
COPPER RANGE LIMITED

ACN 119 047 693

NOTICE OF GENERAL MEETING

TIME: 9.30am (WST)

DATE: 28 May 2012

PLACE: Level 1, 33 Richardson Street West Perth WA

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9200 4268.

CONTENTS PAGE

Notice of General Meeting (setting out the proposed resolutions)	2
Explanatory Statement (explaining the proposed resolutions)	5
Glossary	21
Schedule 1 – Terms of Options	22
Schedule 2 – Valuation of Related Party Options	22
Proxy Form	23

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The general meeting of the Shareholders to which this Notice of Meeting relates will be held at 9.30am (WST) on 28 May 2012 at:
Level 1, 33 Richardson Street West Perth WA

YOUR VOTE IS IMPORTANT

The business of the General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF GENERAL MEETING

Notice is given that the general meeting of Shareholders will be held at 9.30am (WST) on 28 May 2012 at Level 1, 33 Richardson Street West Perth WA.

The Explanatory Statement provides additional information on matters to be considered at the General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 9:30am (WST) on 26 May 2012.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

AGENDA

1. RESOLUTION 1 – CHANGE TO SCALE OF ACTIVITIES

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

"That, subject to the passing of Resolutions 2 and 5, for the purposes of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change in the scale of its activities as set out in the Explanatory Statement accompanying this Notice."

Short Explanation: ASX Listing Rule 11.1.2 requires the Company to seek shareholder approval where it proposes to make a significant change to the scale of its activities. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or, it is cast by the 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.

2. RESOLUTION 2 – ISSUE OF SHARES TO DR ROSELINE EMMA RASOLOVOAHANGY

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

"That, subject to the passing of Resolution 1 and 5, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 50,000,000 Shares to Dr Roseline Emma Rasolovoahangy (or her nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Dr Roseline Emma Rasolovoahangy or any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – ISSUE OF SHARES TO THE FACILITATORS – EAS HOLDINGS LIMITED AND RESOURCECO GROUP (PTY) LTD

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

"That, subject to the passing of Resolutions 1, 2 and 5, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue:

- (a) to EAS Holdings Limited (or its nominees) 6,666,667 Shares; and
- (b) Resourceco Group (Pty) Ltd (or its nominees) 6,666,667 Shares,

as consideration for assistance by those parties with the potential Acquisition on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by the EAS Holdings Limited or Resourceco Group (Pty) Ltd (or their nominees) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or, it is cast by the 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.

4. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR – MR JONATHAN HART

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

“That, subject to the passing of Resolutions 1, 2 and 5, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 5,000,000 Options to Director, Mr Jonathan Hart (or his nominee), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Jonathan Hart (or his nominee) or any associates of such persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the 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.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – PLACEMENT – SHARES

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

“That, subject to the passing of Resolutions 1 and 2, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue Shares that when multiplied by the issue price equals \$7,500,000, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the 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.

6. RESOLUTION 6 – PLACEMENT – OPTIONS TO RELATED PARTY - GARRISON CAPITAL PTY LTD

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

“That, subject to the passing of Resolutions 1, 2 and 5, for the purpose of Section 208 of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 15,000,000 Options to a related party of the Company, Garrison Capital Pty Ltd (ACN 132 795 941) (or its nominees), on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Garrison Capital Pty Ltd or its nominees and a person who might obtain a benefit, except a benefit solely

in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the 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.

Voting Prohibition Statement: A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

DATED: 19 APRIL 2012

BY ORDER OF THE BOARD



**TIMOTHY FLAVEL
EXECUTIVE DIRECTOR**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 9.30am (WST) on 28 May 2012 at Level 1, 33 Richardson Street West Perth WA.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. OVERVIEW OF CHANGE OF SCALE OF ACTIVITIES

1.1 Background

Copper Range Limited (**Company**) is an Australian public company listed on the official list of ASX (ASX code: CRJ).

The Company operates as a mineral exploration company. The Company specialises in acquiring and developing highly prospective mineral properties. The Company is currently focused on exploring copper in South Australia, lead zinc in South Australia and phosphate in the Northern Territory.

1.2 Current Activities of the Company

(a) Olympic Domain, South Australia

The Company has identified a number of significant gravity and/or magnetic targets on its Olympic Domain tenements that are considered either untested or not definitively tested. These targets are considered to have excellent potential for the discovery of Olympic Dam / Carrapateena style mineralisation.

Three targets on EL 4754 – Carrapateena East FD1, FD2 and FD3 – were selected in 2011 for further work. A program of detailed infill ground gravity surveys and modelling of this new data was completed over these targets with the intention of delineating robust drill targets. Modelling indicated that a 3mgal gravity anomaly was present at target FD2. The modelled depth (3D inversion) to the top of the target is 450-550m.

Now that a definitive drill target has been defined, a heritage access agreement is being negotiated in order that the FD2 target be drill tested as soon as possible.

(b) Adelaide Fold Belt, South Australia

Drilling of a gravity target at Caltowie (100% Metal Rights) during 2010 intersected sulphidic black shale horizons. Evaluation of the results of this drilling identified that the host sequence encountered is representative of an environment that could host a McArthur River HYC style of deposit.

A drilling program was completed on this target during January-February 2012. Three diamond core holes were completed for 971.5m. No significant visible sulphide mineralisation was intersected. The cause of the gravity anomaly is considered to be due to magnesite (magnesium carbonate) which was intersected in all of the drillhole proximal to the modelled depth of the gravity anomaly. Geochemical analysis of the core is currently in progress to confirm this interpretation.

