

# Victory West Metals Limited

ABN 66 009 144 503

## Supplementary Notice of Meeting and Explanatory Memorandum

For the adjourned General Meeting of Victory West Metals Limited being held on 4 October 2012 at 10am (Perth time) at the Subiaco Arts Centre, 180 Hamersley Road, Subiaco, Western Australia

This Supplementary Notice and Explanatory Memorandum should be read in its entirety and with the original Notice of General Meeting dated 22 August 2012. If Shareholders are in any doubt as to how they should vote, they should seek advice from their professional advisor prior to voting.

Please contact the Company Secretary on +61 8 9381 5819 if you wish to discuss any matter concerning the Adjourned Meeting.

# Victory West Metals Limited

ABN: 66 009 144 503

## Supplementary Notice and Explanatory Memorandum

This Supplementary Notice and Explanatory Memorandum has been prepared:

1. to inform Shareholder of the intention of the Directors to put all Resolutions other than Resolution 4 to the Meeting on 25 September 2012 and to then adjourn the Meeting to 4 October 2012;
2. to amend Resolution 4 of the original Notice of General Meeting and Explanatory Memorandum dated 22 August 2012 (**Original Notice**) as set out below; and
3. to provide additional information to Shareholders in deciding whether or not to pass Resolution 4 at the Adjourned Meeting.

This Supplementary Notice and Explanatory Memorandum should be read in conjunction with and forms part of the Original Notice.

Capitalised words used in this Supplementary Notice and Explanatory Memorandum have the meaning given to them in the Original Notice. Additional terms used in this Supplementary Notice and Explanatory Memorandum are defined in Schedule 1.

See section 4 of this Supplementary Notice and Explanatory Memorandum for information on the action to be taken.

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### BACKGROUND TO ADJOURNMENT OF THE MEETING AND CHANGES TO THE PROPOSED TERMS OF THE CONVERTIBLE NOTES

Following consideration of Resolutions 1 to 3 and 5 to 7 and in accordance with clause 11.5 of the Company's Constitution, the Company is proposing to adjourn the Meeting to 4 October 2012 at 10am (Perth time) at the Subiaco Arts Centre, 180 Hamersley Road, Subiaco, Western Australia.

Following announcement of the acquisition of SEAE and to satisfy market demand, the Company wishes to have the flexibility to raise an additional \$3m - for a total of \$6m - from the issue of Convertible Notes. Certain other changes are also proposed to the terms of the Convertible Notes, as set out below.

The reason for the adjournment is to allow Shareholders adequate time to consider proposed changes to the amount raised by, and terms of the proposed issue of Convertible Notes, as set out in this Supplementary Notice and Explanatory Memorandum.

Whilst the Company's current intention is to raise a maximum of \$6m through the issue of either the Placement Share and/or the Convertible Notes, it may raise up to an additional \$3m if this adds Shareholder value. Additional funds raised will be used for working capital and due diligence and acquisition costs on potential projects.

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#### AMENDED RESOLUTION 4

As set out in the Original Notice, the Company was seeking Shareholder approval to issue Convertible Notes to raise \$3m.

By this Supplementary Notice and Explanatory Memorandum Resolution 4 contained in the Original Notice is deleted and replaced with the following Resolution 4.

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

*“That, for the purpose of ASX Listing Rule 7.1 and all other purposes, approval is given to the Company to allot and issue Convertible Notes to raise a total of up to \$6,000,000 on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on Resolution 4 by any person who may participate in the proposed issue of securities and any 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:

- (a) 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
- (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.

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#### SUPPLEMENTARY EXPLANATORY MEMORADUM

As a result of the change to the terms of the Convertible Notes section 5 of the Original Notice is deleted in its entirety and replaced with the following:

##### **Background**

Resolution 4 is seeking Shareholder approval under ASX Listing Rule 7.1 for the issue of Convertible Notes to raise up to \$6,000,000. The Convertible Notes may convert to Shares at a conversion price to be determined, but no 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 day on which the issue was made plus 2 cents.

As noted in section 3.1 of the Original Notice, ASX Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholders approval is required to issue any equity securities (including securities convertible into shares) by a listed company, where the securities proposed to be issued represent more than 15% of the company's securities then on issue.

Obtaining Shareholder approval for the proposed issue will mean that the issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1 should the Company issue the Convertible Notes.

