

28 OCTOBER 2013

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Market Cap.: \$8.9m (\$0.084p/s)

Shares on issue: 106,048,002

Cash: \$2.2m (30 June 2013)

BOARD & MANAGEMENT

Ian Gandel, Chairman

Anthony Gray, Managing Director

Bob Tolliday, Director

MAJOR SHAREHOLDERS

Alliance Resources – 20.8%

Abbotsleigh – 18.7%

JP Morgan Nominees – 8.9%

PRINCIPAL OFFICE

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NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

The Annual General Meeting will be held:

- at BDO Melbourne, Level 14, 140 William Street, Melbourne;
- on Friday, 29 November 2013 at 10.00am (AEDT).

The Notice of Meeting and Explanatory Statement follows, together with generic Proxy Form.

For further information regarding this announcement, contact:

Bob Tolliday

Company Secretary
OCTAGONAL RESOURCES LIMITED

Additional information relating to Octagonal and its various mining and exploration projects can be found on the Company's website:

www.octagonalresources.com.au

OCTAGONAL RESOURCES LIMITED

ACN 147 300 418

("Octagonal" or "Company")

NOTICE OF ANNUAL GENERAL MEETING

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR ATTENTION

If you are in any doubt as to how to deal with it,
please consult your financial or other professional adviser.

The annual general meeting will be held:

- at BDO Melbourne, Level 14, 140 William Street, Melbourne, Victoria
- on Friday, 29 November 2013 commencing at 10.00am (AEDT).

You can vote by:

- attending and voting at the meeting; or
- appointing someone as your proxy to attend and vote at the meeting on your behalf, by completing and returning the proxy form to Octagonal in the manner set out in section 6(a) of this notice of meeting. The proxy form (and any power of attorney under which it is signed) must be received by Octagonal no later than 10.00am on 27 November 2013. Any proxy form received after that time will not be valid for the meeting.

OCTAGONAL RESOURCES LIMITED
ACN 147 300 418
NOTICE OF ANNUAL GENERAL MEETING

The annual general meeting (**Meeting**) of the Shareholders of Octagonal Resources Limited (**Company**) will be held:

- On **Friday, 29 November 2013**
- At **10.00am (AEDT)**
- At **BDO Melbourne, Level 14, 140 William Street, Melbourne, Victoria**

Terms and abbreviations used in this Notice and Explanatory Statement are defined in section 4 "DEFINITIONS" of the Explanatory Statement.

1. RESOLUTIONS

A. Financial statements and reports

To table the following statements and reports and provide shareholders with the opportunity to raise any issues or ask questions generally of the Directors concerning those financial statements or the business operations of the Company:

- (a) the Financial Report of the Company and of the controlled entities for the year ended 30 June 2013;
- (b) the Directors' Report; and
- (c) the Auditor's Report thereon.

B. Resolutions

1. Resolution 1 - Adoption of Remuneration Report

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

"THAT the Remuneration Report for the year ended 30 June 2013 be adopted by the Company."

Notes:

- This Resolution is advisory only and does not bind the Company or the Directors.
- The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.
- If 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than a managing director) must go up for re-election.
- The chairperson of the Meeting will call a poll for this resolution.

2. Resolution 2 – Re-Election of Robert Tolliday as a Director

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

"THAT Robert Tolliday, having been appointed as a Director on 17 January 2013 in accordance with rule 15.1(c) of the Constitution and eligible under rule 15.1(c) of the Constitution, having offered himself for re-election, be re-elected as a Director of the Company."

3. Resolution 3 – Re-Election of Ian Gandel as a Director

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

"THAT Ian Gandel, having retired from his office as a Director in accordance with rule 15.3 of the Constitution and, being eligible, having offered himself for re-election, be re-elected as a Director of the Company."

4. Resolution 4 - Approval of 10% Placement Facility

To consider and if thought fit to pass the following resolution as a special resolution:

"THAT, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."

5. Resolution 5 - Approval of issue of Performance Rights to Mr Anthony Gray

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

"THAT, for the purposes of Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders' approval is given for the Company to grant 335,710 Performance Rights, each to acquire 1 ordinary fully paid Share in the Company, to Mr Anthony Gray, the Managing Director of the Company, on the terms set out in the accompanying Explanatory Statement."

6. Resolution 6 - Approval of issue of Performance Rights to Mr Robert Tolliday

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

"THAT, for the purposes of Listing Rule 10.14, Chapter 2E of the Corporations Act and for all other purposes, Shareholders' approval is given for the Company to grant 131,060 Performance Rights, each to acquire 1 ordinary fully paid Share in the Company, to Mr Robert Tolliday, the Chief Financial Officer and Company Secretary of the Company, on the terms set out in the accompanying Explanatory Statement."

7. Resolution 7 – Renewal of proportional takeover provisions of Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

"That, the existing proportional takeover approval provisions in clause 13 of the Constitution is renewed for a period of three years commencing on the date of the AGM pursuant to section 648G of the Corporations Act."

Please refer to the attached Explanatory Statement for further information on the proposed resolutions.

2. VOTING RESTRICTIONS

Resolution 1:

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast by, or on behalf of, a member of the key management personnel whose remuneration details are included in the Remuneration Report, or a closely related party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on Resolution 1 as described above; or
- (b) the person is the chairperson voting an undirected proxy which expressly authorises him or her to vote the proxy on a resolution connected with the remuneration of a member of the key management personnel.

Resolutions 4 to 6

The Company will disregard any votes cast on the following Resolutions:

- in relation to Resolution 4 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if Resolution 4 is passed;
- in relation to Resolution 5 by Mr Anthony Gray or any of his associates or any Director of the Company (except one that is ineligible to participate in any employee incentive scheme (including the Performance Rights Plan) in relation to the Company) and any of their associates; and
- in relation to Resolution 6 by Mr Robert Tolliday or any of his associates or any Director of the Company (except one that is ineligible to participate in any employee incentive scheme (including the Performance Rights Plan) in relation to the Company) and any of their associates.

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 a 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. VOTING ENTITLEMENT

The Company has determined, in accordance with Regulation 7.11.37 of the Corporations Regulations 2001, that the Shares quoted on ASX Limited at 7.00pm (AEDT) on 27 November 2013 will be taken for the purpose of the Meeting to be held by the persons who held them at that time. Accordingly, those persons will be entitled to attend and vote (if not excluded) at the Meeting.