(c) Phosphate, Northern Territory

A review of phosphate potential along the Adelaide – Darwin rail line corridor in the Northern Territory identified an area of Cambrian sediments prospective for phosphate under shallow cover. Three exploration licences were lodged to cover the most prospective areas of which ELs 28184 & 28185 have been granted.

Retrieval and review of the water bore geological logs identified areas of thicker prospective sediments and the planned drilling program is targeting these areas.

A stratigraphic drill program to test the phosphate potential of the prospective Cambrian sediments in the area is scheduled to commence during the week of April 16.

For more information please refer to the Company's Quarterly Activities Report announced to the ASX on 17 April 2012.

1.3 Background to Change of Scale of Activities – entry into the Share Sale and Shareholders Agreement

On 11 April 2012, the Company announced to the ASX that it had entered into a conditional agreement (**Agreement**) with Petromad Mauritius Limited (**Petromad Mauritius**), a company registered in Mauritius, and the sole shareholder of Petromad Mauritius, Dr Emma Rasolovoahangy (**Vendor**), to acquire up to 80% of the shares in Petromad Mauritius Limited, the holder of concession block number 3114 (**Block**), known as the Bezaha concession, situated in the South West of Madagascar (**Acquisition**).

In addition to exploring and developing the Block, the Company will continue to advance its copper and lead zinc assets in South Australia and its phosphate assets in the Northern Territory of Australia.

1.4 Agreement

- (a) (**Conditions Precedent**): The completion of the Initial Interest (defined below) under the Acquisition remains conditional upon the Company completing its due diligence on Petromad Mauritius, the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the ASX Listing Rules in relation to the acquisition of the Initial Interest and the Office Des Mines Nationales et des Industries Strategiques providing its consent before 1 June 2012 (or such later date agreed in writing by the parties) (**Conditions Precedent**). The Company is currently conducting its due diligence enquiries on Petromad Mauritius;
- (b) (**Initial Payment**): The Company has paid an initial payment of US\$200,000 to Petromad Mauritius;
- (c) (**Initial Interest**): The Company will acquire an initial 25% of the shares in Petromad Mauritius (**Initial Interest**) by:
- (i) paying to the Vendor US\$2,750,000;
 - (ii) subject to Shareholder approval, issuing and allotting 50,000,000 Shares in the capital of the Company to the Vendor. Approval for this issue is being sought pursuant to Resolution 2; and
 - (iii) make a cash payment of US\$850,000 to a third party, for the purchase of technical data relating to the Block,
- ((i) to (iii) above, together the **Initial Consideration**).
- (d) (**Stage 1**): The Company may earn an additional 26% of the shares in Petromad Mauritius (**Stage 1 Interest**) (increasing the Company's total interest to 51% after earning the Initial Interest and the Stage 1 Interest) by sole funding US\$5,000,000 on an initial exploration program including the acquisition of at least 200 km of seismic data and the completion of one (1) exploration well (**Stage 1 Expenditure**).
- (e) (**Stage 2**): The Company may earn a further 19% of the shares in Petromad Mauritius (**Stage 2 Interest**) (increasing the Company's total interest to 70% after earning the Stage 1 Interest and the Stage 2 Interest) by spending up to US\$9,000,000 on conducting further exploration work including the drilling of at least two (2) exploration wells.
- (f) (**Stage 3**): Subject to the completion of Stage 1 and Stage 2, if the Company identifies hydrocarbon reserves of at least 100 million barrels of oil (**BOE**) on the Block which is independently verified by a qualified expert appointed by Petromad Mauritius, the Company may earn an additional 10% of the shares in Petromad Mauritius (**Stage 3 Interest**) (increasing the Company's total interest to 80% after earning the Stage 1 Interest, the Stage 2 Interest and the Stage 3 Interest) by, at the election of the Vendor, either (at the Vendor's election):
- (i) paying to the Vendor the sum of US\$20,000,000; or
 - (ii) issuing and allotting to the Vendor Shares to the value of US\$20,000,000. The issue price of the Shares will be calculated based on the average market price of the Shares over the 5 days on which sales in the Shares are recorded on the ASX after the Company receives the report from the qualified expert referred to above,

on or before 5 April 2015 or such longer period as agreed between the parties.

- (g) **(Free Carried Expiry Date)**: Up until the commencement of commercial production (**Free Carried Expiry Date**), the Company will meet all of the costs associated with the exploration and development of the Block. On and from the Free Carried Expiry Date, the Company and the Vendor will contribute to expenditure on the Block in proportion to their then respective current interests.
- (h) **(Board Appointments)**: Following completion of the Conditions Precedent and subject to the settlement of the Initial Interest occurring, the Company shall be entitled to appoint two (2) nominees to the board of Petromad Mauritius. Following settlement of the Initial Interest, Petromad Mauritius's Board shall comprise two representatives of the Company and the Vendor.
- (i) **(Vendor Appointment)**: On and from the Company earning the Initial Interest, Petromad Mauritius will pay the Vendor US\$300,000 per annum for a period of three (3) years. The Vendor will use her best endeavours to secure more oil concessions for Petromad Mauritius.
- (j) **(Buy Back Rights)**: If the Company elects not to continue to sole fund expenditure on the Block in accordance with paragraphs (c) and (d) above or fails to spend the amount required within the specified timeframe, the Vendor may elect, by notice in writing to the Company within six (6) months of the Company's election, to buy back the Company's interest in Petromad Mauritius by the repayment of the expenditure incurred by the Company as set out in paragraphs (c) and (d) above except the Initial Consideration, which shall be retained by the Vendor.
- (k) **(Representations and Warranties)**: the Agreement contains representations and warranties in respect of Petromad Mauritius and the Block typical for an agreement of this nature.
- (l) **(Other)**: the Agreement otherwise contains terms and conditions typical for an agreement of this nature.

