

ASX and MEDIA RELEASE

Monday 2nd May 2011

NOTICE OF ANNUAL GENERAL MEETING, PROXY FORM AND ACCOMPANYING EXPLANATORY MEMORANDUM

Following this cover page are copies of the Notice of Meeting, Proxy Form and Explanatory Memorandum which relate to the Company's Annual General Meeting (AGM).

Shareholders are advised that the Annual General Meeting has been scheduled to be held at **11.00 am on Tuesday the 31st of May 2011, at The Gallipoli Club 2nd floor function room, 12 Loftus Street Sydney 2000.**

Copies of these documents are presently being posted to all shareholders.

The Cluff board recommends shareholders examine the proposed resolutions and explanatory memorandum in detail before considering their voting position.

For further information contact:

Scott Enderby on Phone (02) 9247 2277 or Peter Ashcroft on (02) 9233 2153 or 0418 275 375

Email: Cluff@bigpond.com

Yours faithfully,



Scott Enderby,
Company Secretary / Executive Director

NOTICE OF MEETING AND PROXY FORM

Annual General Meeting

CLUFF RESOURCES PACIFIC NL

ABN 72 002 261 565

All correspondence to:

Advanced Share Registry Services

PO Box 1156 Nedlands

WA 6909 Australia

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Name Address 1

Name Address 2

Name Address 3

Name Address 4

Notice of Meeting and Appointment of Proxy

Cluff Resources Pacific NL hereby gives notice that the Annual General Meeting (AGM) of the Company will be held at:

The Gallipoli Club, 2nd floor function room, 12 Loftus Street, Sydney 2000 at 11.00am on Tuesday the 31st of May 2011.

If appointing a proxy to attend the Annual General Meeting on your behalf, please complete the form and submit it in accordance with the directions on the reverse of the page.

I/We being a shareholder/shareholders of **Cluff Resources Pacific NL** pursuant to my/our right to appoint not more than two proxies, appoint

The Chairman of the Meeting
(mark with an "X")

OR

Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the Meeting.

or failing him/her

Write here the name of the other person you are appointing.

or failing him/her, (or if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting and at any adjournment of that meeting.

This proxy is to be used in respect of _____ % of the ordinary shares I/we hold.

If you do not wish to direct your proxy how to vote, please place a mark in the box on the left. If you have appointed the Chair of the meeting to exercise your proxy, by marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even if he has an interest in the outcome of a particular resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chair intends to vote 100% of all open proxies in favour of the resolution.

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 resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Voting directions to your proxy – mark or to indicate your direction

RESOLUTION	For	Against	Abstain
1. To receive the Annual Report and accounts of the Company for the year ended 31 December 2010.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Mr Ian Johns as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. To approve the change of the Company name to Torian Resources NL (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To terminate the services of Mr Ronald Smith as an auditor to the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve the appointment of Mr Stuart Cameron from the firm of K. S. Black & Co as the auditor to the Company (Special Resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6A. To approve the issue of a total of 100,000,000 unlisted options to Peter Ashcroft (or his nominees) in lieu of any remuneration as a director in accordance with the attached Explanatory Memorandum.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6B. To approve the issue of a total of 100,000,000 unlisted options to Ian Johns (or his nominees) in lieu of any remuneration as a director in accordance with the attached Explanatory Memorandum.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7A. To approve the issue of a total of 88,000,000 unlisted options to Peter Ashcroft (or his nominees) in consideration for financial support provided to the company in accordance with the attached Explanatory Memorandum.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7B. To approve the issue of a total of 102,000,000 unlisted options to Ian Johns (or his nominees) in consideration for financial support provided to the company in accordance with the attached Explanatory Memorandum.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7C. To approve the issue of a total of 14,000,000 unlisted options to Scott Enderby (or his nominees) in consideration for financial support provided to the company in accordance with the attached Explanatory Memorandum.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. To approve the establishment and operation of the Executive Incentive Plan (EIP) as described in the attached Explanatory Memorandum.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8A. Approval of issue of Milestone Rights to Peter Ashcroft under the Executive Incentive Plan as described in the attached Explanatory Memorandum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8B. Approval of issue of Milestone Rights to Ian Johns under the Executive Incentive Plan as described in the attached Explanatory Memorandum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. To retrospectively approve the issue of 142,000,000 shares issued from the placement to sophisticated investors in January 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. To retrospectively approve the issue of 18,000,000 31 December 2012 unlisted options exercisable at \$0.005 to brokers and participants in the January 2011 placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. To approve the issue of 16,666,667 ordinary shares and 16,666,667 listed options to Peter Ashcroft or his nominees with respect to funding contributions made to the Company by Mr Ashcroft in relation to the January 2011 placement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Executed in accordance with section 127 of the Corporations Act:

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director & Sole Company Secretary

Director / Company Secretary

Director

Dated this day of 2011

Contact Name

Contact Phone /Mobile

INSTRUCTIONS FOR COMPLETING PROXY FORM

Your pre-printed name and address is as it appears on the share register of the Company. If you are Issuer Sponsored and this information is incorrect, please mark the box at the top of the proxy form and make the correction on the form. Securityholders sponsored by a broker on the CHESSE subregister should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

Completion of a proxy form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.

A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.

A proxy need not be a shareholder of the Company.

If you mark the "Abstain" box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If a representative of a company shareholder is to attend the Meeting, a properly executed original (or certified copy) of the appropriate "Certificate of Appointment of Corporate Representative" should be produced for admission to the Meeting. Previously lodged "Certificates of Appointment of Corporate Representative" will be disregarded by the Company.

If a representative as Power of Attorney of a shareholder is to attend the meeting, a properly executed original (or originally certified copy) of an appropriate Power of Attorney should be produced for admission to the Annual General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

Signing Instructions

You must sign this form as follows in the spaces provided:

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

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

Power of Attorney: If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form.

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 indicate the office held by signing in the appropriate place.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address below no later than **11.00 am on Sunday 29th May 2011** (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the scheduled meeting.

Postal address: **CLUFF RESOURCES PACIFIC NL**
Suite 21, 44 Bridge St
SYDNEY NSW 2000

Fax number: **+612 9247 7055**

EXPLANATORY MEMORANDUM TO NOTICE OF GENERAL MEETING

This Memorandum has been prepared for the information of Shareholders in Cluff Resources Pacific NL (**Company**) in connection with the General Meeting of the Company to be held at:

The Gallipoli Club, 2nd floor function room, 12 Loftus Street Sydney 2000 on Tuesday the 31st of May 2011 at 11 am (AEDT).

The purpose of this Explanatory Memorandum is to provide Shareholders with information which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

Each Resolution except two (those resolution relating to the change of name of the company and appointment of the auditor) are ordinary resolution and requires approval by a simple majority of votes cast by Shareholders (either in person or by proxy, attorney or representative) entitled to vote on it. The Special Resolutions require a vote of at least 75% of the members entitled to vote to be passed.

Capitalised and certain other terms used in this Explanatory Memorandum or the accompanying Notice of Meeting are defined in the Glossary.

Resolution 1: Receive the Annual Report and accounts of the Company for the year ended 31 December 2010.

The accounts have been signed by the relevant directors and the auditor and have been adopted by the board in which all directors have unanimously affirmed the contents of the accounts and recommended to the shareholders such accounts be received.

Resolution 2: Election of Ian Johns as a director of the company

Ian Johns retires according to the Articles of the company and offers himself for re-election. Mr Johns is a substantial shareholder of the company and has long been the major supporter of the company through the provision of his funds. Mr Johns has been involved in all aspects of the management of the company and is the principal connection with Varun Industries and this connection lead directly to the company's interest in the joint venture in Madagascar.

Resolution 3: Change of Company Name to Torian Resources NL (Special Resolution)

All directors have unanimously affirmed the recommendation of the board of the company to change the name of the company to **TORIAN RESOURCES NL** as recognition of a substantial change in style, direction, focus and management of the company. The word "Torian" has no particular significance and is a made up word and it is recommended as it has no association with any other company, project or person.

Resolution 4: Termination of the Auditor

Mr Ronald Smith has been the company's auditor for 3 years. It is the policy of this company to ensure that the role of auditor is fully independent and the members of the board unanimously recommend that the company change auditors to ensure this independence.

The Secretary notes that Mr Ashcroft has sought to replace the auditor and therefore has a direct interest in the subject of this resolution but such interest does not constitute a conflict of interest and therefore Mr Ashcroft is not required to disqualify himself or shareholders he represents from voting on this resolution.

