/or his nominee | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6 Grant of 300,000 options to Mr Creagh O'Connor and/or his nominee | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7 Grant of 300,000 options to Mr Darren Morcombe and/or his nominee | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____