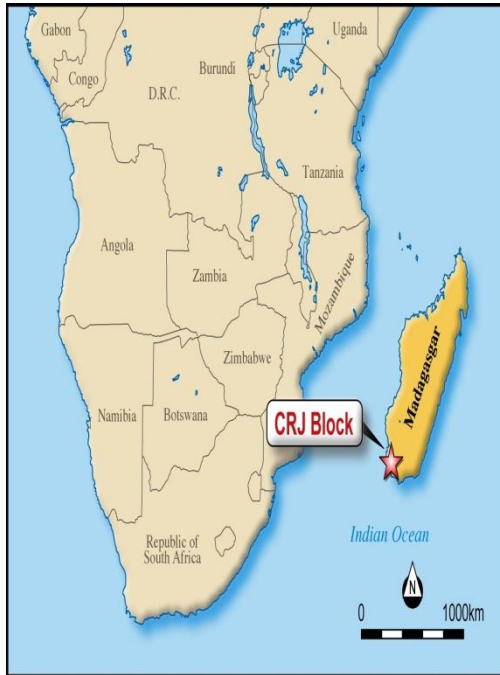
1.5 Details of Bezaha Concession Block 3114

The concession is a 10,160 sq.km onshore block located in the Morondava Basin in southern Madagascar.

Sino Union Energy Investment Group Limited (Sunpec HKSE: 00346) announced on 20 October 2009 that it had discovered oil reservoirs in Well SKL-2 on Block 3113 adjoining Block 3114. A total of 31 light oil reservoirs with total thickness of 85 meters were intersected at a depth of 3,286 to 3,625 to meters. In September 2010, Sunpec commissioned three additional wells. The first of these wells, SKL-2n was completed during February 2011. The well reached a depth of 4,450m and intercepted 31 oil reservoirs with total thickness of 76 m of light oil. Sunpec's has also announced that Block 3113 has been estimated to contain 270 million tonnes of un-risked gross original oil in place (approximately 1.8 billion barrels)¹.

Of the 65 wells drilled in the Morondava Basin, 6 are offshore and 59 are onshore for a well density of one well per 4,000 square km, making the basin highly under explored.

¹ Sino Union Energy Investment Group Limited (SEHK: 00346) announcement to the Hong Kong Stock Exchange dated 17 June 2008.



1.6 Production Sharing Contract

On 23 October 2006, Petromad Mauritius Limited (**Petromad Mauritius**) entered into a production sharing contract (with the Office des Mines Nationales et des Industries Stratégiques (**OMNIS**)). The key terms of the production sharing agreement are as follows:

- (a) **(Parties and Working Interest)**: If Petromad Mauritius, the operator of onshore block 3114 (**Block**), finds a commercial discovery on the Block:
 - (i) of less than 20,000 barrels of oil per day (**BOPD**), Petromad Mauritius will pay OMNIS 10% of the proceeds of sale;
 - (ii) between 20,000 to 40,000 BOPD, Petromad Mauritius will pay OMNIS 20% of the proceeds of sale; and
 - (iii) between 40,000 to 60,000, Petromad Mauritius will pay OMNIS 30% of the proceeds of sale.
- (b) **(Term)**: The production sharing contract includes the following two exploration phases:
 - (i) Stage 1 exploration stage as detailed in Section 1.4(d) of the Explanatory Statement, has a term of 2 years and expires on 9 March 2014; and
 - (ii) Stage 2 exploration stage as detailed in Section 1.4(e) of the Explanatory Statement, has a term of 16 months and expires on 9 July 2015.

Petromad Mauritius has the option to extend for an additional two years.
- (c) **(Continuing Obligations)**: During the:
 - (i) Stage 1 exploration stage as detailed in Section 1.4(d) of the Explanatory Statement, Petromad Mauritius must acquire at least 200 km of seismic data, complete one exploration well and provide a bank guarantee of US\$2 million; and
 - (ii) Stage 2 exploration stage as detailed in Section 1.4(e) of the Explanatory Statement, Petromad Mauritius must conduct further exploration work including the drilling of at least two (2) exploration wells and provide a bank guarantee of US\$2 million.
- (d) **(Additional Obligations)**: Petromad Mauritius must pay OMNIS administrative fees of US\$50,000 per year and OMNIS personnel training fees of US\$40,000 per year.
- (e) **(Royalty)**: Petromad Mauritius must:
 - (i) in relation to oil, pay 8% of its proceeds to OMNIS up to 25,000 BOPD, scaled up 20% above 130,000 BOPD; and

- (ii) in relation to gas, pay 5% of its proceeds up to 424MMcf/d scaled up 10% above 848MMcf/d.
- (f) **(Production Bonus)**: Petromad Mauritius must pay OMNIS US\$50,000 upon reaching 25,000 BOPD for 90 days, US\$1 million upon reaching 50,000 BOPD for 90 days and US\$2 million upon reaching 100,000 BOPD for 90 days.

1.7 Pro-Forma Capital Structure

The capital structure of the Company following completion of the acquisition of the Initial Interest:

SHARES	Number
Shares currently on issue	492,598,686
Shares to be issued pursuant to the Company earning the Initial Interest in the Acquisition pursuant to Resolution 2 ¹	50,000,000
Shares to be issued to the Facilitators pursuant to Resolution 3	13,333,334
TOTAL SHARES	555,932,020²

Note

¹ Please refer to Section 1 of this Explanatory Statement for more information on the Company earning the Initial Interest (25% of the shares in Petromad Mauritius).