Resolution 5: Appointment of New Auditor (Special Resolution)

Mr Stuart Cameron has consented to the appointment as auditor of the company. Mr Cameron has been nominated as the company's auditor by the Chairman, Mr Peter Ashcroft. Mr Ashcroft has confirmed to the company that he has no association with Mr Cameron or anyone with the firm of K. S. Black & Co.

The Secretary notes that Mr Ashcroft has sought to replace the auditor and therefore has a direct interest in the subject of this resolution but such interest does not constitute a conflict of interest and therefore Mr Ashcroft is not required to disqualify himself or shareholders he controls from voting on this resolution.

Resolution 6A and 6B: Issue of Options to Ashcroft and Johns in relation to their continued appointment as Directors in lieu of remuneration

Resolution 6A: Issue of options to Peter Ashcroft

The board members (excluding Mr Ashcroft) recommend this resolution which provides for the issue of options to Mr Ashcroft in lieu of any payment for his appointment as a director for 2011. The board confirms that Mr Ashcroft has been engaged on a full time basis as a non-paid executive director of the company for the past 12 months and it is anticipated this arrangement and this style of commitment will be required for the following 12 months. Mr Ashcroft has been crucial to the re-structuring of the Australian operations, the substantial reduction in operating costs of the company, the entering into the joint venture in Madagascar and its subsequent management. The board proposes the following options be issued to Mr Ashcroft (or his nominee):

- a) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.01 expiring 31 Dec 2014,
- b) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.011 expiring 31 Dec 2014;

- c) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.012 expiring 31 Dec 2015;
- d) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.013 expiring 31 Dec 2015.

Resolution 6B: Issue of options to Ian Johns

The board members (excluding Mr Johns) recommend this resolution which provides for the issue of options to Mr Johns in lieu of any payment for his appointment as a director for 2011. The board confirms that Mr Johns has been engaged as a non paid executive director of the company for the past 12 months and it is anticipated this arrangement and this style of commitment will be required for the following 12 months in relation to Madagascar and other overseas opportunities still available to the company. Mr Johns has been crucial to the entering into the joint venture in Madagascar and its subsequent management. The board proposes the following options be issued to Mr Johns (or his nominee):

- a) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.01 expiring 31 Dec 2014,
- b) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.011 expiring 31 Dec 2014;
- c) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.012 expiring 31 Dec 2015;
- d) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.013 expiring 31 Dec 2015.

In accordance with ASX Listing Rule 10.11, approval is required by shareholders for an issue of securities to related parties such as Directors. If approval is given under listing rule 10.11, approval is not required under listing rule 7.1. In accordance with ASX Listing Rule 10.13.3, the Company advises that these securities will be issued within one month of the date of the AGM. Any funds raised by the exercising of options are intended to be used to fund the Company’s current exploration projects and for working capital.

The company has been advised by its external accountants, Traverse Accountants Pty Ltd, that the values to be attributed to the options to be issued with the approval of the above resolutions are as follows:

Director	Total number of options to be issued	Financial Reporting Value of options
Peter Ashcroft	100 million	\$565,000
Ian Johns	100 million	\$565,000

VOTING EXCLUSION STATEMENT: In accordance with the Listing Rules, the Company will disregard any votes cast in respect of Resolution 6A by Peter Ashcroft and Resolution 6B by Ian Johns or any of their associates.

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 to vote 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.

Resolution 7A, 7B and 7C: Issue of Options to Peter Ashcroft, Ian Johns and Scott Enderby in relation to their previous financial support of the company

The Board recommends Resolutions 7A, 7B and 7C.

During the first few months of 2009, due to the poor conditions in capital markets Cluff directors resolved to provide short-term funding to the Company, up to a combined total of \$380,000. Directors’ funds were provided in the form of commercial loans to the Company, and at the 2009 Annual General Meeting approval was given to issue Converting Notes and unlisted options in consideration for these funds. A total of 75,000,000 unlisted options were issued as a result of the approval, with 37,500,000 having an exercise price of \$0.005 and expiry date of 31 December 2009, and 37,500,000 having an exercise price of \$0.01 and an expiry date of 31 December 2009. Mr Johns received a total of 41,000,000 unlisted options, Mr Ashcroft and Mr Kennewell each received a total of 13,000,000, and Mr Enderby received a total of 9,000,000. At the 2010 AGM, shareholders approved the replacement of the expired options, resulting in the same number of unlisted options being reissued to the directors with the same exercise price but with an expiry date of 31 December 2010.

All of the previously issued unlisted options have now lapsed, and the directors would like shareholders to again consider the issuing of further and final replacement options, so that the potential to inject additional funds into the Company upon their conversion is preserved. These proposed replacement options, all of which at the time of Board approval had an exercise price which substantially exceeded the share price, are recommended as reasonable and final compensation for the risks and support provided.

Resolution 7A: Issue of options to Peter Ashcroft

The following terms apply to the 88,000,000 options proposed to be issued to Peter Ashcroft or his nominees:

- a) 22,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.01 expiring 31 Dec 2014;
- b) 22,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.011 expiring 31 Dec 2014;
- c) 22,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.012 expiring 31 Dec 2015;
- d) 22,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.013 expiring 31 Dec 2015.

Resolution 7B: Issue of options to Ian Johns

The following terms apply to the 102,000,000 options proposed to be issued to Ian Johns or his nominees:

- a) 26,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.01 expiring 31 Dec 2014;
- b) 26,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.011 expiring 31 Dec 2014;
- c) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.012 expiring 31 Dec 2015;
- d) 25,000,000 unlisted options for ordinary shares in the company at an exercise price of \$0.013 expiring 31 Dec 2015.

Resolution 7C: Issue of options to Scott Enderby

The following terms apply to the 14,000,000 options proposed to be issued to Scott Enderby or his nominees:

- a) 3,500,000 unlisted options for ordinary shares in the company at an exercise price of \$0.01 expiring 31 Dec 2014;
- b) 3,500,000 unlisted options for ordinary shares in the company at an exercise price of \$0.011 expiring 31 Dec 2014;
- c) 3,500,000 unlisted options for ordinary shares in the company at an exercise price of \$0.012 expiring 31 Dec 2015;
- d) 3,500,000 unlisted options for ordinary shares in the company at an exercise price of \$0.013 expiring 31 Dec 2015.

The company has been advised by its external accountants, Traverse Accountants Pty Ltd, that the values to be attributed to the options to be issued with the approval of the above resolutions are as follows:

Director	Total number of options to be issued	Financial Reporting Value of options
Peter Ashcroft	88 million	\$497,200
Ian Johns	102 million	\$575,900
Scott Enderby	14 million	\$79,100

In accordance with ASX Listing Rule 10.11, approval is required by shareholders for an issue of securities to related parties such as Directors. If approval is given under listing rule 10.11, approval is not required under listing rule 7.1. In accordance with ASX Listing Rule 10.13.3, the Company advises that these securities will be issued within one month of the date of the AGM. Any funds raised by the exercising of these options are intended to be used to fund the Company's current exploration projects and for working capital.

VOTING EXCLUSION STATEMENT: In accordance with the Listing Rules, the Company will disregard any votes cast in respect of Resolution 7A by Peter Ashcroft, Resolution 7B by Ian Johns, and Resolution 7C by Scott Enderby or any of their associates. The Company need not disregard a vote if:

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

Resolution 8 – Approval of the Cluff Resources Pacific NL Executive Incentive Plan

Background

Under Resolution 8, the company seeks the approval of Shareholders for the establishment of the **Cluff Resources Pacific NL Executive Incentive Plan (EIP)**. The EIP is intended attract, motivate and retain employees and Directors (including non-executive Directors) of the **Cluff Resources Pacific NL** group and to align their interests with those of the Shareholders by rewarding their performance with the delivery of sustainable shareholder value.