### Information required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rules 7.3, the following information is provided to Shareholders in relation to the proposed issue of Convertible Notes pursuant Resolution 4:

(a) Maximum number of securities and dilution

The maximum number of securities to be issued if all of the Convertible Notes are converted will be that number of Shares, when multiplied by the conversion price, equals up to \$6,000,000.

The following table shows the number of Shares to be issued based upon the various issue prices:

Conversion price	Maximum number of Shares to be issued	Dilution <sup>1</sup>
\$0.10	60,000,000	15.5%
\$0.07	85,714,286	20.2%
\$0.055	109,090,909	23.7%
\$0.048	125,000,000	25.8%

<sup>1</sup> Assuming the maximum number of securities under all Resolutions are issued, excluding Options.

(b) Date of issue and allotment of the Convertible Notes

The Convertible Notes to be issued under Resolution 4 will be issued as soon practical after the Adjourned Meeting and any event no later than 3 months after the date of the Adjourned Meeting, unless otherwise extended by a way of ASX granting a waiver to the ASX Listing Rule.

The issue of Convertible Notes under Resolution 4 will either occur on the day the Convertible Notes are allotted or may occur progressively as on when the allottees are identified.

(c) The issue price of the Convertible Notes

The amount raised under the issue of Convertible Notes will be up to \$6,000,000 and the conversion price will be no 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 day on which the issue was made plus 2 cents.

(d) The names of the allottees

The identity of all the allottees is not known at the date of this Supplementary Notice and Explanatory Memorandum. The Convertible Notes will be issued and allotted to applicants to be determined by the Directors. No decision has, as yet, been made by the Directors in respect of determining the identity of the allottees, save that the allottees will be institutional or sophisticated investors and will not be related parties of the Company.

(e) Material terms of the Convertible Notes

The material terms of the Convertible Notes are as follows:

- (i) interest will accrue daily on the Convertible Notes at the rate of no more than 10% per annum, compounding annually and be payable by the Company to the Convertible Note holder (quarterly in arrears). The holder of the Convertible Note may elect each quarter to capitalise interest;
- (ii) the Convertible Notes will mature no later than 36 months from their issue date. On this date the Company must redeem the face value to the Convertible Note holder or the Convertible Note holder may elect to convert the amount due into Shares of the Company;
- (iii) the holder of the Convertible Notes may convert some or all of the Convertible Notes held by them into Shares at any time prior to the maturity date;
- (iv) the Convertible Notes may include a royalty on coal production and sales by the VWM Group up to the following :
  - (A) \$1.00 per tonne royalty per annum on the first 1 million tonnes produced and sold;
  - (B) \$0.50 per tonne royalty per annum on the second 1 million tonnes produced and sold; and
  - (C) \$0.25 per tonne royalty per annum on the third 1 million tonnes produced and sold.

If at the Convertible Note maturity date the royalties paid have not exceeded a minimum of \$4,500,000 then the Company may make a top up payment to bring the total royalty payments to a maximum of \$4,500,000.

- (v) the holder of Convertible Notes may redeem the Convertible Note if:
  - (A) an Event of Default (broadly defined) is committed by, or occurs in relation to the Company; or
  - (B) there is a takeover, change of control or sale of the main undertaking of the Company;

- (vi) Shares issued upon the conversion of the Convertible Notes will be fully paid ordinary shares in the Company and will rank equally with all existing Shares on issue;
  - (vii) the number of Shares to be issued to the note holders on conversion of the Convertible Notes is calculated by dividing the principal sum of the Convertible Notes plus any capitalised interest, by the conversion price;
  - (viii) the conversion price will be no 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 day on which the issue was made plus 2 cents;
  - (ix) the Convertible Notes are transferrable;
  - (x) the Company will not apply to ASX for official quotation of the Convertible Notes;
  - (xi) the Company will apply to ASX for official quotation of all Shares issued upon conversion of the Convertible Notes; and
  - (xii) the Convertible Notes are unsecured and each holder of the Convertible Notes shall rank as an unsecured general creditor by the Company;
  - (xiii) if there is a reorganisation of the capital of the Company (including a consolidation, subdivision, reduction or return), the Convertible Notes and the conversion price will, subject to the Listing Rules, be reorganised in the same manner and way as the Shares, so that the value of the Convertible Notes is not adversely affected by the reconstruction and the holders of Convertible Notes are not conferred with any additional benefits which are not also conferred on the holders of Shares (subject to the same provisions with respect to rounding of entitlements as sanctioned by the meeting of holders of Shares approving the reconstruction of capital).
- (f) The intended use of the funds raised
- Funds raised from the issue of Convertible Notes will be used for the purposes set out in section 1.10 of the Original Notice and section 0 above.