4. HOW TO VOTE

Shareholders entitled to vote at the Meeting may vote by attending the Meeting in person, by attorney or proxy or, in the case of corporate shareholders, by a corporate representative.

5. VOTING IN PERSON OR BY ATTORNEY

Shareholders or their attorneys wishing to vote in person should attend the Meeting. Persons are asked to arrive at least 30 minutes prior to the time the Meeting is to commence, so that their shareholding may be checked against the register and their attendance recorded. Shareholders intending to attend the Meeting by attorney must ensure that they have, not later than 48 hours prior to the time the Meeting is to commence, provided the original or a certified copy of the power of attorney to the Company, in the same manner prescribed below for the giving of proxy forms to the Company.

6. VOTING BY PROXY

- (a) Shareholders wishing to vote by proxy must complete, sign and deliver the enclosed personalised proxy form or forms, in accordance with the instructions on the form, prior to 10.00am (AEDT) on **27 November 2013** by:
- Post to: GPO Box 242, Melbourne, Victoria 3001 in the reply paid envelope provided;
 - Hand delivery to: Octagonal Resources Limited c/- Computershare Investor Services Pty Limited, 452 Johnston Street, Abbotsford, Victoria 3067;
 - Fax to: Octagonal Resources Limited C/- Computershare Investor Services Pty Limited on 1 800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia); or
 - Custodians: For Intermediary Online subscribers only, please visit www.intermediaryonline.com.
- (b) A Shareholder who is entitled to vote at the Meeting may appoint:
- (1) one proxy if the Shareholder is only entitled to one vote; or
 - (2) one or two proxies if the Shareholder is entitled to more than one vote.
- (c) If a Shareholder appoints one proxy, that proxy may vote on a show of hands. If a Shareholder appoints two proxies, neither proxy may vote on a show of hands.
- (d) Where the Shareholder appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not do so, each proxy may exercise one-half of the votes, and any fraction of votes will be disregarded.
- (e) A proxy need not be a Shareholder of the Company. In the case of joint holders, all should sign the proxy form. In the case of corporations, proxies must be executed in accordance with the *Corporations Act 2001* (Cth).
- (f) To be valid, a proxy form signed under a power of attorney must be accompanied by the signed power of attorney, or a certified copy of the power of attorney.
- (g) If the abstention box on the proxy form for the item of business is marked, the proxy will be directed not to vote on a show of hands or on a poll and the relevant shares will not be counted in calculating the required majority on a poll. If no box is marked, the proxy will not be directed as to how to vote and may vote as he or she thinks fit.
- (h) If the proxy form is signed by the Shareholder but does not name the proxy or proxies in whose favour it is given, or the proxy does not attend the Meeting, the chairperson of the Meeting will act as proxy.
- (i) If you require an additional proxy form, the Company will supply it on request to the undersigned.

7. HOW THE CHAIR OF THE MEETING WILL VOTE UNDIRECTED PROXIES

The chairperson of the Meeting will vote undirected proxies on, and in favour of, all the proposed Resolutions, including Resolution 1, 5 & 6 even if Resolution 1, 5 & 6 is connected directly or indirectly with the remuneration of a member of key management personnel of the Company.

Please note that if you appoint the chairperson of the Meeting as your proxy, you can direct the chairperson to vote for or against or abstain from voting on Resolution 1, 5 & 6.

8. VOTING BY CORPORATE REPRESENTATIVE

Corporate Shareholders wishing to vote by corporate representative should:

- (a) obtain an appointment of corporate representative form from the Registry;
- (b) complete and sign the form in accordance with the instructions on it; and
- (c) bring the completed and signed form with them to the Meeting.

DATED 28 October 2013

By order of the Board.

**Robert Tolliday
Company Secretary**

OCTAGONAL RESOURCES LIMITED
ACN 147 300 418

EXPLANATORY STATEMENT

1. INTRODUCTION

The purpose of this Explanatory Statement is to provide Shareholders with an explanation of the business of the Meeting and the Resolutions proposed to be considered at the Meeting of Octagonal Resources Limited on **Friday, 29 November 2013** and to assist Shareholders in determining how they wish to vote on those Resolutions. This Explanatory Statement should be read in conjunction with the Notice and forms part of the Notice.

2. BUSINESS OF THE MEETING - SUMMARY

- 2.1. To table the financial statements of the Company for the period ended 30 June 2013 and to give the shareholders the opportunity to raise issues and ask questions generally concerning the financial statements or business operations of the Company.
- 2.2. To consider and vote on the following resolutions:

Resolution 1 - To adopt the Remuneration Report

Resolution 2 - Re-Election of Robert Tolliday as a Director

Resolution 3 – Re-Election of Ian Gandel as a Director

Resolution 4 - Approval of 10% Placement Facility

Resolution 5 – Approval of issue of Performance Rights to Mr Anthony Gray

Resolution 6 – Approval of issue of Performance Rights to Mr Robert Tolliday

Resolution 7- To renew the proportional takeover provisions of the Constitution

3. WHY THE MEETING IS BEING HELD

3.1. Financial Statements and Reports

The Board is required to lay before the meeting the financial statements, Directors' Report and Auditor's Report for the year ended 30 June 2013.

Copies of the Annual Report for the period ended 30 June 2013 are being despatched to Shareholders with this Notice on or about 28 October 2013.

Shareholders can also request additional copies of the Annual Report by telephoning the Company Secretary, Mr Robert Tolliday on (+61 3) 9697 9088.

The chairperson of the Meeting will take Shareholders' questions and comments about the management of the Company. The auditor of the Company will be available to take Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company in relation to the preparation of the financial statements or the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the auditor about the content of the Auditor's Report or the conduct of the audit of the Financial Report to be considered at the Meeting may be submitted not later than five business days before the Meeting to:

The Company Secretary
Octagonal Resources Limited
Suite 3, 51-55 City Road, Southbank Victoria 3006

Facsimile: +61 3 9697 9089
E-mail: info@octagonalresources.com.au

Copies of any questions received will be made available at the Meeting. The chairperson of the Meeting will allow the auditor to answer written questions submitted to the auditor before the Meeting. If the auditor has prepared a written answer to a question, the chairperson of the Meeting may permit the auditor to table that written answer. A written answer tabled at the Meeting will be made reasonably available to shareholders as soon as practicable after the meeting.