The EIP will allow the grant of Milestone Rights to eligible employees and directors. **A Milestone Right is a right to acquire shares and securities, subject to satisfaction of specified service and performance conditions.**

Subject to the eligible employee and director meeting the criteria for earning the grant of Milestone Rights, the number of securities proposed to be issued to each participant in the Plan upon the attainment of each milestone (detailed in full in Schedule 3 at the rear of the attached EIP document) are as follows:

Milestone 1: Cluff Varun Joint Venture moves to Stage 1: 45,000,000 ordinary shares and 45,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue,

Milestone 2: Cluff Varun Joint Venture moves to Stage 2: 55,000,000 ordinary shares and 55,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue,

Milestone 3: Cluff Varun Joint Venture moves to Stage 3, or company takeover on terms exceeding 2 cents per share before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 3: 55,000,000 ordinary shares and 55,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 4: Cluff Varun Joint Venture moves to Stage 4, or company takeover on terms exceeding 4 cents per share before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 4: 65,000,000 ordinary shares and 65,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 5: Cluff Varun Joint Venture moves to Stage 5, or company takeover on terms exceeding 5 cents per share before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 5: 65,000,000 ordinary shares and 65,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 6: Reserve Calculation of Vatovorona Gold Project to exceed 500,000 ounces of gold, or company takeover on terms exceeding 2 cents per share before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 2 or 3: 45,000,000 ordinary shares and 45,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 7: Gold Production on Vatovorona Gold Project to exceed 50,000 ounces of gold in any one year, or company takeover on terms exceeding 2 cents per share before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 2 or 3: 55,000,000 ordinary shares and 55,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 8: Gold Production on Vatovorona Gold Project to exceed 100,000 ounces of gold in any one year, or company takeover on terms exceeding 2 cents per share before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 2 or 3: 55,000,000 ordinary shares and 55,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 9: Additional Projects added to Varun Joint Venture in Madagascar: 30,000,000 ordinary shares and 30,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 10: Additional Projects operated under Varun Joint Venture in Madagascar - Gold Reserve Calculation exceeding 500,000 ounces, or the calculated value of such mineral reserves exceeds US\$50 million: 30,000,000 ordinary shares and 30,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 11: Additional Projects operated under Varun Joint Venture in Madagascar - Gold Production in excess of 50,000 ounces, or gross revenue of US\$50 million in any one year from such additional projects: 55,000,000 ordinary shares and 55,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 12: Cluff Share Price (incentive to exceed 2 cents for 14 trading days in any month): 30,000,000 ordinary shares and 30,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 13: Cluff Share Price (incentive to exceed 3 cents for 14 trading days in any month): 20,000,000 ordinary shares and 20,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 14: Cluff Share Price (incentive to exceed 4 cents for 14 trading days in any month): 17,500,000 ordinary shares and 17,500,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 15: Cluff Share Price (incentive to exceed 5 cents for 14 trading days in any month): 15,000,000 ordinary shares and 15,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 16: Cluff Share Price (incentive to exceed 6 cents for 14 trading days in any month): 12,500,000 ordinary shares and 12,500,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 17: Cluff Share Price (incentive to exceed 8 cents for 14 trading days in any month): 10,000,000 ordinary shares and 10,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

Milestone 18: Cluff Share Price (incentive to exceed 10 cents for 14 trading days in any month): 20,000,000 ordinary shares and 20,000,000 unlisted options (with a four-year term) for ordinary shares in the company at an exercise price of 115% of the price of the company's shares at the time of issue.

The total number of securities which would be issued to each eligible participant in the EIP if all of the milestones were attained is 680,000,000 ordinary shares and 680,000,000 unlisted options.

The granting of any Milestone Rights are conditional on the Executive being employed or a director of the company at the date of the issue, and meeting other relevant criteria. More detailed information regarding the exact criteria for achieving each particular milestone are contained in the EIP document. A summary of the rules is contained below.

The term of the proposed EIP is three years, during which all of the milestones listed in Schedule 3 are intended to be reached. Shareholder approval will be required in order to extend and/or modify the terms of the current EIP after it has expired.

The rules of the EIP (**Rules**) set out the general terms of the EIP. A grant of Milestone Rights under the EIP is subject to the Rules and the terms of the specific grant.

Summary of EIP Rules

A summary of the EIP Rules is as follows :

- (a) The Board is responsible for administering the EIP in accordance with the Rules and the terms and conditions of the specific grants to eligible participants in the EIP.
- (b) The Board may in its absolute discretion determine which eligible persons will be invited to participate in the EIP. Full and permanent part-time employees and directors of the Company or any related body corporate of the Company are eligible to participate in the EIP.

- (c) The Board may impose performance conditions on any grants under the EIP to reflect the Company's business plans, targets, budgets and performance objectives.
- (d) The Milestone Rights will be granted for nil consideration and there is no amount payable by the participant on the vesting of their Milestone Rights. Prior to vesting, the Milestone Rights will not confer any right to participate in dividends or in new issues of shares by the Company (including bonus issues, rights issues or otherwise) and they may not be transferred.
- (e) The Company may issue Shares in respect of Milestone Rights which vest directly to the participant or, alternatively, a trust may be established to assist with the operation of the EIP. The EIP provides for the acquisition by issue or transfer of fully paid Shares by the trustee appointed by the Company. Shares may then be transferred from the trust to the participant when the applicable Milestone Rights vest upon the performance conditions being satisfied or waived (and subject to any applicable disposal conditions).
- (f) Shares acquired under the Plan will rank equally with all existing issued Shares in all respects from the date of their issue or transfer to the participant. Unlisted options which are issued under the Plan will give the holder no right to participate in new issues of securities until they are exercised and converted into ordinary shares.
- (g) The Board may, in its discretion, accelerate the vesting of all or part of any unvested Milestone Rights, including in circumstances such as death, total and permanent disablement, redundancy, permanent retirement from the workforce, the occurrence of a change of control, removal from office as a Director by a vote of Shareholders or the Company ceasing to be listed on ASX, and in such other circumstances determined by the Board.
- (h) Unless the Board determines otherwise, an unvested Milestone Right will automatically lapse if:
 - (i) A performance condition in relation to some or all of the participant's Milestone Rights is not satisfied to any extent; and
 - (ii) The period for satisfaction of that performance condition has expired.
- (i) The Board may make such arrangements as it considers necessary to enforce any disposal restrictions on Shares acquired under the EIP, including the application of a holding lock.
- (j) Without the approval of the Board, a participant may not sell, assign, transfer or otherwise deal with, or grant a security interest (including by way of hedging arrangements) over their Milestone Rights. A Performance Right lapses immediately on any purported sale, assignment, transfer, dealing or grant of security interest without Board approval.
- (k) In the event of any capital reorganisation by the Company (including bonus issues), the participant's Milestone Rights, and the Shares allocated to the participant on vesting of the Milestone Rights, will be treated or adjusted, as set out in the Rules. In general, it is intended that a participant will not receive any advantage or disadvantage from any such adjustment that Shareholders do not receive.
- (l) The Board may determine that a participant's entitlement to Shares under a vested Milestone Right may be satisfied wholly or partially in the form of cash rather than Shares. In those circumstances, the cash amount shall be equal to the market value of the Shares that would otherwise have been issued or transferred to the participant, as determined by the Board.
- (m) It is likely that the total number of Milestone Rights which may be granted under the EIP will not exceed the 5% limit on the total number of issued Shares that may be issued under an employee share scheme under ASIC Class Order [CO 03/184]. Under this ASIC Class Order, conditional relief from the disclosure and licensing provisions of the Corporations Act applies to offers of shares or interests under an employee share scheme, such as the EIP. Offers of Milestone Rights to Directors are excluded from this 5% limit.
- (n) The Board may resolve at any time to terminate, suspend or reinstate the operation of the EIP.

Reasons for seeking shareholder approval

Shareholder approval of the EIP is sought for all purposes under the Corporations Act, including for the following purposes:

- (a) the Company may be providing financial assistance to participants or to the Plan Trustee to acquire Shares. Under section 206C(4) of the Corporations Act, the Company may provide such financial assistance under an employee share scheme approved by the Company in general meeting. The Company therefore seeks approval of the EIP to ensure it may provide financial assistance to participants or the Plan Trustee under the EIP.
- (b) Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the Company or a related body corporate if it is approved by shareholders or an exemption applies.

Section 200B of the Corporations Act applies to managerial or executive officers of the Company or of any of its subsidiaries, which includes the Directors. Additionally, the persons covered by the restrictions are covered for at least three years after they cease to be a managerial or executive officer.

The term 'benefit' has a wide operation and includes the early vesting of the Milestone Rights under the rules of the EIP (as summarised above).

The company also notes that shareholder approval of the EIP relates to the requirements of Listing Rule 7.2 exception 9, which allows for securities issued under the terms of employee incentive schemes (once approved by shareholders) to be exempt from the calculations of the number of securities which may be issued by directors without the approval of shareholders under Listing Rule 7.1.

VOTING EXCLUSION STATEMENT: In accordance with Listing Rule 14.11.1, the Company will disregard any votes cast in respect of Resolutions 8 by any director, executive employee or other persons of influence who may potentially benefit from the approval of this resolution. Accordingly, the company will disregard and votes cast on these resolutions by Peter Ashcroft or his associates, Ian Johns or any of his associates, Scott Enderby or any of his associates, Rhys Bevan or any of his associates, and Todd Axford or any of his associates. . 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 to vote 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

In addition, Section 200E(2A) of the Corporations Act prevents a retiring managerial or executive officer or their associate from voting on a resolution to approve the giving of a benefit in connection with their retirement from that office. In the light of that restriction, no Director or employee of the Company or a related body corporate (or their associates) may vote on Resolution 8, other than as a proxy appointed in writing where it is specified how the proxy is to vote on the resolution, and the person appointing the proxy is not subject to this voting restriction.