² The total number of Shares does not include the number of Shares to be issued pursuant to the Share Placement, which number is currently unknown. Under the Share Placement the Company will issue that number of Shares that when multiplied by the issue price (to be not less than 80% of the average market price for Shares calculated over the last 5 days on which sales in Shares were recorded before the date of the Prospectus) equals \$7.5 million. The amount of Shares to be issued under the Share Placement will be disclosed in the Prospectus. For more details on the Share Placement please refer to Section 1.9 and Section 6 of the Explanatory Statement.

OPTIONS	Number
Options exercisable at \$0.015 cents on or before 31/12/12	300,825,225
Options exercisable at \$0.40 cents on or before 03/05/12	920,000
Options exercisable at \$0.12 on or before 27/11/13	1,000,000
Options exercisable at \$0.12 on or before 30/09/13	775,000
Options exercisable at \$0.015 on or before 21/07/13	25,000,000
Options exercisable at \$0.02 on or before 01/07/14	10,000,000
Total Options on Issue	338,520,225
Options exercisable at \$0.035 on or before 30 June 2015 to be issued to Director – Jonathan Hart (or his nominee) pursuant to Resolution 4	5,000,000
Options exercisable at \$0.035 on or before 30 June 2015 to be issued to Garrison Capital Pty Ltd (Garrison Capital) (or its nominees) pursuant to Resolution 6	15,000,000
Total Options	358,520,225

1.8 Pro-forma Balance Sheet

An unaudited pro-forma balance sheet of the Company following the Company completing the Share Placement and earning the Initial interest (for more information please see Section 1 of this Explanatory Statement) is set out below:

	Unaudited as at 31 March 2012	Unaudited Proforma as at 31 March 2012
CURRENT ASSETS		
Cash and cash equivalents	1,629,266	9,129,266
Other receivables	240,682	51,682
Other current assets	9,705	9,705
TOTAL CURRENT ASSETS	1,879,653	9,190,599
NON CURRENT ASSETS		
Available for sale investments	11,793	11,793
TOTAL NON CURRENT ASSETS	11,793	11,793
TOTAL ASSETS	1,891,446	9,202,392
CURRENT LIABILITIES		
Trade and other payables	163,028	163,028
TOTAL CURRENT LIABILITIES	163,028	163,028
TOTAL LIABILITIES	163,028	163,028

NET ASSETS	1,728,418	9,039,364
SHAREHOLDER EQUITY		
Issued Capital	14,961,631	22,461,631
Reserves	1,306,323	1,306,323
Accumulated Losses	(14,539,536)	(14,728,590)
TOTAL SHAREHOLDER EQUITY	1,728,418	9,039,364

1.9 Use of Funds from the Placement Shares Pursuant to Resolution 5

The Company intends to lodge a prospectus at ASIC (**Prospectus**) pursuant to which the Company will offer that number of Shares that when multiplied by the issue price equals up to \$7.5 million (**Share Placement** or **Placement Shares**). The issue price of the Placement Shares is to be not less than 80% of the average market price for Shares calculated over the last 5 days on which sales in Shares were recorded before the date of the Prospectus.

As will be detailed in the Prospectus, the Company has appointed Garrison Capital as corporate advisor to the offer under the Prospectus.

In part consideration for acting as corporate adviser to the offer under the Prospectus, the Company agreed to issue Garrison Capital (or their nominees) 15,000,000 Options exercisable at \$0.035 each on or before 30 June 2015 (**Placement Consideration Options**) subject to Shareholder approval, the subject of Resolution 6.

Completion of the issue of the Share Placement will result in an increase in cash in hand of up to approximately \$7,500,000 (before the payment of costs associated with the Share Placement). For more information please refer to Section 7 of the Explanatory Statement.

The Company intends to apply the funds raised from the Share Placement towards:

Proceeds of Shares issued pursuant to Share Placement	\$
Vendor to earn Initial Interest (25%)	\$2,750,000
Oil Data Acquisition from third party	\$850,000
Phase 1 Exploration on Oil Block	\$1,200,000
South Australia - Lead/Zinc Project - drilling	\$600,000
South Australia - Copper Project - drilling	\$1,000,000
Northern Territory - Phosphate Project - drilling	\$700,000
Working Capital	\$25,000
Capital Raising Fees	\$375,000
Total	\$7,500,000

1.10 Risk factors

Shareholders should be aware that if Resolutions 1, 2 and 5 are approved and the Company earns an Initial Interest in Petromad Mauritius (for more information please refer to Section 1 of this Explanatory Statement) the Company will be changing the scale of its activities. Based on the information available, a non-exhaustive list of risk factors in relation to the Company post Acquisition are as follows:

Future Capital Requirements

While the Company believes that completion of the Share Placement will provide sufficient working capital to carry out its stated and immediate objectives, the Company will require additional funding for the Company's ongoing activities.

There can be no guarantee that the funds raised through the offer under the Prospectus will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

Madagascar Operations

The Block is located in Madagascar, a developing country with an expanding mining and exploration industry. Risks relating to operating in Madagascar include economic, social or political instability or change, security concerns, hyperinflation, currency non-convertibility or instability and changes of law effecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties as well as government control over mineral properties.

Madagascar Government Involvement in Operations

The Government of Madagascar has exercised, and continues to exercise, substantial influence over many aspects of strategic sectors and government agencies have direct requirements for oversight and approval of all company activities. The provisions for cost recovery under the Production Sharing Contracts (**PSCs**) suggest that the Government of Madagascar is not inclined to seek an active role either as a working interest owner, shareholder or director in exploration companies. Government actions or changes in political conditions (and the impact thereof on the domestic economy) in the future could have a significant effect on economic conditions in Madagascar, which could adversely affect Petromad Mauritius's business and its financial results.

