

## STATEMENT

We, the requisitioning members, have requested this meeting so that shareholders may consider and vote on resolutions to change the membership of the company's Board in the interests of all shareholders and to improve the prospects of success of your company and heightened returns on shareholder investment.

### **WE URGE YOU TO VOTE IN FAVOUR OF BOTH RESOLUTIONS.**

In our view, the financial, operational and technical management of the company since listing has been sub-standard. Furthermore, matters of transparency, corporate governance and regulatory compliance have been of concern. Over the years, shareholder value has been significantly reduced with a corresponding decline in confidence in the Board.

In particular, we believe:

1. that the Board needs to be more effective in rectifying the above deficiencies and in helping to bring realistic growth opportunities to the company for eventual realisation.
2. that historically the company's overheads are significantly higher than its competitors and can be better managed.
3. that the company needs to both instigate significant cost cutting measures and derive greater productivity in its exploration activities.
4. that there should be greater focus on the White Range project, adopting a more careful analytical, professional and technical approach, especially in regard to exploring economically feasible extraction and processing of the valuable metals: copper, gold and cobalt.
5. that the company's strategy needs to seek and realise early cash flow opportunities from joint venturing or divestment of non-core assets.

For the above reasons, we see a need to enhance the Board's and management's ability to understand those issues and to guide them to implement them in a professional manner. We believe the existing Board would benefit from bolstered capability, direction and leadership to realise these initiatives effectively.

6. We are, however, very pleased with the recent appointment of Mr Tony Martin as interim CEO, a well experienced geologist. We are confident that Mr Martin will be able to steer the company to great success should he receive appropriate support and assistance from the Board.
7. Of that, however, we have concerns and strongly believe that further changes are required at Board level. We consider it appropriate that Mr. Howard Renshaw be removed as a director. This is sought in the first resolution.
8. The appropriate next step is, we consider, an injection of fresh blood and technical expertise. The second resolution seeks the appointment of Dr Lakshman Jayaweera, a Top 10 shareholder at the time of lodgement of the requisition, as a director. We strongly urge shareholders to vote in favour of resolution 2. We believe that Dr Jayaweera is well placed to assist in addressing our concerns. We further believe that all shareholders will benefit from his successful track record, his credibility, operational background, wealth of experience in resource development, technical capabilities and corporate experience in Australia for over 25 years. Dr Jayaweera was from 1990 to June 2012 variously the founder, a Director, Director of Operations and Executive Chairman of a leading ASX listed industrial waste recycling company, HydroMet Corporation Ltd. Prior to his involvement with HydroMet, Dr Jayaweera enjoyed career success with Rio Tinto (formerly, CRA

Ltd) in the metallurgical and resource development fields (from 1980 to 1986). By profession, he is a Chemical Engineer and holds a Master of Science (First Class) degree from the People's Friendship University, Moscow, a PhD in Chemical Engineering from the University of New South Wales, Sydney and a scholarship awarded by the Aluminum Development Council of Australia. In 1986, Dr Jayaweera was also the recipient of the John Brodie Medal awarded by the Institution of Engineers, Australia and the Royal Institute of Chemistry of Australia for his paper presented to the CHEMECCA Conference on a novel copper extraction process using solvent extraction.

Additionally, Dr Jayaweera has gained considerable insight into the company and its operations as a consultant from May to October 2012, particularly:

- towards the recommissioning of the Mt Norma operation, currently under care and maintenance
- analysing and recommending alternative, cheaper processing routes for the White Range project, and
- identifying gold extraction opportunities from the White Range ore body.

Dr Jayaweera resigned his consultancy in frustration in late October 2012 and now seeks to make a significant contribution at Board level.

Dr Jayaweera considers his appointment as a director of the company an interim measure until shareholders' confidence in the Board is restored. He suggests that further review of the composition of the Board may be necessary at a later date and if better qualified and experienced Board candidates can be found and are willing to serve as directors, he is happy to step down.

We urge the share holders to seriously consider the proposed resolutions and vote **IN FAVOUR** of them both.

#### **Further information**

For further information; please contact either Dr Lakshman Jayaweera or Mr John Bradley, whose contact details are set out below:

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