Directors' Recommendations

No Director makes any recommendation in relation to Resolution 8 as they have a potential interest in the outcome of Resolution 8.

Resolutions 8A and 8B– Approval of issue of Milestone Rights under the EIP to each Director

Each of Resolutions 8A and 8B is conditional on Resolution 8 relating to the establishment of the EIP being passed by Shareholders.

Background and reason for the prepared grants

The company considers that Peter Ashcroft and Ian Johns are the first Executives to qualify for the EIP based on their efforts to secure and develop the Cluff Varun Joint Venture in Madagascar to its current advanced stage.

Under Listing Rule 10.15A the company advises that shareholder approval is being sought under Resolutions 8A and 8B to the grant a total 18 Milestone Rights under the EIP to the following Directors for no consideration:

1. Peter Ashcroft – 18 Milestone Rights;
2. Ian Johns – 18 Milestone Rights;

Subject to the satisfaction of the performance and service vesting conditions described below and to any adjustment of the number of Shares to be acquired upon the vesting of the Milestone Rights (e.g. following a bonus issue), each Director will receive the number of securities per each Milestone Right earned as contained in Schedule 3 at the rear of the attached document which states the terms and conditions of the EIP.

A summary of the rules of the EIP appears in the Explanatory Memorandum relating to Resolution 8 above.

Performance conditions

The following performance conditions will be attached to all of the Milestone Rights to be granted to each Director under Resolutions 8A to 8B:

- (i) The Director remains in office as a Director until the end of the Measurement Period.

Potential Benefits of grant of Milestone Rights

If the Milestone Rights are granted under Resolutions 8A and 8B, the Company considers the following benefits arise:

- (a) Each Director has a vested interest in the affairs of the Company which will be financially reinforced by the grant. As the Milestone Rights are a performance-based incentive, they will provide incentive to the creation of a successful and profitable business for the Company; and
- (b) The grant of the Milestone Rights to each Director is a non-cash form of remuneration, thus conserving the Company's cash reserves. Details of the cash remuneration paid to each Director for FY2010 is as follows:

Director	Remuneration
Scott Enderby	\$ 41,288
Ian Johns	Nil
Peter Ashcroft	Nil
The above amounts do not include statutory superannuation.	

Ian Johns is a director of, and has a controlling interest in, Johns Corporation Pty Limited (**JCPL**), which received 81,000,000 unlisted options during the year to 31 December 2010 for its services. Of these unlisted options, 41,000,000 were issued in replacement of expired options originally issued in consideration for funds provided by the Directors to the Company during 2009, and 20,000,000 were issued in lieu of any cash remuneration for non-executive directors' fees for the year from the 2010 AGM to the 2011 AGM (both

issues were approved by shareholders at the 2010 AGM). The remaining 20,000,000 options were issued under the terms of the Cluff Employee Options Scheme, as approved by shareholders at the 2009 AGM.

Scott Enderby is a director of, and has a controlling interest in, Terradoodle Pty Ltd, which received \$45,607 during FY2010 for the provision of professional services including corporate secretarial services, and

Peter Ashcroft is a principal of ASHLAW Legal Services Pty Ltd, which received \$108,740 during FY2010 for the provision of legal services.

(c) The details of the direct and indirect interests of each Director in the securities of the Company as at the date of this Notice of Meeting are as follows:

Nature of Holding	Peter Ashcroft	Ian Johns	Scott Enderby
Direct			10,356,666 CFR 111,111 CFROB 21,660,000 CFRAK 5,000,000 CFRAL
Indirect	<p>Securities held by held by Parkview Services (Australia) Pty Limited <as trustee of the Parkview Services Superannuation Fund>:</p> <p>40,666,667 CFR 1,500,000 CFROB 21,660,000 CFRAK 20,000,000 CFRAL 10,000,000 31 December 2011 \$0.00448 unlisted options 10,000,000 31 December 2011 \$0.00948 unlisted options 10,000,000 31 December 2012 \$0.004 unlisted options 10,000,000 31 December 2012 \$0.01 unlisted options</p> <p>Securities held by Parkview Services (Australia) Pty Limited:</p> <p>4,392,500 CFR 1,492,500 CFROB</p> <p>Securities held by Ashware Holdings Pty Ltd:</p> <p>5,000,000 CFR 2,500,000 CFROB</p>	<p>Securities held by Johns Corporation P/L as trustee for <Johns Family Trust>:</p> <p>146,872,167 CFR 13,089,805 CFROB 21,660,000 CFRAK 20,000,000 CFRAL 10,000,000 31 December 2011 \$0.00448 unlisted options 10,000,000 31 December 2011 \$0.00948 unlisted options 10,000,000 31 December 2012 \$0.004 unlisted options 10,000,000 31 December 2012 \$0.01 unlisted options</p> <p>Securities held directly by Ian Anthony Johns:</p> <p>9,405,215 CFR 5,734,202 CFROB</p> <p>Held by Victoria Anne Johns (Spouse):</p> <p>3,700,000 CFR 950,000 CFROB</p>	

Potential Costs of grant of Milestone Rights

The potential cost to the Company of the grant of a total of 18 Milestone Rights is that there will be a dilution of the issued share capital if and when these Milestone Rights vest.

Based on 2,445,296,398 Issued Shares as at the date of this Notice of Meeting, the vesting of these proposed 18 Milestone Rights would have a dilution effect of approximately 44.38%.

The value of the Milestone Rights proposed to be granted is calculated as follows: The present value has been calculated by independent accountants as being NIL.

Reasons for seeking shareholder approval

ASX Listing Rule 10.14 requires the grant or acquisition of securities under an employee incentive scheme to or by a Director or their associate to be approved by Shareholders.

Shareholder approval of the proposed grant of Milestone Rights to each of the Directors under Resolutions 8A and 8B is sought for all purposes, including under section 200B of the Corporations Act. Under that section, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the Company or a related body corporate if it is approved by shareholders or an exemption applies. See the explanatory notes for Resolution 8 above for further information.

Shareholder approval is also being sought under Chapter 2E of the Corporations Act. Chapter 2E regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies.

A "financial benefit" is defined by the Corporations Act in broad terms and includes issuing securities or granting an option over, or right to acquire, securities.

A "related party" (as defined in section 228 of the Corporations Act) includes a Director. Accordingly, the proposed grant of Milestone Rights to the Directors under each of Resolutions 8A and 8B involves the provision of a financial benefit to a related party of the Company.

Shareholder approval under Chapter 2E of the Corporations Act is not required if the financial benefit may be characterised as reasonable remuneration of a related party under the exception in section 211 of the Corporations Act.

The Board (excluding the participation of that Director who is the beneficiary of the approval sought under the relevant Resolution) has reasonably formed the view that the grants of Milestone Rights proposed to be made under Resolutions 8A and 8B constitute a reasonable component of the remuneration for each Director, having regard to the circumstances, roles and responsibilities of that person, the Company and its published remuneration policy as well as accepted best practice for director and executive remuneration.

Accordingly, the Board believes that Shareholder approval for the purpose of Chapter 2E of the Corporations Act is not strictly necessary. Nevertheless, the Directors have determined to seek Shareholder approval for the purposes of Chapter 2E of the Corporations Act for the grant of the Milestone Rights to the Directors.

In accordance with the requirements of section 219 of the Corporations Act, the above information is provided to allow Shareholders to assess whether or not to approve Resolutions 8, 8A and 8B

Directors' Recommendations

No Director makes any recommendation in relation to any of Resolutions 8, 8A and 8B because they either have an interest in the outcome of the Resolution under which approval to the grant of Milestone Rights to him is sought or they may have a conflict of interest in relation to the outcome of the Resolution under which approval to the grant of Milestone Rights to each other Director is sought.

Details of any securities issued to Mr Ashcroft and Mr Johns under the EIP, or any other participant who become eligible and are approved by shareholders to become eligible, will be published in each annual report relating to the period in which the securities were issued, and will confirm that the approval for the issue of the securities was obtained under listing rule 10.14.

Any additional persons who become entitled to participate in the EIP after this resolution has been approved and who have not been named in this notice of meeting will not be able to participate until approval has been obtained under listing rule 10.14, if relevant given the status of that recipient.