Shareholders are not required to pass any resolution in relation to the financial statements and reports (other than Resolution 1 being the adoption of the Remuneration Report for the year ended 30 June 2013).

3.2. Resolution 1 – Adoption of Remuneration Report for year ended 30 June 2013

The Directors' Report in the Annual Report for the year ended 30 June 2013 contains (in a separate and clearly defined section) a Remuneration Report which sets out the remuneration policy of the Company and reports the remuneration arrangements in place for specified executives and the Directors of the Company.

The Company is required by the *Corporations Act 2001* (Cth) to put to the vote at the annual general meeting a resolution that the Remuneration Report be adopted. The Company is also required to inform Shareholders in the Notice that a resolution to this effect will be put at the Meeting.

Before calling for votes in relation to this Resolution 1, the chairperson of the Meeting will allow a reasonable opportunity for the Shareholders present to ask questions about, or make comments on, the Remuneration Report.

It should be noted that, in accordance with section 250R(3) of the *Corporations Act 2001* (Cth), the vote on this Resolution 1 is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on the resolution are voted against adoption of the Remuneration Report at two consecutive annual general meetings, the Shareholders will be required to vote at the second of those annual general meetings on a resolution ("spill resolution") that another meeting will be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Directors unanimously recommend that you vote in favour of this Resolution.

3.3. Resolution 2 – Re-election of Robert Tolliday as a Director

(a) Required Shareholder approval

Rule 15.1(c) of the Constitution provides that the Directors may appoint any person to be a Director and that that person holds office until the end of the next following general meeting and is eligible for election at that meeting.

Shareholder approval is sought for the re-election of Robert Tolliday as a Director pursuant to rule 15.1(c) of the Constitution. Mr Tolliday was appointed by the Directors as a Director on 17 January 2013.

Mr Tolliday offers himself, and is eligible for re-election at this Meeting.

(b) Profile – Robert Tolliday

Mr Tolliday (CA) is a chartered accountant with over 25 years experience in business including commercial industry, accounting, audit, corporate finance, corporate recovery, treasury, HR, office management and company secretarial.

For the majority of the last 12 years Robert worked as the Company Secretary and General Manager Finance & Admin for the Professional Golfers Association of Australia Ltd (PGA), a public company limited by guarantee.

Prior to this Robert was a Senior Manager and spent over 13 years working for Chartered Accounting practices KPMG and Pitcher Partners in both Australia and the UK, participating in the corporate recovery and reconstruction, plus audit and accounting divisions, during which time Robert gained extensive experience in a wide and varied cross section of industry sectors and companies.

Robert is also the CFO and Company Secretary of Alliance Resources Ltd (appointed on 22 November 2012).

(c) Directors' Resolution

The Directors (other than Mr Tolliday) recommend that you vote in favour of this Resolution. Mr Tolliday makes no recommendation to Shareholders.

3.4. Resolution 3 – Re-election of Ian Gandel as a Director

(a) Required Shareholder approval

Shareholder approval is sought for the re-election of Ian Gandel as a Director pursuant to rule 15.3 of the Constitution. Mr Gandel was appointed by the Directors as a Director on 10 November 2010.

Mr Gandel must retire as a Director pursuant to rule 15.3 of the Constitution at the conclusion of the meeting. Rule 15.3(a) of the Constitution requires that no Director except the Managing Director may hold office for a period in excess of 3 years, or beyond the third annual general meeting following the Director's election,

whichever is the longer. Rule 15.3(b) further provides that at every annual general meeting one-third of the previously elected Directors must retire from office and are eligible for re-election.

(b) Profile – Ian Gandel

Ian Gandel is a businessman with extensive experience in retail and retail property management. He has had an involvement in the construction and leasing of Gandel shopping centres and has been a director of Gandel Retail Trust. He has previously been involved in the Priceline retail chain and the Corporate Executive Offices serviced offices chain. Mr Gandel has been an investor in the mining industry since 1994, is currently a substantial shareholder in a number of publicly listed Australian companies and holds and explores tenements in his own right in Victoria, New South Wales and Western Australia.

Other current directorships: Mr Gandel is a non-executive director of Alliance Resources Ltd (appointed on 15 October 2003), a non-executive director of Alkane Resources Ltd (appointed on 24 July 2006) and a non-executive Chairman of Gippsland Ltd (appointed on 24 June 2009).

(c) Directors' Resolution

The Directors (other than Mr Gandel) recommend that you vote in favour of this Resolution. Mr Gandel makes no recommendation to Shareholders.

3.5. Resolution 4 - Approval of 10% Placement Facility

(a) Background

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of their issued capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 3.5(b)(C) below).

The Company continues actively investigating the acquisition of new resources, assets and investments. The Company may use the 10% Placement Facility to acquire new resources assets or investments.

(b) Description of Listing Rule 7.1A

(A) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(B) Equity Securities

Any Equity Securities under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

(C) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
 - (A) Plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (B) Plus the number of partly paid Shares that became fully paid in the 12 months;
 - (C) Plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary Shares under the entity's 15% placement capacity without shareholder approval;
 - (D) Less the number of fully paid Shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

(D) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 106,048,002 Shares and therefore has a capacity to issue:

- (a) 15,907,200 Equity Securities under Listing Rule 7.1; and
- (b) subject to the Shareholder approval being sought under Resolution 4, 10,604,800, Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 3.5(b)(C) above).

(E) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (a) above, the date on which the Equity Securities are issued.

(F) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (a) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (b) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

(G) Disclosure obligations upon issue of any Equity Securities

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(c) Description of Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

(d) Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (A) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (B) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (A) above, the date on which the Equity Securities are issued.

- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (A) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (B) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (A) two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (B) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

		Dilution			
		\$0.04 50% decrease in Issue Price	\$0.08 Issue Price	\$0.16 100% increase in Issue Price	
Variable 'A' in Listing Rule 7.1A.2	Current Variable A	10% Voting Dilution	10,604,800 Shares	10,604,800 Shares	10,604,800 Shares
	106,048,002	Funds raised	\$424,192	\$848,384	\$1,696,768
	50% increase in current Variable A	10% Voting Dilution	15,907,200 Shares	15,907,200 Shares	15,907,200 Shares
	159,072,003	Funds raised	\$636,288	\$1,272,576	\$2,545,152
	100% increase in current Variable A	10% Voting Dilution	21,209,600 Shares	21,209,600 Shares	21,209,600 Shares
	212,096,004	Funds raised	\$848,384	\$1,696,768	\$3,393,536

The table has been prepared on the following assumptions:

- (A) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (B) No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of Equity Securities.
 - (C) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (D) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (E) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (F) The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
 - (G) The issue price is \$0.08 being the closing price of the Shares on the ASX on 21 October 2013.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (A) non-cash consideration for services, equipment, products or the acquisition of new resources and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (B) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.
- (e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (A) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
 - (B) the effect of the issue of the Equity Securities on the control of the Company;
 - (C) the financial situation and solvency of the Company; and
 - (D) advice from corporate, financial and broking advisors (if available).
- The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.
- Further, if the Company is successful in acquiring new resources, assets or investments, it is possible that the allottees under the 10% Placement Facility may include vendors of the new resources, assets or investments.
- (f) The Company has previously obtained Shareholder approval under ASX Listing Rule 7.1A. In the 12 months preceding the date of the Meeting, the Company has not issued any equity securities under ASX Listing Rule 7.1 and 7.1A.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class or existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

The Directors of the Company believe that Resolution 4 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

3.6. Resolution 5 – Approval of issue of Performance Rights to Mr Anthony Gray

(a) Introduction

At an annual general meeting of the Company on 9 November 2011, Shareholders approved that the Company adopt a PRP to assist in the Company's ability to properly incentivise its key officers and executives.

In keeping with contemporary practice for companies of a comparable size and growth profile, it has been agreed to issue 335,710 Performance Rights pursuant to the PRP to acquire Shares in the capital of the Company, the material terms of which are set out below.

- (a) The number of Performance Rights to be issued is 335,710.
- (b) No cash consideration is payable for the issue of the Performance Rights.
- (c) The Performance Rights are to be issued subject to the Performance Hurdles, all of which must be satisfied during a twelve month period after the date of the issue of the Performance Rights (**Issue Date**):
 - (A) the closing price of the Company's shares exceeding \$0.14 on more than 20 Trading Days.
 - (B) none of the Performance Rights will be exercisable if there is a work-related fatality to any person at any the Company's operations or premises; and
 - (C) the number of Performance Rights capable of exercise will reduce by 5% for each Lost Time Injury event, being a work-related injury that results in an employee missing at least one full day of work.
- (d) Provided the above Performance Hurdles are met, 60% (201,426) of the Performance Rights will vest 12 months after their Issue Date, and the remaining 40% (134,284) of the Performance Rights will vest 24 months after their Issue Date. The Performance Rights will only vest if Mr Gray remains an employee of the Company. Any Performance Right which does not vest will lapse.

The Performance Rights will not be listed on ASX and will not be transferable, except as permitted under the PRP.

The vesting conditions on the Performance Rights are designed to reward Mr Gray for successful performance of the achievement of certain goals.

(b) Shareholder approval

Shareholder approval of the issue of Performance Rights to Mr Gray is sought for all purposes under the Corporations Act and the ASX Listing Rules, including for the following purposes:

- (a) Under Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires Shareholder approval. Shareholder approval is therefore sought for the acquisition by Mr Gray of Performance Rights and Shares upon vesting of Performance Rights; and
- (b) Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties of a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies or Shareholder approval is obtained.

A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in sections 217 to 227; and
- (b) give the benefit within 15 months after the approval.

For the purpose of this Meeting and in accordance with section 228 of the Corporations Act a related party of the Company includes:

- (a) a Director; and
- (b) an entity controlled by a Director.

Accordingly, Resolution 5 seeks Shareholder approval for the grant of the Performance Rights to Mr Gray (or his nominee) for the purposes of Chapter 2E of the Corporations Act.

(c) Disclosures made for the purposes of Listing Rule 10.15 and Chapter 2E of the Corporations Act

To enable shareholder approval to be effectively obtained under Listing Rule 10.14 and Chapter 2E of the Corporations Act, the following information is provided:

- (a) The number of Performance Rights to be granted to Mr Gray if this resolution is approved is 335,710, each exercisable for 1 Share. The maximum number of Shares that may be issued upon exercise of the Performance Rights the subject of this Resolution 5 is 335,710 and upon exercise of the Performance Rights, the Shares will rank equally with all other ordinary Shares of the Company on issue.
- (b) The price payable on the issue or exercise of each Performance Right is nil.
- (c) The PRP was last approved by Shareholders on 9 November 2011. Since then, there have been 224,460 Performance Rights issued to each of the following persons on 20 December 2012:
 - (a) Mr A Gray – 170,910 Performance Rights; and
 - (b) Mr R Tolliday – 54,550 (in his capacity as Company Secretary and prior to Mr Tolliday's appointment as a Director).

The price payable on the issue or exercise of each Performance Rights is nil.

All of these Performance Rights will lapse in the following circumstances:

- (a) if the closing price of the Company's shares does not exceed 27.5 cents on more than 20 trading days during the period 20 December 2012 to 19 December 2013; or
- (b) if there is a work related fatality during the period 20 December 2012 to 19 December 2013.

It is not anticipated that the share price target of greater than 27.5 cents for more than 20 trading days during the period 20 December 2012 to 19 December 2013 required for vesting of the Performance Rights will be achieved.