Political Risks in Madagascar

Madagascar experienced a period of political unrest that began in late January 2009 and continued until March that year. An interim solution was found with the installation of a transitional authority, preparatory to holding national elections within an agreed timeframe. As part of this process, an accord was reached between present and former administrations in Maputo Mozambique in early August 2009 that will advance the process of regularising government in the country. Petromad Mauritius has remained fully operational in the country since that period, inclusive of expatriate management, and no material hindrance to operations or assets has been experienced during the period of transition.

Presently the political situation in Madagascar appears relatively stable, Petromad Mauritius's operations and staff remain secure and business is being conducted on a normal day-to-day basis. Entry and exit to the country continues without impediment. Petromad Mauritius continues to monitor the situation through its established presence in Madagascar and remains hopeful of an early completion of the stabilisation process.

Oil and Gas Exploration and Development Risks

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. The Block is still in its early stage and there is no guarantee of development. Ultimate and continuous success of these activities is dependent on many factors such as:

- (a) the discovery and/or acquisition of economically recoverable reserves;
- (b) access to adequate capital for project development;
- (c) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (d) securing and maintaining title to interests;
- (e) access to drilling equipment and reasonable drilling costs;
- (f) obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production; and
- (g) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Oil and Gas Operation Risks

Drilling oil and gas wells is by its nature highly speculative, may be unprofitable and may result in a total loss of the investments made by the Company. In particular, completed wells may never

produce oil or gas or may not produce sufficient quantities or qualities of oil and gas to be profitable or commercially viable.

Industry operating risks include fire, explosions, unanticipated reservoir problems which may affect field production performance, industrial disputes, unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, mechanical failure or breakdown, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures, discharges of toxic gases or geological uncertainty (such as lack of sufficient sub-surface data from correlative well logs and/or formation core analyses). The occurrence of any of these risks could result in legal proceedings against Petromad Mauritius and substantial losses to Petromad Mauritius due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations.

General Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities, and the value of the Company may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment;
- (h) inability to obtain necessary consents or approvals;
- (i) changes to reserve estimates may change upon receiving new information and data which may in turn result in alterations to development and production plans and operations generally;
- (j) failure to renew tenements as and when required;
- (k) economic conditions and, in particular, inflation rates, interest rates, exchange rates, commodity supply and demand factors;
- (l) financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or becomes, a party;
- (m) industrial and landholder disputes;
- (n) unavailability of insurance cover or required premiums are considered to be excessive having regard to the benefits that would accrue; and
- (o) the impact of the Native Title Act 1993 (Cth), related State Native Title legislation and Aboriginal Land Rights and Aboriginal Heritage legislation on the Company's ability to gain access to prospective exploration areas or obtain production titles in Australia.

These as well as other conditions can affect the Company's future operations, possible revenues and the price of its Securities.

Legislative Changes, Government Policy and Approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company's capacity to explore and develop any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

Contractors and Contractual Disputes

The Company is subject to a variety of contracts including contracts with contractors. The Directors are unable to predict the risk of:

- (a) financial failure or default by a participant in any joint venture to which Petromad Mauritius or the Company is a party; or
- (b) insolvency or other managerial failure by any of the operators and contractors used by Petromad Mauritius or the Company in its exploration activities; or
- (c) insolvency or other managerial failure by any of the other service providers used by Petromad Mauritius or the Company or operators for any activity.

Commodity Price Volatility and Exchange Rate Risks

If any of the Company's projects enter into production the potential income of the Company is subject to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities, technological advancements, forward selling activities and other macro-economic factors.

Environmental Risks

The Company will be subject to environmental laws, approvals and regulations in connection with operations in Australia and Madagascar. The Company and Petromad Mauritius intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, either one may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Security Investments

Shareholders should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

1.11 Fee Agreement

The Company has agreed to pay and issue to EAS Holdings Limited and Resourceco Limited (together the **Facilitators**, and each a **Facilitator**) in relation to the Facilitators assisting with the Acquisition:

- (a) upon the Company earning the Initial Interest as defined in Section 1.4 of the Explanatory Statement, issue each Facilitator 6,666,667 Shares and pay each Facilitator \$152,000; and
- (b) upon the Company earning an 80% interest in Petromad Mauritius in accordance with the Agreement summarised in Section 1.4 of the Explanatory Statement, pay each Facilitator US\$800,000.

1.12 Directors' Recommendation

The directors of the Company unanimously recommend the Acquisition. It is the view of the Company directors that the Acquisition will give the Company's Shareholders the opportunity to participate in a potentially significant exploration and development programme in respect of a highly prospective Block.

2. RESOLUTION 1 – CHANGE OF SCALE OF ACTIVITIES

2.1 General

The Acquisition, if approved by Shareholders at the General Meeting, will have a significant impact on the scale of activities undertaken by the Company, and accordingly, at the request of the ASX, must be approved by Shareholders under ASX Listing Rule 11.1.2, and the Notice of Meeting must comply with any requirements of ASX.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable. ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval

of Shareholders and must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has indicated to the Company that the change in the scale of the Company's activities as a result of the Company undertaking Stage 1 of the Acquisition only requires the Company to obtain Shareholder approval for the purposes of ASX Listing Rule 11.1.2.

For this reason, the Company is seeking Shareholder approval for the Company to change the scale of its activities under ASX Listing Rule 11.1.2.

3. RESOLUTION 2 – ISSUE OF CONSIDERATION SHARES TO THE VENDOR

3.1 General

Resolution 2 seeks Shareholder approval for the allotment and issue of 50,000,000 Shares to the Vendor, Dr Emma Rasolovoahangy in consideration for earning the Initial Interest (as summarised in Section 1 of the Explanatory Statement).