All securities currently proposed to be issued under the EIP are to be issued within 3 years of the date of the establishment of the EIP.

VOTING EXCLUSION STATEMENT: In accordance with Listing Rule 14.11.1, the Company will disregard any votes cast in respect of Resolutions 8A and 8B by anyone who may potentially benefit from the approval of these resolutions. Accordingly, the company will disregard any votes cast on Resolution 8A by Peter Ashcroft or his associates, and votes cast on Resolution 8B by Ian Johns or any of his associates.

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 to vote 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

Resolution 9: Retrospectively approve the issue of 142,000,000 ordinary shares issued from the January 2011 Placement.

Funds totalling \$426,000 were contributed in the placement to sophisticated investors in January 2011, which resulted in the company issuing 142,000,000 fully paid ordinary shares at A\$0.003 per share. At the time the placement was negotiated the shares in the company were trading between \$0.003 and \$0.004 and the Chairman was able to negotiate the placement at an issue price of \$0.003. The funds raised from the placement have been used to fund the initial development of the Madagascar joint venture projects, together with further exploration activities on the company's diamond projects, and for working capital. Approval of this resolution will restore the company's ability to issue up to 15% of its capital without the need to seek shareholder approval. The ability of the company to issue shares as appropriate provides the board with some flexibility in further negotiations on commercial matters.

The ASX Listing Rules allow for retrospective approval of securities originally issued by directors of companies without shareholder approval to be made at general meetings. Under Listing Rule 7.4, issues of securities made without shareholder approval are treated as having been made with approval if such subsequent approval is given.

VOTING EXCLUSION STATEMENT: In accordance with the Listing Rules, the Company will disregard any votes cast in respect of Resolution 9 by the sophisticated investor placement participants or any of their associates.

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 to vote 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

Resolution 10: Retrospectively approve the issue of 18,000,000 Unlisted Options issued from the January 2011 Placement

The brokers of the placement were issued 18,000,000 unlisted options exercisable at \$0.005 and expiring 31 December 2012 as part payment of their consideration for assisting in making the placement. Approval of this resolution will restore the company's ability to issue up to 15% of its capital without the need to seek shareholder approval.

The ASX Listing Rules allow for retrospective approval of securities originally issued by directors of companies without shareholder approval to be made at general meetings. Under Listing Rule 7.4, issues of securities made without shareholder approval are treated as having been made with approval if such subsequent approval is given.

VOTING EXCLUSION STATEMENT: In accordance with the Listing Rules, the Company will disregard any votes cast in respect of Resolution 10 by the recipients of the unlisted options or any of their associates.

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 to vote 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.

Resolution 11: Issue of Shares and Listed Options to Parkview Services (Australia) Pty Limited as trustee of the Parkview Services Superannuation Fund

As noted above, funds totalling \$426,000 were contributed in the placement in January 2011 which resulted in the company issuing 142,000,000 fully paid ordinary shares at A\$0.003 per share on 3 February 2011. At the time the placement was negotiated the shares in the company were trading between \$0.003 and \$0.004. The Chairman represented to the brokers and sophisticated investors who participated in the placement that he (or his nominee) would contribute \$50,000 to the placement at A\$0.003 per share plus an equivalent number of listed options exercisable at A\$0.01 on or before 31 July 2011, but the issue of these securities would need to be approved by the shareholders in general meeting in accordance with ASX Listing Rule 10.11. Parkview Services (Australia) Pty Limited is the trustee of the Parkview Services Superannuation Fund and has paid the said \$50,000 to the company by way of application for the issue of the shares. The Parkview Services Superannuation Fund is the personal superannuation fund of Mr Peter Ashcroft.

If Resolution 11 is approved, this will result in the issue of 16,666,667 ordinary shares (CFR) and 16,666,667 listed options expiring 31 July 2011 exercisable at \$0.01 (CFROB) to the nominees of Peter Ashcroft.

In accordance with ASX Listing Rule 10.11, approval is required by shareholders for an issue of securities to related parties such as Directors. If approval is given under listing rule 10.11, approval is not required under listing rule 7.1. In accordance with ASX Listing Rule 10.13.3, the Company advises that these securities will be issued within one month of the date of the AGM. Any funds raised by the exercising of these options are intended to be used to fund the Company's current exploration projects and for working capital.

VOTING EXCLUSION STATEMENT: In accordance with the Listing Rules, the Company will disregard any votes cast in respect of Resolution 11 by Peter Ashcroft or any of his associates.

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 to vote 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

Glossary of terms

In this document, the Notice of Meeting and any associated documents the following terms have the following meaning:

ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691
Board	Board of Directors of the Company
Company	Company Cluff Resources Pacific NL ABN 72 002 261 565
Corporations Act	the <i>Corporations Act 2001</i> (Cth)
Directors	the directors of the Company
Dollar or \$	unless otherwise noted, "dollar" or "\$" refer to Australian Dollars, the legal currency of Australia
FY2010	the financial year ended 31 December 2010
Meeting	the Annual General Meeting of the Company to be held on Tuesday the 31 st of May 2011
Notice	the Notice of Meeting convening the Annual General Meeting
Cluff Resources Pacific NL Executive Incentive Plan or EIP	Company Cluff Resources Pacific NL Executive Incentive Plan
Share	A fully paid ordinary share in the capital of the Company
Shareholder	The registered holder of one or more Shares
VWAP	for a Share over a period means the volume weighted average price of Shares sold on the ASX excluding any transactions defined in the ASX Market Rules as special crossings, crossings prior to the commencement of normal trading, crossing during the closing phase and after hours adjust phase, any overseas trades or trades pursuant to the exercise of options over Shares and any over night crossings or other trades that the Company determines to exclude on the basis that they are not fairly reflective of natural supply and demand

The terms "related body corporate", "associate" and "managerial or executive office" have the same meaning given to them in the Corporations Act.

Cluff Resources Pacific NL

Executive Incentive Plan

(Cluff Resources Pacific NL)

ABN 72 002 261 565

Contents

1.	Defined terms and interpretation	
	1.1.	Definitions in the Dictionary
	1.2.	Interpretation
2.	Objective of Scheme	
3.	Offer	
	3.1.	Offer to Eligible Executives
	3.2.	Offer Notice
	3.3.	Offer Acceptance
4.	No transfer of unvested Incentives	
5.	Vesting of Incentives	
	5.1.	When Incentives vest
6.	Termination of employment	
	6.1.	Termination for approved reason
	6.2.	Termination for cause
	6.3.	Terms of engagement not affected
7.	Exercise of Incentives and Participation in new issues	
8.	Allotment of Shares	
	8.1.	Allotment
	8.2.	Rights and obligations attached to Shares
9.	Trustee	
10.	Lapsing of Incentives	
	10.1.	Unvested incentives
	10.2.	Vested incentives
11.	Capital reconstructions	
12.	Change of control	
	12.1.	Vesting Conditions waived
	12.2.	Notice and exercise
13.	11.2 Options in acquiring entity	
14.	Term of Scheme	
	14.1.	Commencement
	14.2.	Termination
15.	Amendments to Scheme	
16.	Powers of the Board	
	16.1.	Powers and delegation
	16.2.	Discretion
17.	Power of attorney	
18.	Limit on Offers	
19.	Compliance with law	
20.	Calculations	
21.	General	
	21.1.	Notices
	21.2.	Entire agreement
	21.3.	Governing law
22.	Schedule 1 — Offer Notice	
23.	Schedule 2 — Acceptance Form	
24.	Schedule 3 ---Initial Incentives	

1. Definitions and Interpretations

1.1. Definitions

For the purpose of this Scheme unless the context requires otherwise:

- a. ASX means the Australian Stock Exchange Limited (ABN 98 008 624 691).
- b. Board means the board of directors of the Company.
- c. Business Day means a day on which banks are open for business excluding Saturdays, Sundays and public holidays in Sydney, New South Wales.
- d. Company means Cluff Resources Pacific NL (ABN 72 002 261 565)
- e. Control has the meaning given in section 50AA of the Corporations Act.
- f. Corporations Act means Corporations Act 2001 (Cth).
- g. Deal means to conduct any dealing including, but not limited to, sell, transfer, assign, create a trust, encumber, create an option, swap or alienate all or any part of the rights attached, and includes any attempt to do conduct any dealing.
- h. Eligible Executive means an Executive who has been nominated by the Board for an Offer.
- i. Executive means a Director employed by Cluff Resources Pacific NL but does not include the company secretary or any director who also occupies the position of company secretary.
- j. Exercise Period means the dates and times between which an Incentive may be exercised, as determined by the Board.
- k. Exercise Price means the price payable per Incentive to exercise an Incentive, as determined by the Board or as set out in the incentive included herein.
- l. Grant Date means the date on which the Incentives are proposed to be issued to an Eligible Executive under this Scheme.
- m. GST means a goods and services tax, or a similar value added tax, levied or imposed under the GST Law.
- n. GST Law has the meaning given to it in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
- o. Incentive means an Option, Performance Right or a Share and includes the incentives and obligations as set out in Schedule 3.
- p. Listing Rules means the official listing rules from time to time of ASX.
- q. Offer means an invitation to apply for Incentives made in an Offer Notice under this Scheme.
- r. Offer Acceptance means the written application by an Eligible Executive to take up Incentives on the terms set out in an Offer or any other form approved by the Board from time to time.
- s. Offer Notice means a written offer of Incentives made to an Eligible Executive by the Company in accordance with clause 3.2.
- t. Option means an option under this Scheme to acquire a Share.
- u. Participant means an Eligible Executive who has given the Company an Offer Acceptance.
- v. Scheme means this executive incentive scheme.
- w. Performance Right means a right to have a Share issued.
- x. Cluff Resources Pacific NL means the Company and any wholly owned subsidiaries of the Company.
- y. Share means a fully paid ordinary share in the capital of the Company.
- z. Trustee means a trustee appointed under clause 9.
- aa. Vesting Conditions means the conditions to be satisfied before Incentives vest (and may be exercised, if applicable) in a Participant, including any performance targets to be met and Vesting Date.
- bb. Vesting Date means the date on which an Incentive will have vested, subject to any other Vesting Conditions.

1.2. Interpretation

In this Scheme the following rules of interpretation apply unless the contrary intention appears:

- a. headings are for convenience only and do not affect the interpretation of this Scheme;
- b. the singular includes the plural and vice versa;
- c. words that are gender neutral or gender specific include each gender;
- d. where a word or phrase is given a particular meaning, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- e. the words 'such as', 'including', 'particularly' and similar expressions are not used as, nor are intended to be, interpreted as words of limitation;
- f. a reference to:
 - i. a person includes a natural person, partnership, joint venture, government agency, association, corporation or other body corporate;
 - ii. a thing (including, but not limited to, a chose in action or other right) includes a part of that thing;
 - iii. a party includes its successors and permitted assigns;
 - iv. a document includes all amendments or supplements to that document;
 - v. a clause, term, party, schedule or attachment is a reference to a clause or term of, or party, schedule or attachment to this Scheme;
 - vi. this Scheme includes all schedules and attachments to it;
 - vii. a law includes a constitutional provision, treaty, decree, convention, statute, regulation, ordinance, by-law, judgment, rule of common law or equity or a rule of an applicable Financial Market and is a reference to that law as amended, consolidated or replaced;
 - viii. an agreement other than this Scheme includes an undertaking, or legally enforceable arrangement or understanding, whether or not in writing; and
 - ix. a monetary amount is in Australian dollars;
- g. an agreement on the part of two or more persons binds them jointly and severally;
- h. when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day;
- i. in determining the time of day, where relevant to this Scheme, the relevant time of day is:
 - i. for the purposes of giving or receiving notices, the time of day where a party receiving a notice is located; or
 - ii. for any other purpose under this Scheme, the time of day in the place where the party required to perform an obligation is located; and
- j. no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Scheme or any part of it.

2. Objective of Scheme

The objective of this Scheme is to attract, retain and motivate Executives and to align their interests with those of the Company's shareholders.

3. Offer

3.1. Offer to Eligible Executives

The Board may, from time to time, invite Eligible Executives to apply for one or more types of Incentives in accordance with this Scheme, by giving that Eligible Executive an Offer Notice.

3.2. Offer Notice

Any Offer must be in writing, in the form of Schedule 2, or any other form determined by the Board from time to time, and must set out:

- a. the name and residential address of the Eligible Executive;
- b. the date of the Offer;
- c. the Grant Date;
- d. the type of Incentives being offered;
- e. the number of each type of Incentive (including any combination of Incentives) being offered;
- g. the Vesting Conditions, if any, which the Board has determined will apply;
- h. the Exercise Price (if any), the Exercise Period (if applicable to the type of Incentive offered) and any other conditions on the exercise of Incentives;
- i. any restrictions on any Dealing with Shares granted pursuant to the Offer;
- j. the time and date by which any Offer Acceptance must be received by the Company;
- k. any terms and conditions to facilitate a Trustee to acquire and hold Shares or Incentives on the Eligible Executive's behalf;
- l. a statement that the Offer is made on the terms and conditions in this Scheme;
- m. a recommendation that the Eligible Executive obtain his or her own independent advice in relation to tax and any other matters in connection with the Offer; and
- n. any other terms and conditions or information applicable to the Offer as determined by the Board.

3.3. Offer Acceptance

- a. An Eligible Executive who wishes to accept an Offer must give the Company a duly completed Offer Acceptance signed by the Eligible Executive before the time and date specified in the Offer.
- b. On receipt of an Offer Acceptance from a Participant, the Company may grant the Participant the number of Incentives accepted by them in the Offer Acceptance, and the terms set out in the Offer will apply to those Incentives.

4. No transfer of unvested Incentives

- a. A Participant must not Deal with any unvested Incentive (or any interest in any unvested Incentive) granted under an Offer or purport to do so.
- b. Any Dealing in contravention of paragraph (a) is void.
- c. A Participant must not engage in any hedging arrangements in relation to any unvested Incentive granted under the Scheme or purport to do so.

5. Vesting of Incentives

- a. The Incentives held by a Participant will vest in the Participant upon satisfaction of the Vesting Conditions specified in the Offer Notice, subject to paragraph (b), clause 6 (Termination of employment), clause 10 (Lapsing of Incentives) and clause 12 (Change of control).
- b. The Board may waive any Vesting Conditions at any time in its absolute discretion.
- c. The Company will give the Participant a written notice informing the Participant when the Vesting Conditions have been satisfied or waived by the Board.

6. Termination of employment**6.1. Termination for approved reason**

All Incentives granted to a Participant vest immediately in that Participant, unless otherwise determined by the Board, if that Participant:

- a. is made redundant;
- b. has his or her employment terminated by Cluff Resources Pacific NL without cause;
- c. retires after reaching the age of 55 years;
- d. resigns due to ill-health, disability or any other similar hardship; or
- e. dies.

6.2. Termination for cause

All unvested Incentives granted to a Participant lapse, unless determined by the Board, if that Participant:

- a. resigns (other than in circumstances of ill-health, disability of any other similar hardship);
- b. has his or her employment terminated for fraud, dishonesty, breach of his or her obligations to [Company Name] or for poor performance; or
- d. ceases to be engaged by Cluff Resources Pacific NL as an Executive for any other reason determined by the Board, on the date the Participant ceases to be an Executive.

6.3. Terms of engagement not affected

Participation in the Scheme does not affect the Participant's terms of engagement with the Cluff Resources Pacific NL, including the rights of Cluff Resources Pacific NL to terminate the Participant's engagement.

7. Exercise of Incentives and Participation in new issues

- a. Subject to any conditions in the Offer Notice, a Participant may exercise all or any vested Incentives which require exercise subject to this clause 7.
- b. Subject to paragraphs (c) and (d), a Participant may exercise any vested Incentives which require exercise during the Exercise Period specified in the Participant's Offer Notice in relation to those Incentives.
- c. Subject to any applicable law, if the Incentives have vested as a result of the operation of clause 6.1(a), (b), (c), (d) or (f), the Participant may only exercise the Incentives on or before the date which is 3 calendar months after the date on which the Incentives vested under the relevant clause.
- d. Subject to any applicable law, if the Incentives have vested as a result of the operation of clause 6.1(e), the legal personal representative of the Participant may only exercise the Incentives on or before the date which is 12 calendar months after the date on which the Incentives vested under that clause.
- e. The Board may specify in the Offer Notice or otherwise determine a minimum number or multiple of Incentives which a Participant must exercise if the Participant chooses to exercise some but not all of the Participant's vested Incentives.
- f. The Participant (and, during his or her lifetime, only the Participant) may exercise Incentives by giving the Company:
 - i. a written notice signed by the Participant stating the number of Incentives exercised; and
 - ii. the Exercise Price payable for the number of Incentives exercised.
- g. No Participant holding vested Incentives which require exercising may participate in new issues of securities without first having exercised the Incentives.