- (d) The name of the person referred to in Listing Rule 10.14 entitled to participate in the PRP is Mr Anthony Gray. Other Directors will also be entitled to participate. Resolution 6 proposes the issue of Performance Rights to Mr Robert Tolliday (Non-Executive Director). It is not currently proposed that Performance Rights be issued to the Company's other Director, Mr Ian Gandel (Non-Independent Non-Executive Chairman).
- (e) A voting exclusion statement is included in the Notice.
- (f) There is no loan proposed in relation to the proposed award of Performance Rights to Mr Gray.
- (g) Mr Gray's Performance Rights are intended to be granted by on or around **16 December 2013** and in any event will not be granted later than 12 months after the date of the meeting (**Grant Date**).
- (h) Mr Gray is not entitled and does not wish to make a recommendation to Shareholders about the proposed Resolution 5 because he (or his nominee) has an interest in the outcome of the Resolution as he (or his nominee) is the proposed recipient of the Performance Rights.
- (i) If 335,710 Performance Rights the subject of Resolution 5 are exercised and Shares subsequently issues, then based on the Company's fully paid share capital (which as at the date of this Notice is **106,048,002**) existing Shareholder would be diluted by approximately **0.32%**.
- (j) Mr Gray has a relevant interest in **510,002** Shares in the Company, which amounts to approximately **0.4809%** of the Company's share capital at the date of this Notice.
- (k) If the Performance Rights the subject of this Resolution 5 are approved, and subsequently become exercisable, and the **170,910** Performance Rights currently held by Mr Gray also become exercisable, Mr Gray will have a relevant interest in **1,016,662** Shares in the Company which will amount to approximately **0.9541%** of the Company based on the Company's share capital as at the date of this Notice (if no other Shares are issued).
- (l) Mr Gray is employed as Managing Director of the Company. Mr Gray is paid a base annual salary of \$235,000 per annum in respect of the services provided, exclusive of superannuation as from 1 November 2012. Mr Gray is entitled to other benefits including reimbursements for various expenses including subscriptions, mobile phone costs and travel expenses. Mr Gray does not currently receive any other guaranteed remuneration or emoluments from the Company but he is entitled and eligible to participate in the Company's employee share option plan and the Company's bonus scheme.

(d) Valuation

ASIC requires that when seeking Shareholder approval for the issue of securities to a related party pursuant to Chapter 2E, Shareholders must be provided with a valuation of those securities. The Company has undertaken a valuation so as to estimate a value for the Performance Rights subject to the Performance Hurdles. The valuation has been conducted by the Independent Valuer on 2 October 2013 (**Valuation Date**).

The Independent Valuer has calculated the value per Performance Right to be **\$0.0405**. Based on the estimated number of Performance Rights to vest of **335,710**, the Independent Valuer's calculated value per Performance Right of **\$0.0405** and the probability of vesting of **45%**, the total value of the issue is **\$13,596**.

A summary of the valuation methodology adopted by the Independent Valuer, including the key assumptions used, is set out in **Schedule 1**.

(e) Considerations of the Board

The primary purpose of the grant of the Performance Rights is to provide a performance incentive for Mr Gray and to align the performance incentive of Mr Gray to the interests of the Company and shareholders. Given this purpose, the Directors do not consider that there is any material opportunity cost or benefit foregone to the Company in granting the Performance Rights.

The Board determined the number of the Performance Rights to be issued to Mr Gray based on his expected contribution to the Company and the likely/expected impact that this will have on the Company's performance, including on the Company's Share price performance in the event the Performance Hurdles to the Performance Rights are met.

The Directors consider that the incentive represented by the grant of the Performance Rights is a cost effective and efficient incentive when compared to other forms of incentives such as cash, bonuses or greater remuneration. The Directors also note that as the Company currently has only limited capital, other cash based incentive alternatives are not currently preferred, nor readily available to it.

(f) Taxation consequences

The Performance Rights will vest subject to relevant Performance Hurdles being met. Under Australian tax law, the taxable value of performance rights granted in relation to employment is assessable to the recipient unless a deferral applies. The Directors believe that the taxation of the Performance Rights will be deferred as they have a real risk of forfeiture. The granting of the Performance Rights or any Shares upon vesting of the Performance Rights does not have a tax impact on the Company.

(g) Other information

Other than the information set out in this Explanatory Statement, the Directors are not aware of any additional information that would be reasonably required by the Shareholders to enable them to make a decision in relation to whether the grant of the Performance Rights to Mr Gray is in the best interests of the Company. For the purposes of section 219(2) of the Corporation Act, the Directors do not consider that there is any material opportunity cost or benefit foregone to the Company in granting the Performance Rights.

The Directors (excluding Mr Gray and Mr Tolliday as he has an interest in the outcome of Resolution 6 which is similar to this Resolution 5) recommend that Shareholders vote in favour of this Resolution, for the reasons set out in section 3.6(e).

3.7. Resolution 6 – Approval of issue of Performance Rights to Mr Robert Tolliday

(a) Introduction

At an annual general meeting of the Company on 9 November 2011, Shareholders approved that the Company adopt a PRP to assist in the Company's ability to properly incentivise its key officers and executives.

In keeping with contemporary practice for companies of a comparable size and growth profile, it has been agreed to issue 131,060 Performance Rights pursuant to the PRP to acquire Shares in the capital of the Company, the material terms of which are set out below.

- (a) The number of Performance Rights to be issued is 131,060.
- (b) No cash consideration is payable for the issue of the Performance Rights.
- (c) The Performance Rights are to be issued subject to the Performance Hurdles, all of which must be satisfied during a twelve month period after the date of the issue of the Performance Rights (**Issue Date**):

- (A) the closing price of the Company's shares exceeding \$0.14 on more than 20 Trading Days.
 - (B) none of the Performance Rights will be exercisable if there is a work-related fatality to any person at any the Company's operations or premises; and
 - (C) the number of Performance Rights capable of exercise will reduce by 5% for each Lost Time Injury event, being a work-related injury that results in an employee missing at least one full day of work.
- (d) Provided the above Performance Hurdles are met, 60% (78,636) of the Performance Rights will vest 12 months after their Issue Date, and the remaining 40% (52,424) of the Performance Rights will vest 24 months after their Issue Date. The Performance Rights will only vest if Mr Tolliday continues to provide services to the Company. Any Performance Right which does not vest will lapse.

The Performance Rights will not be listed on ASX and will not be transferable, except as permitted under the PRP.

The vesting conditions on the Performance Rights are designed to reward Mr Tolliday for successful performance of the achievement of certain goals.

(b) Shareholder approval

Shareholder approval of the issue of Performance Rights to Mr Tolliday is sought for all purposes under the Corporations Act and the ASX Listing Rules, including for the following purposes:

- (a) Under Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires Shareholder approval. Shareholder approval is therefore sought for the acquisition by Mr Tolliday of Performance Rights and Shares upon vesting of Performance Rights; and
- (b) Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties of a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies or Shareholder approval is obtained.

A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in sections 217 to 227; and
- (b) give the benefit within 15 months after the approval.