### **Recommendation**

The Directors recommend that Shareholders vote in favor of Resolution 4.

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### **ACTION TO BE TAKEN BY SHAREHOLDERS**

Shareholders should read the Original Notice and the Supplementary Notice and Explanatory Memorandum in their entirety.

The Directors have decided, in light of the amendments to Resolution 4, to give Shareholders the opportunity to recast their proxy for Resolution 4. Annexed to this Supplementary Notice and Explanatory Memorandum is a replacement proxy form.

Shareholders are advised of the following with respect to proxy forms:

- (a) For those Shareholders who have lodged a valid proxy form for the Meeting and do not wish to change their voting instruction on Resolution 4, this will continue to be valid for the Adjourned Meeting.
- (b) For those Shareholders who have lodged a valid proxy form for the Meeting and wish to change their voting instruction for Resolution 4 you may either:
  - (i) lodge a new voting instruction using the proxy form enclosed with this Supplementary Notice and Explanatory Memorandum; or
  - (ii) attend the Adjourned Meeting, either in person or via a representative.

To be valid, the proxy form enclosed for use at the Adjourned Meeting must be completed and returned to the Company by no later than 10am (Perth time), Tuesday 2 October 2012.

- (b) For those Shareholder who have not lodged a proxy form for the Meeting you may either:
  - (i) lodge a voting instruction using the proxy form enclosed in this Supplementary Notice and Explanatory Memorandum; or
  - (ii) attend the Adjourned Meeting, either in person or via a representative.

To be valid, the proxy form enclosed for use at the Adjourned Meeting must be completed and returned to the Company by no later than 10am (Perth time), Tuesday 2 October 2012.

By order of the Board of Directors



**Steven Pynt**  
Chairman  
Victory West Metals Limited  
24 September 2012

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## SCHEDULE 1 DEFINITIONS

In this Notice and Explanatory Memorandum:

<b>Adjourned Meeting</b>	means the Meeting which will be adjourned to 4 October 2012 at 10am at the Subiaco Arts Centre, 180 Hamersley Road, Subiaco, Western Australia.
<b>Original Notice</b>	means the original Notice of General Meeting and Explanatory Memorandum dated 22 August 2012.
<b>Supplementary Notice and Explanatory Memorandum</b>	means this Supplementary Notice and Explanatory Memorandum.
<b>VWM Group</b>	means the Company and its wholly owned subsidiaries.



# Victory West Metals Limited

ABN 66 009 144 503

## Lodge your vote:



### By Mail:

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

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

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

000001 000 VWM  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Replacement Proxy Form

**For your vote to be effective it must be received by 10:00am (Perth time) Tuesday 2 October 2012**

*This Proxy Form is a replacement proxy form in substitution for the original Proxy Form accompanying the original Notice of Meeting. If you have already lodged a Proxy Form and subsequently lodge this Replacement Proxy Form, only votes cast on this Replacement Proxy Form will be counted.*

*If you have already lodged a Proxy Form with regards to the resolutions set out in the original Notice and do not lodge this Replacement Proxy Form, then votes cast with regards to those resolutions in the Proxy Form only will be counted.*

### How to Vote on Items of Business

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

### Appointment of Proxy

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

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

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

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

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

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

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

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

### Attending the Meeting

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

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

**Turn over to complete the form**



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

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

SRN/HIN: I999999999



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

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

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



I 9999999999

I ND

## Proxy Form

Please mark  to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Victory West Metals Limited hereby appoint

the Chairman of the meeting OR

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Adjourned Meeting of Victory West Metals Limited to be held at the Subiaco Arts Centre, 180 Hamersley Road, Subiaco, Western Australia 6008 on Thursday, 4 October 2012 at 10:00am (Perth time) and at any adjournment of that meeting.

### STEP 2 Items of Business

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

Item 4 Approval of Proposed Issue of Convertible Notes

For  Against  Abstain

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / /

VWM

999999A

Computershare +