8. Allotment of Shares**8.1. Allotment**

- a. The Company will allot a Participant the Shares referred to by the Participant's Offer Acceptance:
 - i. if the Incentives are required to be exercised by the Participant before Shares are allotted to the Participant, as soon as practicable upon the Participant duly exercising the Incentives in accordance with clause 7; or
 - ii. if the Incentives do not require exercise, upon the vesting of the Incentives in the Participant in accordance with clause 5.
- b. The Company may satisfy its obligation to allot Shares under this Scheme by any or all of the following methods:
 - i. by issuing new Shares to the Participant; or
 - ii. by procuring that existing Shares be transferred to the Participant.
- c. Prior to an allotment of Shares to the Participant under this Scheme, the Participant may request in writing to the Company that the Shares to which the Participant is entitled be allotted instead to a nominee of the Participant. The Company may satisfy its obligations to allot Shares to that Participant by allotting the Shares to which that Participant is entitled to the Participant's nominee.

8.2. Rights and obligations attached to Shares

- a. Shares allotted to a Participant rank equally with existing issued fully paid ordinary shares in the Company, except that the Participant will have no right to receive a dividend for which the record date is before the date of allotment of the Shares.
- b. Participants agree to be bound by the constitution of the Company upon being allotted Shares under this Scheme.

9. Trustee

- a. The Company may appoint a trustee for the purpose of giving effect to and administering this Scheme, including acquiring or holding any Shares or Incentives on behalf of Participants, on terms and conditions to be determined by the Board.
- b. If a Trustee is appointed, the Company may fulfill any obligations under this Scheme or any Offer Notice to allot any Shares to a Participant by allotting those Shares to the Trustee to hold on behalf of that Participant.

10. Lapsing of Incentives**10.1. Unvested incentives**

Any unvested Incentives offered to a Participant under this Scheme lapse on the earlier of:

- a. the day after the last Vesting Date specified in the Offer Notice;
- b. the date on which the Participant's engagement by Cluff Resources Pacific NL terminates under clause 6.2; or
- c. the liquidation of the Company, unless otherwise determined by the Board.

10.2. Vested incentives

If an Incentive has vested in a Participant but requires exercise, any unexercised Incentive lapses at the end of the Exercise Period for that Incentive, unless otherwise determined by the Board.

11. Capital reconstructions

If:

- a. the Company issues shares to the Company's shareholders generally by way of a pro rata bonus issue, and a Participant's Incentives have not vested or been exercised before the record date in respect of that bonus issue; or
- b. any re-organisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected;

the Board will adjust the number of Incentives or Shares to which the Participant is entitled or the Exercise Price payable in respect of those Incentives in the manner determined by the Board to ensure that the Participant is not advantaged or disadvantaged as a result of the above corporate action.

12. Change of control**12.1. Vesting Conditions waived**

If the Company is subject to a change of Control, all Vesting Conditions are waived and all Incentives are deemed to have vested unless otherwise determined by the Board, including under clause 12.3.

12.2. Notice and exercise

- a. The Company will give written notice to the Participants if Incentives vest in connection with a change of Control.
- b. Upon giving the written notice, all Incentives vest, despite any other provision of this Scheme and each Participant may exercise all or any of his or her Incentives, subject to any additional terms and conditions in the written notice.
- c. In the case of Options which have vested under this clause, a Participant may only exercise his or her Options on or before the date which is 3 calendar months after the date on which the Options vested under this clause.

12.3. Options in acquiring entity

- a. In the case of unvested Options, if:
 - i. a change of Control has or will result from the acquisition of shares in the Company by another entity; and
 - ii. following that change of Control, it is proposed that any Participant who holds unvested Options will be entitled in lieu of those Options to options over shares in the acquiring entity (or a related body corporate of the acquiring entity) having equivalent value to, and on the same terms as, the Options held by the Participant, subject to clause (b), the Board may in its discretion determine that the unvested Options will lapse on issue of the options referred to in clause (ii).
- b. The Company must promptly notify each holder of Options of the issue of any options under this clause.

13. Term of Scheme**13.1. Commencement**

This Scheme commences or when determined by the Board, subject to the passing of any resolution required under the Corporations Act or Listing Rules approving the Scheme, the issue of any Offer Notice and the issue of any Incentives.

13.2. Termination

The Scheme may be terminated or suspended at any time by the Board, but any such suspension or termination will not prejudice the rights of any Participant holding Incentives at that time or a period of 3 years from the date when the Board determined the scheme will commence.

14. Amendments to Scheme

The Board may amend this Scheme or the terms and conditions of any Incentive without the consent of the Participant at any time:

- a. for the purpose of complying with any present or future law applicable to this Scheme or its operation, including any law of any jurisdiction outside Australia;
- b. to take into consideration any tax implications in relation to the Scheme, including implications arising from rulings from the Commissioner of Taxation, changes to tax laws or changes in the interpretation of tax laws by a court;
- c. to take into consideration any differences in local law or tax policy that apply to Participants employed in, resident in; or who are citizens of countries other than Australia;
- d. if the amendments are of a minor or technical nature;
- e. to correct any manifest error or mistake; or
- f. if the amendments do not reduce the rights of the Participant under this Scheme.

15. Powers of the Board**15.1. Powers and delegation**

The Board has absolute discretion to:

- a. determine appropriate procedures for administering the Scheme;
- b. interpret this Scheme, any Offer and resolve conclusively any questions arising under this Scheme or any Offer;
- c. delegate any of its powers or discretions under this Scheme to any one or more persons or any committee of the Board; and
- d. set additional terms and conditions to apply to Participants employed in, resident in, or who are citizens of countries other than Australia.

15.2. Discretion

- a. Any consent required from the Board may be granted or refused in the Board's absolute discretion.
- b. Any discretion to be exercised by the Board under this Scheme may be exercised by the Board in its absolute discretion.

16. Power of attorney

Each Participant, in consideration of an Offer:

- a. irrevocably appoints each of the Company, any Trustee, and any person nominated from time to time by the Company or the Trustee (each an Attorney) as the Participant's attorney to complete and execute any documents (including applications for shares and share transfers) and do anything else convenient or necessary to give effect to this Scheme;
- b. ratifies and confirms any act done by any Attorney in exercising its power under paragraph (a); and
- c. releases and indemnifies each Attorney from any liability arising as a result of or in connection with any Attorney exercising its powers under paragraph (a).

17. Limit on Offers

At any one time, the maximum number of Shares on issue or which may be issued under this Scheme or any other employee share Scheme must not exceed 5% of the total issued share capital of the Company at that time on a fully diluted basis.

18. Compliance with law

This Scheme and all Offers are subject to and are conditional on any resolutions being passed which are required under:

- a. the Corporations Act;
- b. any conditions set out in any ASIC exemption or modification in relation to the Scheme or any Offer;
- c. the Listing Rules while the Company is listed; and
- d. any other applicable law of any jurisdiction outside Australia.

19. Calculations

Where any calculation or adjustment to be made pursuant to this Scheme produces a result which contains a fraction of a cent, Incentive or Share, the result may be rounded to the nearest whole number.

20. General**20.1. Notices**

- a. A notice, consent or other communication under this Scheme is only effective if it is in writing, signed by or on behalf of the party giving it and it is received in full and legible form:
 - i. if addressed to the Company, at the address specified for notices in the Offer Notice or at Company's principal place of business; and
 - ii. if addressed to a Participant, at the Participant's last known address, email or fax number or if it is handed to the Participant.
- b. A notice is regarded as received at the time and on the day it is actually received, but if it is received on a day that is not a Business Day or after 5.00 pm on a Business Day it is regarded as received at 9.00 am on the following Business Day.

20.2. Entire agreement

- a. This Scheme and the Offer Notice given to a Participant form the entire agreement between that Participant and the Company in relation to the Offer to that Participant and any Incentives or Shares the subject of that Offer.
- b. The adoption of the Scheme by the Board does not amend or rescind any previously approved incentive arrangement or limit the Board from adopting any other incentive arrangement.

20.3. Governing law

This Scheme is governed by the laws of New South Wales.

Schedule 1

1. Offer Notice

The board of Cluff Resources Pacific NL (ABN 72 002 261 565) is offering you Incentives under the Cluff Resources Pacific NL Executive Incentive Plan (EIP), and you are invited to apply for those Incentives, on the following terms and conditions and the terms and conditions contained in the EIP.

Date of offer:

Name of Executive:

Residential Address:

Type of Incentives offered: [eg. Shares, Options]

Number of Incentives offered:

Vesting Conditions:

[insert vesting conditions / vesting schedule]:

Exercise Price:

[insert price payable per share to exercise an Incentive, if applicable]

Exercise Period:

[insert dates and times between which an Incentive may be exercised, if applicable]

Restrictions on disposal:

You may not dispose of or otherwise deal with any unvested Incentives under the Scheme.