For the purpose of this Meeting and in accordance with section 228 of the Corporations Act a related party of the Company includes:

- (c) a Director; and
- (d) an entity controlled by a Director.

Accordingly, Resolution 6 seeks Shareholder approval for the grant of the Performance Rights to Mr Tolliday (or his nominee) for the purposes of Chapter 2E of the Corporations Act.

(c) Disclosures made for the purposes of Listing Rule 10.15 and Chapter 2E of the Corporations Act

To enable shareholder approval to be effectively obtained under Listing Rule 10.14 and Chapter 2E of the Corporations Act, the following information is provided:

- (a) The number of Performance Rights to be granted to Mr Tolliday if this resolution is approved is 131,060, each exercisable for 1 Share. The maximum number of Shares that may be issued upon exercise of the Performance Rights the subject of this Resolution 6 is 131,060 and upon exercise of the Performance Rights, the Shares will rank equally with all other ordinary Shares of the Company on issue.
- (b) The price payable on the issue or exercise of each Performance Right is nil.
- (c) The PRP was last approved by Shareholders on 9 November 2011. Since then, there have been 224,460 Performance Rights issued to each of the following persons on 20 December 2012:
 - (a) Mr A Gray – 170,910 Performance Rights; and
 - (b) Mr R Tolliday – 54,550 (in his capacity as Company Secretary and prior to Mr Tolliday's appointment as a Director).

The price payable on the issue or exercise of each Performance Rights is nil.

All of these Performance Rights will lapse in the following circumstances:

- (a) if the closing price of the Company's shares does not exceed 27.5 cents on more than 20 trading days during the period 20 December 2012 to 19 December 2013; or
- (b) if there is a work related fatality during the period 20 December 2012 to 19 December 2013.

It is not anticipated that the share price target of greater than 27.5 cents for more than 20 trading days during the period 20 December 2012 to 19 December 2013 required for vesting of the Performance Rights will be achieved.

- (d) The name of the person referred to in Listing Rule 10.14 entitled to participate in the PRP is Mr Robert Tolliday. Other Directors will also be entitled to participate. Resolution 5 proposes the issue of Performance Rights to Mr Anthony Gray (Managing Director). It is not currently proposed that Performance Rights be issued to the Company's other Director, Mr Ian Gandel (Non-Independent Non-Executive Chairman).
- (e) A voting exclusion statement is included in the Notice.
- (f) There is no loan proposed in relation to the proposed award of Performance Rights to Mr Tolliday.
- (g) Mr Tolliday's Performance Rights are intended to be granted by on or around **16 December 2013** and in any event will not be granted later than 12 months after the date of the meeting (**Grant Date**).
- (h) Mr Tolliday is not entitled and does not wish to make a recommendation to Shareholders about the proposed Resolution 6 because he (or his nominee) has an interest in the outcome of the Resolution as he (or his nominee) is the proposed recipient of the Performance Rights.
- (i) If 131,060 Performance Rights the subject of Resolution 6 are exercised and Shares subsequently issues, then based on the Company's fully paid share capital (which as at the date of this Notice is **106,048,002**) existing Shareholder would be diluted by approximately **0.12%**.
- (j) Mr Tolliday has a relevant interest in **100,000** Shares in the Company, which amounts to approximately **0.0943%** of the Company's share capital at the date of this Notice.
- (k) If the Performance Rights the subject of this Resolution 6 are approved, and subsequently become exercisable, and the **54,550** Performance Rights currently held by Mr Tolliday also become exercisable, Mr Tolliday will have a relevant interest in **285,610** Shares in the Company which will amount to approximately **0.2689%** of the Company based on the Company's share capital as at the date of this Notice (if no other Shares are issued).
- (l) Mr Tolliday is engaged as chief financial officer and secretary of the Company under a Management Services Agreement between the Company and The Gandel Metals Trust. The fees paid to The Gandel Metals Trust in consideration for the services provided by Mr Tolliday is approximately \$150,000 per annum. The Company is unable to determine the exact fees for the services provided by Mr Tolliday as these services form part of the total services provided under the Management Services Agreement between the Company and The Gandel Metals Trust. Mr Tolliday does not currently receive any other guaranteed remuneration or emoluments from the Company but he is entitled and eligible to participate in the Company's employee share option plan and the Company's bonus scheme.

(d) Valuation

ASIC requires that when seeking Shareholder approval for the issue of securities to a related party pursuant to Chapter 2E, Shareholders must be provided with a valuation of those securities. The Company has undertaken a valuation so as to estimate a value for the Performance Rights subject to the Performance Hurdles. The valuation has been conducted by the Independent Valuer on 2 October 2013 (**Valuation Date**).

The Independent Valuer has calculated the value per Performance Right to be **\$0.0405**. Based on the estimated number of Performance Rights to vest of **131,060**, the Independent Valuer's calculated value per Performance Right of **\$0.0405** and the probability of vesting of **45%**, the total value of the issue is **\$5,308**.

A summary of the valuation methodology adopted by the Independent Valuer, including the key assumptions used, is set out in **Schedule 1**.

(e) Considerations of the Board

The primary purpose of the grant of the Performance Rights is to provide a performance incentive for Mr Tolliday and to align the performance incentive of Mr Tolliday to the interests of the Company and shareholders. Given this purpose, the Directors do not consider that there is any material opportunity cost or benefit foregone to the Company in granting the Performance Rights.

The Board determined the number of the Performance Rights to be issued to Mr Tolliday based on his expected contribution to the Company and the likely/expected impact that this will have on the Company's performance, including on the Company's Share price performance in the event the Performance Hurdles to the Performance Rights are met.

The Directors consider that the incentive represented by the grant of the Performance Rights is a cost effective and efficient incentive when compared to other forms of incentives such as cash, bonuses or greater remuneration. The Directors also note that as the Company currently has only limited capital, other cash based incentive alternatives are not currently preferred, nor readily available to it.

(f) Taxation consequences

The Performance Rights will vest subject to relevant Performance Hurdles being met. Under Australian tax law, the taxable value of performance rights granted in relation to employment is assessable to the recipient unless a deferral applies. The Directors believe that the taxation of the Performance Rights will be deferred as they have a real risk of forfeiture. The granting of the Performance Rights or any Shares upon vesting of the Performance Rights does not have a tax impact on the Company.