The Vendor is not a related party of the Company. Shareholder approval is not required under the related party provisions of the Corporations Act or the ASX Listing Rules for the issue of Shares to the Vendor. The Vendor will not hold 20% or more of the Shares in the Company upon the completion of Stage 1 of the Acquisition and the Share Placement.

3.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Directors to issue the Shares pursuant to the Company earning the Initial Interest in the Acquisition during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

3.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares for the purposes of the Company earning its Initial Interest in the Acquisition:

- (a) the maximum number of Shares to be issued is 50,000,000 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares will be allotted and issued to Dr Emma Rasolovoahangy, who is not a related party of the Company;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (e) the Shares will be issued for nil consideration as they are being issued in part consideration for the acquisition of a 25% interest in Petromad Mauritius.

4. RESOLUTION 3 – ISSUE OF SHARES TO THE FACILITATORS – EAS HOLDINGS LIMITED AND RESOURCECO GROUP (PTY) LTD

4.1 General

Subject to the passing of Resolutions 1, 2 and 5, Resolution 3 seeks Shareholder approval for the allotment and issue of 6,666,667 Shares to EAS Holdings Limited (or its nominees) and 6,666,667 Shares to Resourceco Group (Pty) Ltd (or its nominees) (**Facilitators**) as part consideration for assisting the Company with the negotiation and execution of the Agreement as detailed in Section 1 of the Explanatory Statement.

The Facilitators are not related parties of the Company.

4.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 3 will be to allow the Directors to issue the Shares in consideration of the Facilitators' assistance with the negotiation and execution of the Agreement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Shares for the purpose of assisting the Company with the negotiation and execution of the Agreement:

- (a) the maximum number of Shares to be issued is 13,333,334 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Shares will be issued for nil cash consideration as they are being issued as consideration for assisting with the negotiation and execution of the Agreement as detailed in Section 1 of the Explanatory Statement above. Accordingly, no funds will be raised from the issue of the Shares;
- (d) 6,666,667 Shares will be allotted and issued to EAS Holdings Limited (or its nominees) and 6,666,667 Shares will be allotted and issued to Resourceco Group (Pty) Ltd (or its nominees); and
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

5. RESOLUTION 4 – ISSUE OF OPTIONS TO DIRECTOR – JONATHAN HART

5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue 5,000,000 Options to Mr Jonathan Hart (or his nominee) (**Related Party**), a Director of the Company, for his services in facilitating the Acquisition.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Options constitutes the giving of a financial benefit, and Mr Jonathan Hart is a related party of the Company by virtue of being a Director.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Options to Mr Jonathan Hart (or his nominee).

5.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of the Options to Mr Jonathan Hart (or his nominee):

- (a) the related party is Mr Jonathan Hart, who is a related party by virtue of being a Director of the Company;
- (b) the maximum number of Options that may be granted to Mr Jonathan Hart (or his nominee) is 5,000,000;

- (c) the Options will be granted no later than 1 month after the date of the Meeting and it is anticipated that the allotment will be made on one date;
- (d) the Options will be granted for nil cash consideration, accordingly no funds will be raised. The Options will be granted to Mr Jonathan Hart (or his nominee) for his services in facilitating the Acquisition;
- (e) the terms and conditions of the Options are set out in Schedule 1;
- (f) the value of the Options and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of Mr Jonathan Hart in securities of the Company are set out below:

Related Party	Shares	Options
Mr Jonathan Hart	Nil	Nil

- (h) the remuneration and emoluments from the Company to Mr Jonathan Hart for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Mr Jonathan Hart	\$22,000	Nil

- (i) if the Options granted to Mr Jonathan Hart (or his nominee) are exercised, a total of 5,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 492,598,686 to 497,598,686 (assuming that no other Options are exercised) with the effect that the shareholding of existing Shareholders would be diluted by approximately 1.02%.
- (j) The issue of any new Shares pursuant to Resolutions 2, 3 and 5 or upon conversion of any of the 338,520,225 existing Options on issue (with various exercise prices and dates) or upon conversion of the Options to be issued under Resolution 6, would reduce the level of dilution caused by the issue of Shares upon conversion of Options to be issued under this Resolution 4.
- (k) The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.
- (l) The trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	3.9 cents	11 June 2011
Lowest	1.3 cents	25 to 27 January 2012
Last	3 cents	18 April 2012

- (m) the primary purpose of the grant of the Options to Mr Jonathan Hart (or his nominee) is for his services in facilitating the Acquisition;
- (n) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Options upon the terms proposed;
- (o) Mr Jonathan Hart declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution;
- (p) Mr Matthew Wood recommends that Shareholders vote in favour of Resolution 4 as the grant of the Options to Mr Jonathan Hart represents a reasonable and appropriate method to provide cost effective remuneration to Mr Jonathan Hart for his role in assisting with the facilitation of the Acquisition;
- (q) Mr Timothy Flavel recommends that Shareholders vote in favour of Resolution 4 for the reason set out in 5.2(p);

- (r) Mr Brian McMaster recommends that Shareholders vote in favour of Resolution 4 for the reason set out in 5.2(p);
- (s) Mr Mark Arundell recommends that Shareholders vote in favour of Resolution 4 for the reason set out in 5.2(p);
- (t) in forming their recommendations above, each Director (other than Mr Jonathan Hart) considered the assistance of Mr Jonathan Hart with facilitating the Acquisition, the current market price of Shares, the current market practices when determining the number of Options to be granted as well as the exercise price and expiry date of those Options; and
- (u) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 4.
- (v) Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to Mr Jonathan Hart (or his nominee) as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Options to Mr Jonathan Hart (or his nominee) will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 5 – PLACEMENT - SHARES

6.1 General

Resolution 5 seeks Shareholder approval for the allotment and issue of up to that number of Shares that when multiplied by the issue price raises up to \$7,500,000 (**Share Placement or Placement Shares**).