Time Period for Acceptance of Offer:

This offer shall close and be incapable of acceptance after

Offer:

[insert time am/pm], Sydney time on [insert date].

Additional terms and conditions:

To accept this offer, please sign the enclosed Offer Acceptance and return it to:

Cluff Resources Pacific NL

Suite 21 44 Bridge Street Sydney NSW 2000

within the time period for accepting this offer specified above.

We recommend that you obtain your own independent advice in relation to tax and any other matters in connection with this offer.

Signed for and on behalf of the Cluff Resources Pacific NL by:

Signature

Name and position

Schedule 2

2. Acceptance Form

To Cluff Resources Pacific NL

I, [insert name] of

..... [insert address]

apply to take up:

[insert number] of [insert Incentive type]

on the terms specified in the Offer Notice dated [insert date] and the Cluff Resources Pacific NL Executive Plan.

I have read and understood and agree to be bound by the terms and conditions of Cluff Resources Pacific NL Executive Incentive Plan.

I acknowledge that I have had the opportunity to obtain independent advice in relation to tax and any other matters and have satisfied myself as to the consequences of my participation in the EIP.

Signature

Name of Executive

Date

Schedule 3**Milestones****Milestone 1**

Stage 1: The issue of 45 million ordinary shares to each of the members of the Executive Incentive Plan (EIP) as determined by the Board (or their respective nominees) upon the completion of any trial mining trench on the Vatovorona Gold Project in Stage 1 of the work program for licence 39110 in Madagascar PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein .

Milestone 2

Stage 2: The issue of 55 million to each of the members of the EIP as determined by the Board (or their respective nominees) if the Cluff Varun Joint Venture in Madagascar proceeds to Stage 2, which for the purposes of clarity is intended to mean that Stage 2 shall commence or proceed when the board of Varun Cluff International SARL resolve to proceed to the further expenditure of US \$3 million on the permits and Cluff has sufficient funds to meet its obligations under Stage 2 PLUS and equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 3

Stage 3: The issue of 55 million shares, to each of the members of the EIP as determined by the Board (or their nominees) if either;

a) The Varun Cluff Madagascar Joint Venture proceeds to Stage 3, which for the purposes of clarity is intended to mean that Stage 3 shall commence or proceed when the board of Varun Cluff International SARL resolve to proceed to the further expenditure of US\$10 million on the permits through an extension to any mine and the acquisition and construction of a pilot processing plant and Cluff has fulfilled its obligations to assist in the arranging to finance such additional expenditure; or

b) A partial or full takeover of the company takes place at a share price in excess of 2 cents before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 3.

PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 4

Stage 4: The issue of 65 million shares, to each of the members of the EIP as determined by the Board (or their nominees) if either;

a) The Varun Cluff Madagascar Joint Venture proceeds to Stage 4, which for the purposes of clarity is intended to mean that Stage 4 shall commence or proceed when the board of Varun Cluff International SARL resolve to proceed to the further expenditure of not less than US\$30 million on the permits through an extension to any mine and the acquisition and construction of a processing plant; or

b) A partial or full takeover of the company takes place at a share price in excess of 4 cents before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 4.

PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein

Milestone 5

Stage 5: The issue of 65 million shares, to each of the members of the EIP as determined by the Board (or their nominees) if either;

a) The Varun Cluff Madagascar Joint Venture proceeds to Stage 5, which for the purposes of clarity is intended to mean that Stage 5 shall commence or proceed when the board of Varun Cluff International SARL resolve to proceed to the further expenditure of not less than US\$80 million on the permits through an extension to any mine and the acquisition and construction of a processing plant; or

b) A partial or full takeover of the company takes place at a share price in excess of 5 cents before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 5.

PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein

Milestone 6

Reserve Calculation. The issue of 45 million to each of the members of the EIP as determined by the Board (or their respective nominees) if either;

a) the Cluff Varun Joint Venture in Madagascar proceeds to issue a gold reserve calculation of 500,000 ounces of gold within the Vatovorona gold project; or

b) A partial or full takeover of the company takes place at a share price in excess of 2 cents before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 2 or 3

PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

For the purposes of clarity it is intended that this benefit be only available once from the company for each member of the scheme.

Milestone 7

Gold Production. The issue of 55 million to each of the members of the EIP as determined by the Board (or their respective nominees) If either;

a) the Cluff Varun Joint Venture in Madagascar proceeds to produce in excess of 50,000 ounces of gold in any one year within the Vatovorona gold project; or

b) A partial or full takeover of the company takes place at a share price in excess of 2 cents before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 2 or 3,

PLUS an equal number of options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

For the purposes of clarity it is intended that this benefit be only available once from the company for each member of the scheme.

Milestone 8

Gold Production. The issue of 55 million to each of the members of the EIP as determined by the Board (or their nominees) if;

a) the Cluff Varun Joint Venture in Madagascar proceeds to produce in excess of 100,000 ounces of gold in any one year PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein; or

b) A partial or full takeover of the company takes place at a share price in excess of 2 cents before a decision could or can be made in respect to the Varun Cluff Joint Venture in Madagascar proceeding to Stage 2 or 3,

For the purposes of clarity it is intended that this benefit be only available once from the company for each member of the scheme.

Milestone 9

Additional Projects. The issue of 30 million to each of the members of the EIP as determined by the Board (or their nominees) if additional projects comprising areas that are highly prospective and capable of near or medium term development and may or may not include an exploitation licence but include exploration licences that are capable of being converted to exploitation licences within 2 years of the addition of the project, are added to the Cluff Varun Joint Venture in Madagascar PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 10

Additional Projects Reserve Calculation. The issue of 30 million to each of the members of the EIP as determined by the Board (or their nominees) if an additional project within the Cluff Varun Joint Venture in Madagascar proceeds to issue a gold reserve calculation of 500,000 ounces of gold for such additional project, or such additional project produces a commodity reserve with a value of in excess US\$50 million PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 11

Additional Projects Gold Production. The issue of 55 million to each of the members of the EIP as determined by the Board (or their nominees) if such additional project within the Cluff Varun Joint Venture in Madagascar proceeds to produce in excess of 50,000 ounces of gold or gross revenue of US\$50 million in any one year PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 12

Cluff Share Price (incentive to exceed 2 cents): Subject to the Executive being employed or a director of the company at the date of the issue, the issue of 30 million ordinary shares to each of the members of the EIP as determined by the Board (or their respective nominees) upon the share price of the company on the ASX exceeding 2 cents for 14 trading days in any month PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 13

Cluff Share Price (incentive to exceed 3 cents): Subject to the Executive being employed or a director of the company at the date of the issue, the issue of 20 million ordinary shares to each of the members of the EIP as determined by the Board (or their respective nominees) upon the share price of the company on the ASX exceeding 3 cents for 14 trading days in any month PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Item 14

Cluff Share Price (incentive to exceed 4 cents): Subject to the Executive being employed or a director of the company at the date of the issue, the issue of 17.5 million ordinary shares to each of the members of the EIP as determined by the Board (or their respective nominees) upon the share price of the company on the ASX exceeding 4 cents for 14 trading days in any month PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 15

Cluff Share Price (incentive to exceed 5 cents): Subject to the Executive being employed or a director of the company at the date of the issue, the issue of 15 million ordinary shares to each of the members of the EIP as determined by the Board (or their respective nominees) upon the share price of the company on the ASX exceeding 5 cents for 14 trading days in any month PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 16

Cluff Share Price (incentive to exceed 6 cents): Subject to the Executive being employed or a director of the company at the date of the issue, the issue of 12.5 million ordinary shares to each of the members of the EIP as determined by the Board (or their respective nominees) upon the share price of the company exceeding 6 cents for 14 trading days in any month PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 17

Cluff Share Price (incentive to exceed 8 cents): Subject to the Executive being employed or a director of the company at the date of the issue, the issue of 10 million ordinary shares to each of the members of the EIP as determined by the Board (or their respective nominees) upon the share price of the company exceeding 8 cents for 14 trading days in any month PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.

Milestone 18

Cluff Share Price (incentive to exceed 10 cents): Subject to the Executive being employed or a director of the company at the date of the issue, the issue of 20 million ordinary shares to each of the members of the EIP as determined by the Board (or their respective nominees) upon the share price of the company exceeding 10 cents for 14 trading days in any month PLUS an equal number of unlisted options for ordinary shares in the company at an exercise price of 115% of the price for the issued shares and to be exercised on the fourth anniversary of the issue of the shares herein.