(g) Other information

Other than the information set out in this Explanatory Statement, the Directors are not aware of any additional information that would be reasonably required by the Shareholders to enable them to make a decision in relation to whether the grant of the Performance Rights to Mr Tolliday is in the best interests of the Company. For the purposes of section 219(2) of the Corporation Act, the Directors do not consider that there is any material opportunity cost or benefit foregone to the Company in granting the Performance Rights.

The Directors (excluding Mr Tolliday and Mr Gray as he has an interest in the outcome of Resolution 5 which is similar to this Resolution 6) recommend that Shareholders vote in favour of this Resolution, for the reasons set out in section 3.7(e).

3.8. Resolution 7 – Renewal of proportional takeover provisions of Constitution

(a) Summary of the proposal

The Constitution of the Company currently contains provisions dealing with proportional takeover bids for Octagonal Shares in accordance with the Corporations Act. The provisions, which are contained in clause 13 of the Constitution, are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company. Under the Corporations Act, these provisions must be renewed every three years or they will cease to have effect. The current provisions will automatically cease to have effect after 11 November 2013 unless renewed by the proposed special resolution. If renewed, the proposed proportional takeover provisions will be in the exactly the same terms as the existing provisions and will have effect until 29 November 2016.

The Corporations Act required the Company to provide shareholders with an explanation of the proposed proportional takeover approval provisions as set out below so that shareholders may make an informed decision on whether to support or oppose the resolution.

(b) What is a proportional takeover bid?

A proportional takeover bid is a takeover offer sent to all shareholders, but only in respect of a specified proportion of each shareholder's shares. Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, the shareholder will dispose of the specified proportion of their shares in the Company and retain the balance of the shares.

(c) Legal and regulatory requirements

Section 648G of the *Corporations Act* 2001 provides that a company may renew its proportional takeover provisions in the same manner as that in which the company could alter its constitution to insert proportional takeover provisions.

Section 648G(5) of the *Corporations Act* 2001 provides that with every notice that specifies the intention to propose a resolution to renew a company's proportional takeover provisions and is sent to a person who is entitled to vote on the resolution the company must send a statement that:

- explains the effect of the provisions proposed to be renewed; and
- explains the reasons for proposing the resolution and sets out the factual matters and principles underlying those reasons; and

- states whether, as at the date on which the statement is prepared, any of the directors of the company is aware of a proposal by a person to acquire, or to increase the extent of, a substantial interest in the company and, if so, explains the extent (if any) to which the proposal has influenced the decision to propose the resolution; and
- for a proposed resolution to renew proportional takeover provisions – review both the advantages, and disadvantages, of the provisions proposed to be renewed for the directors and the company's members during the period during which the provisions have been in effect; and
- discusses both the potential advantages, and the potential disadvantages, of the provisions proposed to be renewed for the directors and the company's members.

(d) Effect of proportional takeover provisions

Clause 13 of the constitution requires that, if a proportional takeover bid is made, the directors must convene a meeting of shareholders to vote on a resolution to approve the bid. The meeting must be held, and the resolution voted on, before the approving resolution deadline which is defined in the Corporations Act as the 14th day before the last day of the bid period. **The clause does not apply to full takeover offers.**

Clause 13 provides that, for a resolution to be approved, it must be passed by a majority of votes at the meeting, excluding votes by the bidder and its associates. If no resolution to approve the bid has been voted on in accordance with clause 13 as at the end of the 14th day before the end of the bid period, a resolution approving the bid will be deemed by the Corporations Act to have been passed, thereby allowing the bid to proceed.

If a resolution to approve the bid is rejected, binding acceptances are required to be rescinded, and all unaccepted offers and offers failing to result in binding contracts are taken to be withdrawn.

If the resolution is approved, the relevant transfers of shares will be registered, provided they comply with the other provisions of the constitution and otherwise with the Corporations Act.

(e) Reasons

The Directors consider that shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest and without shareholders having the opportunity to dispose of all of their shares. This may mean that shareholders could be at risk of being left as part of a minority interest in the Company. Clause 13, if renewed, would enable shareholders to decide collectively whether a proportional takeover bid should be permitted to proceed.

(f) Present acquisition proposals

At the date of this Explanatory Statement, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

(g) Review of advantages and disadvantages of clause 13 while previously in effect

The Directors consider that there were no advantages or disadvantages when clause 13 was previously in force as they remained free to make a recommendation on whether a proportional takeover bid should be accepted. Given no proportional takeover bid was made during this period, the Directors do not consider that there have been any advantages of clause 13 for the members of the Company during the period. Whilst the Directors consider it unlikely, and have no reason to believe that such is the case, they cannot guarantee that the existence of clause 13 prevented a potential bidder from making a proportional takeover bid which might have been advantageous to members.

(h) Potential advantages and disadvantages of renewal of clause 13

The Directors consider that there are no such advantages or disadvantages for them as they remain free to make a recommendation on whether a proportional takeover bid should be accepted. The renewal of the clause will ensure that all members continue to have an opportunity to study a proportional takeover bid, if made, and then attend or be represented by proxy at a meeting called specifically to vote on the proposal.

A majority of shares voted at the meeting, excluding the shares of the bidder and its associates, will be required for the resolution to be passed, following which shareholders will be able to decide whether to accept the bid which may result in a change of control of the Company. This will enable shareholders to prevent a proportional takeover bid proceeding if they believe that control of the Company should not be permitted to pass under the bid and, accordingly, the terms of any future proportional takeover bid are likely to be structured in a manner that is attractive to a majority of shareholders.

It may be argued that renewal of clause 13 reduces the possibility of a successful proportional takeover bid and that, as a result, proportional takeover bids for the Company will be discouraged. This, in turn, may reduce opportunities that shareholders may have to sell some of their shares at an attractive price to persons seeking control of the Company and may reduce any 'takeover speculation' element in the Company's share price. It may also be said that the provisions constitute an additional restriction on the ability of individual shareholders to deal freely with their shares.

4. DEFINITIONS

In this Notice and the Explanatory Statement:

\$ means Australian dollars.

10% Placement Facility has the meaning given in section 3.5(a).

10% Placement Period has the meaning given in section 3.5(b)(F).

AEDT means Australian Eastern Daylight Time.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2013.