Please refer to Section 1.9 for further details on the circumstances surrounding the issue of the Placement Shares.

None of the subscribers pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 3.2 above.

The effect of Resolution 5 will be to allow the Directors to issue the Shares pursuant to the Share Placement during the period of 3 months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Share Placement:

- (a) the maximum number of Shares to be issued is that number of Shares that when multiplied by the issue price raises up to \$7,500,000.

The following is a worked example of the number of Shares that may be issued under Resolution 5.

The average closing price of Shares in the 5 trading days before the date of this Notice is \$0.0308. The lowest issue price (i.e. maximum discount) of not less than 80% of this average market price would be approximately \$0.025 per Share.

At the issue price of \$0.025 the Company could issue up to 300,000,000 Shares.

Assuming no Options are exercised or other Shares issued and the maximum number of Shares as set out in the worked example above are issued, the number of Shares on issue would increase from 495,598,686 to 795,598,686 (assuming that no other Options are exercised and no other Shares are issued) and the shareholding of existing Shareholders would be diluted by approximately 37.71%.

The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

Also, the issue of any new Shares pursuant to Resolutions 2 or 3 or upon conversion of any of the 338,520,225 existing Options on issue (with various exercise prices and dates) or upon

conversion of the Options to be issued under Resolutions 4 and 6, would reduce the level of dilution caused by the issue of Shares under this Resolution 5.

- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be not less than 80% of the average market price for Shares calculated over the last 5 days on which sales in Shares were recorded before the date of the Prospectus;
- (d) the Shares will be issued to investors identified by the Company in consultant with Garrison Capital and these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Share Placement as set out in Section 1.9.

7. RESOLUTION 6 – PLACEMENT – OPTIONS TO GARRISON CAPITAL PTY LTD

7.1 General

The Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 15,000,000 Options (**Related Party Options**) to Garrison Capital (or its nominees), a related party of the Company (**Related Party**) on the terms and conditions set out below.

The proposed grant of the Related Party Options to the Related Party (or its nominees) is for part consideration for corporate advisory services being provided to the Company by the Related Party in relation to the offer under the Prospectus (as detailed in Section 1.9).

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Related Party Options constitutes giving a financial benefit and Garrison Capital is a related party of the Company by virtue of being controlled by the following Directors of the Company, Messrs Matthew Wood, Tim Flavel and Brian McMaster, who control Garrison Capital by virtue of being directors and substantial shareholders of Garrison Capital.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Related Party Options to the Related Party.

7.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Related Party Options:

- (a) the related party is Garrison Capital who is a related party of the Company by virtue of being controlled by the following Directors of the Company, Messrs Matthew Wood, Tim Flavel and Brian McMaster, who control Garrison Capital by virtue of being directors and substantial shareholders of Garrison Capital;

- (b) the maximum number of Related Party Options (being the nature of the financial benefit being provided) to be granted to the Related Party (or its nominees) is 15,000,000 Options;
- (c) the Related Party Options will be granted to the Related Party (or its nominee) no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Related Party Options will be issued on one date;
- (d) the Related Party Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (f) the value of the Related Party Options and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of the Related Party, and the Directors that control it (for the purposes of the Corporations Act), in securities of the Company is set out below:

Related Party	Shares	Options
Garrison Capital Pty Ltd	Nil	Nil
Matthew Wood	22,638,728	17,666,668 ¹
Timothy Flavel	11,028,561	8,411,425 ²
Brian McMaster	3,333,333	13,333,333 ³

1. 8,333,333 options exercisable at \$0.015 on or before 31 December 2012 and 9,333,335 options exercisable at \$0.015 on or before 21 July 2013.
 2. 4,000,000 options exercisable at \$0.015 on or before 21 July 2013, 4,411,425 options exercisable at \$0.015 on or before 31 December 2012.
 3. 10,000,000 unlisted options exercisable at 2c on or before 1 July 2014 and 3,333,333 listed options exercisable at 1.5c on or before 31 December 2012.
- (h) the remuneration and emoluments from the Company to the Related Party, and the Directors that control it (for the purposes of the Corporations Act), for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Garrison Capital Pty Ltd	\$115,931	\$145,091
Matthew Wood	\$90,000	\$116,650
Timothy Flavel	\$76,000	\$84,000
Brian McMaster	\$108,000	Nil

- (i) if the Related Party Options granted to the Related Party (or its nominee) are exercised, a total of 15,000,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 495,598,686 to 510,598,686 (assuming that no other Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by approximately 2.94%;
- (j) The issue of any new Shares pursuant to Resolutions 2, 3 and 5 or upon conversion of any of the 338,520,225 existing Options on issue (with various exercise prices and dates) or upon conversion of the Options to be issued under Resolution 4, would reduce the level of dilution caused by the issue of Shares upon conversion of the Related Party Options (to be issued under this Resolution 6).
- (k) the market price for Shares during the term of the Related Party Options would normally determine whether or not the Related Party Options are exercised. If, at any time any of the Related Party Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Related Party Options, there may be a perceived cost to the Company;
- (l) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	3.9 Cents	11 June 2011
Lowest	1.3 Cents	25 to 27 January 2012
Last	3 Cents	18 April 2012

- (m) the primary purpose of the grant of the Related Party Options to the Related Party (or its nominees) is in part consideration for corporate advisory services being provided to the Company by the Related Party in relation to the offer under the Prospectus (as detailed in Section 1.9);
- (n) Mr Jonathan Hart recommends that Shareholders vote in favour of Resolution 6 for the following reasons:
 - (i) the grant of the Related Party Options is a reasonable and appropriate commercial component of the remuneration payable to Garrison Capital for corporate advisory services being provided to the Company by the Related Party in relation to the offer the Placement Shares under the Prospectus (as detailed in Section 1.9); and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (o) Mr Mark Arundel recommends that Shareholders vote in favour of Resolution 6 for the following reasons:
 - (i) the grant of the Related Party Options is a reasonable and appropriate commercial component of the remuneration payable to Garrison Capital for corporate advisory services being provided to the Company by the Related Party in relation to the offer the Placement Shares under the Prospectus (as detailed in Section 1.9); and
 - (ii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Related Party Options upon the terms proposed;
- (p) Mr Matthew Wood declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he controls the Related Party, together with Messrs Tim Flavel and Brian McMaster, for the purposes of the Corporations Act;
- (q) Mr Tim Flavel declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he controls the Related Party, together with Messrs Matthew Wood and Brian McMaster, for the purposes of the Corporations Act;
- (r) Mr Brian McMaster declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he controls the Related Party, together with Messrs Matthew Wood and Tim Flavel, for the purposes of the Corporations Act; and
- (s) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 6.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Related Party Options to the Related Party as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Related Party Options to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

8. ENQUIRIES

Shareholders are requested to contact the Company Secretary on (+ 61 8) 9200 4268 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Agreement has the meaning as set out in Section 1.3 of the Explanatory Statement.

Acquisition has the meaning as set out in Section 1.3 of the Explanatory Statement.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Block means block number 3114, known as the Bezaha concession, situated in the South West of Madagascar.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)*.

Company means Copper Range Limited (ACN 119 047 693).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Facilitators means together, EAS Holdings Limited and Resourceco Group (Pty) Ltd, and each a **Facilitator**.

Garrison Capital means Garrison Capital Pty Ltd.

General Meeting or **Meeting** means the meeting convened by the Notice.

Initial Interest has the meaning as set out in Section 1 of the Explanatory Statement.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Notice or **Notice of Meeting** or **Notice of General Meeting** means this notice of general meeting including the Explanatory Statement and the Proxy Form.

Offer has the meaning as set out in Section 1.9 of the Explanatory Statement.

Olympic Domain Project means the nine granted tenements (exploration licences) covering a total of ~2,500 km² within the South Australian region hosting the Olympic Dam, Carrapateena, Mt Gunson and other prospectus.

Petromad Mauritius means Petromad Mauritius Limited.

Placement Consideration Options has the meaning as set out in Section 1.9 of the Explanatory Statement.

Placement Shares has the meaning as set out in Section 1.9 of the Explanatory Statement.

Prospectus has the meaning as set out in Section 1.9 of the Prospectus.

PSC means a production sharing contract.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Share means a fully paid ordinary share in the capital of the Company.

Share Placement has the meaning as set out in Section 1.9 of the Explanatory Statement.

Shareholder means a holder of a Share.

US\$ means United States Dollars.

Vendor means Dr Emma Rasolovoahangy.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Option Holder the right to subscribe for one Share. To obtain the right given by each Option, the Option Holder must exercise the Options in accordance with the terms and conditions of the Options.
- (b) The Options will expire at 5.00 pm (WST) on 30 June 2015 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be 3.5 cents (**Exercise Price**).
- (d) The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion. Where less than 1,000 Options are held, all Options must be exercised together.
- (e) An Option Holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (i) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;

(Exercise Notice).

- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will not apply for quotation of the Options on ASX.
- (j) If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (k) There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Option Holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (l) Other than pursuant to term (m), an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (m) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue.

SCHEDULE 2 – VALUATION OF RELATED PARTY OPTIONS

The Options to be issued to Mr Jonathan Hart (or his nominee) pursuant to Resolution 4 and the Options to be issued to Garrison Capital Pty Ltd (or its nominees) pursuant to Resolution 6 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

Assumptions:

Valuation date	18 April 2012
Market price of Shares (Based on 14 day VWAP)	3.1 cents
Exercise price	3.5 cents
Expiry date (length of time from issue)	30 June 2015
Risk free interest rate	4.92%
Volatility	95%

Indicative value per Related Party Option

Total Value of Related Party Options to be issued to Mr Jonathan Hart (Resolution 4)	\$91,000
Total Value of Related Party Options to be issued to Garrison Capital Pty Ltd (Resolution 6)	\$273,000

Note: The valuation noted above is not necessarily the market price that the Options could be traded at and is not automatically the market price for taxation purposes.

PROXY FORM

**COPPER RANGE LIMITED - ACN 119 047 693
APPOINTMENT OF PROXY**

GENERAL MEETING

I/We
of
being a member of Copper Range Limited entitled to attend and vote at the General Meeting, hereby
Appoint

Name of proxy

OR the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 9:30am (WST), on 28 May 2012 at Level 1, 33 Richardson Street, West Perth, and at any adjournment thereof.

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote as your proxy in respect of Resolution 4 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 4 and that votes cast by the Chair of the General Meeting for Resolution 4 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolution 4 and your votes will not be counted in calculating the required majority if a poll is called on Resolution 4.

If no directions are given, the Chair will vote in favour of all the Resolutions in which the Chair is entitled to vote undirected proxies.

OR

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Change to Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Shares to Dr Emma Rasolovoahangy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Shares to Facilitators	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Options to Director – Jonathan Hart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Placement - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Options to Garrison Capital Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Signature of Member(s): _____ **Date:** _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at the General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to Copper Range Limited, 1/33 Richardson Street, West Perth 6005; or
 - (b) facsimile to the Company on facsimile number +61 8 9200 4469; or
 - (c) email to the Company at info@copperrange.com,

so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.