ASX means ASX Limited ACN 008 624 691.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Company or **Octagonal** means Octagonal Resources Limited ACN 147 300 418.

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Statement means the Explanatory Statement attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Grant Date means on or around 16 December 2013 or such date determined by the Board, which will not be later than 12 months after the date of the Meeting.

Independent Valuer means DMR Corporate Pty Ltd.

Issue Date means the date of issue of the Performance Rights.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice mean this notice of meeting.

Option means an equity security that is exercisable into a Share.

Performance Right means a right issued under the PRP.

PRP means the Performance Rights Plan approved by Shareholders at an annual general meeting on 9 November 2011.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolutions means a resolution proposed to be considered and, if thought fit, to be passed at the Meeting.

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

Shareholder means a shareholder of the Company.

Trading Days means a day determined by ASX to be a trading day in accordance with the Listing Rules.

Valuation Date means 2 October 2013.

VWAP means the volume weighted average price.

In this Notice and the Explanatory Statement words importing the singular include the plural and vice versa.

5. QUERIES

If you have any queries about the meeting, the Resolutions to be put to the meeting or the proposals being considered, please contact:

Company Secretary
Mr Robert Tolliday

Telephone: +61 3 9697 9088
Facsimile: +61 3 9697 9089
E-mail: info@octagonalresources.com.au

Schedule 1 Valuation of Performance Rights

Valuation Methodology

The Independent Valuer referred to AASB 2 'Share-based Payment' for guidance as to the valuation of share based payments. AASB 2 distinguishes between exercisability conditions that are market based and non-market conditions. Market conditions are defined as conditions that are related to the market price of an entity's equity instruments with all other conditions being non-market conditions. AASB 2, in recognition of the difficulty in obtaining sufficient appropriate evidence as to the likelihood that a non market condition will be achieved, provides that vesting conditions other than market conditions shall not be taken into account when estimating the fair value of the performance rights. Instead the non market conditions are taken into account by adjusting the number of equity instruments expected to be issued.

The Independent Valuer has regarded the Performance Hurdle set out in 3.6(a)(c)(A) and 3.7(a)(c)(A) as a market condition and has factored this condition into the valuation. All other Performance Hurdles (those set out in paragraphs 3.6(a)(c)(B) and (C) and 3.7(a)(c)(B) and (C)) are non-market conditions and the impact of these conditions on the value of the Performance Rights need to be assessed by the Company.

Valuation Assumptions

The Independent Valuer has relied on the following assumptions:

- (a) Each Performance Right entitles the holder to be issued one Share for no consideration.
- (b) The current share price of the underlying Shares is \$0.090 based on a 7 day VWAP (which is based on closing day prices) from 17 September 2013 to 25 September 2013.
- (c) The share price volatility is 67% based on historical share price volatility of companies comparable to the Company that is sourced from the June 2013 SIRCA report.
- (d) The Performance Rights will be issued on 29 November 2013.
- (e) Given that no exercise price is payable, it is expected that the Performance Rights are to be exercised immediately upon vesting i.e. satisfaction of the Performance Hurdles set out in 3.6(a)(c)(A) and 3.7(a)(c)(A) within the vesting periods set out in 3.6(a)(d) and 3.7(a)(d).
- (f) The expected return is to be 10% per annum based on the current risk free interest rate (approximately 2.42%) plus a long term equity market premium (estimated to be in a range of 7.0% to 7.5%).

Valuation of the Performance Rights

Using the above assumptions and the Hoadley "ProbAnyTime" calculator the Independent Valuer estimated that there is only a 45% probability that the Shares will reach \$0.14 per share some time prior to 28 November 2014. It should be noted that the probability calculation only estimates the probability of the share price reaching the hurdle at any time during the period, whereas the terms of the Performance Rights require the price hurdle to be satisfied on more than 20 days.

After applying the above probability, the value of the performance rights to be issued to Mr Gray is set out according to the process in the table below:

Number of Performance Rights	335,710
Underlying value per Share	\$0.090
Undiscounted value of Performance Rights	\$30,214
Probability of vesting	45%
Value of Performance Rights	\$13,596

Note that the above value does not factor in the non-market conditions set out in paragraphs 3.6(a)(c)(B) and (C) and 3.6(a)(d).

After applying the above probability, the value of the performance rights to be issued to Mr Tolliday is set out according to the process in the table below:

Number of Performance Rights	131,060
Underlying value per Share	\$0.090
Undiscounted value of Performance Rights	\$11,795
Probability of vesting	45%
Value of Performance Rights	\$5,308

Note that the above value does not factor in the non-market conditions set out in paragraphs 3.7(a)(c)(B) and (C) and 3.7(a)(d).

Lodge your vote:



By Mail:

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

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

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

For all enquiries call:

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

Proxy Form

For your vote to be effective it must be received by 10:00am (AEDT) Wednesday, 27 November 2013

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

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

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

Attending the Meeting

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

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

Turn over to complete the form ➔



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

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN:



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

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

Proxy Form

Please mark

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Octagonal Resources 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Octagonal Resources Limited to be held at BDO Melbourne, Level 14, 140 William Street, Melbourne, Victoria on Friday, 29 November 2013 at 10.00am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1, 5 and 6 (except where I/we have indicated a different voting intention below) even though Items 1, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: For Items 5 and 6, this express authority is also subject to you marking the box in the section below. If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1, 5 and 6 by marking the appropriate box in step 2 below.

Important for Items 5 and 6: If the Chairman of the Meeting is your proxy and you have not directed the Chairman how to vote on Items 5 and 6 below, please mark the box in this section. If you do not mark this box and you have not otherwise directed your proxy how to vote on Items 5 and 6, the Chairman of the Meeting will not cast your votes on Items 5 and 6 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of Items 5 and 6 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my/our proxy even if the Chairman has an interest in the outcome of Items 5 and 6 and that votes cast by the Chairman, other than as proxy holder, would be disregarded because of that interest.

STEP 2 Items of Business

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

	For	Against	Abstain
Item 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2 Re-Election of Robert Tolliday as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-Election of Ian Gandel as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Approval of issue of Performance Rights to Mr Anthony Gray	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Approval of issue of Performance Rights to Mr Robert Tolliday	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7 Renewal of proportional takeover provisions of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available 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 / / _____