

United Orogen Limited
ABN 45 115 593 005

Notice of Extraordinary General Meeting

**EXTRAORDINARY GENERAL MEETING of
Shareholders to be held at Level 1, 3 Spring
Street, Sydney NSW 2000 on Monday 1st July
2013 at 11:00 am (AET).**

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

United Orogen Limited

ABN 45 115 593 005

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Shareholders will be held at Level 1, 3 Spring Street, Sydney NSW 2000 on **Monday 1st July 2013** at 11:00 am (AET).

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

BUSINESS

1. **Change of Company Name**

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

“That for the purposes of section 157 of the Corporations Act 2001 (Cth), and for all other purposes, the name of the Company be changed to “Elysium Resources Limited”.

2. **Ratification of Previous Issue of Securities**

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of a total of 5,000,000 fully paid ordinary shares as detailed in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting is hereby approved and ratified.”

Voting exclusion:

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on this resolution by and person who participated in the issues of ordinary shares described in the Explanatory Memorandum and any of their associates. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on a proxy form; or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION

3. **Grant of Options to Mr Michael Tilley**

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

“That for all purposes under the Corporations Act 2001(Cth) (including sections 195 and 208, and the Listing Rules of the ASX Limited (including Listing Rule 10.11) and for all other purposes, approval be given and the Company be authorised to issue to Mr Michael Tilley a total of 4,250,000 Options to purchase fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

Voting exclusion

In accordance with ASX Listing Rule 14.11 the Company will disregard any votes cast on this resolution by Mr Tilley and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on a proxy form; or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION

4. **Grant of Options to Mr Maxim Carling**

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

“That for all purposes under the Corporations Act 2001(Cth) (including sections 195 and 208, and the Listing Rules of the ASX Limited (including Listing Rule 10.11) and for all other purposes, approval be given and the Company be authorised to issue to Mr Maxim Carling a total of 8,500,000 Options to purchase fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

Voting exclusion

In accordance with ASX Listing Rule 14.11 the Company will disregard any votes cast on this resolution by Mr Carling and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on a proxy form; or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION

5. **Grant of Options to Mr Mark Ohlsson**

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

“That for all purposes under the Corporations Act 2001(Cth) (including sections 195 and 208, and the Listing Rules of the ASX Limited (including Listing Rule 10.11) and for all other purposes, approval be given and the Company be authorised to issue to Mr Mark Ohlsson a total of 4,250,000 Options to purchase fully paid ordinary shares in the capital of the Company, on the terms and for the purposes set out in the Explanatory Memorandum annexed to and forming part of this Notice of Meeting.”

Voting exclusion

In accordance with ASX Listing Rule 14.11 the Company will disregard any votes cast on this resolution by Mr Ohlsson and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on a proxy form; or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

PLEASE READ THE EXPLANATORY STATEMENT FOR THIS RESOLUTION

ENTITLEMENT TO VOTE

In accordance with the *Corporations Act 2001* (Cth) the board has determined that for the purposes of the meeting, a person's entitlement to vote at the meeting will be the entitlement of that person set out in the Register of Members of the Company at 7:00pm on 27th June 2013. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

VOTING BY PROXY

- A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of the shareholder.
- If a shareholder is entitled to cast 2 or more vote at the meeting, that shareholder may appoint 2 proxies. If a shareholder appoints 2 proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes.
- A proxy need not be a shareholder of the Company. The proxy appointed may be described in the Proxy Form by an office held, e.g. "the Chair of the Meeting".
- Proxy Forms must be signed by a shareholders or the shareholder's attorney or, if the shareholder is a corporation, must be under its common seal, or if it does not have one, by 2 directors or by a director and a company secretary, or if it is a proprietary company that has a sole director who is also the company secretary, by that director, or under hand of its attorney or duly authorised officer. If the Proxy Form is signed by a person who is not the registered holder of shares in the Company (i.e. under power of attorney or other authorisation), then the relevant authority (or a certified copy of such authority) must either have been exhibited previously to the Company or be enclosed with the Proxy Form.

To be effective, duly completed Proxy Forms (duly completed and executed) must be:

- received by mail at PO H238, Australia Square, NSW 1215 Australia;
- in person at Suite 705, 3 Spring Street Sydney NSW 2000; or
- sent by fax to fax number: +61 2 9247 7244

by 11am on 29 June 2013.

By Order of the Board



Mark Ohlsson
Company Secretary
28th May 2013

EXPLANATORY MEMORANDUM

This Explanatory Memorandum accompanies and forms part of the Notice of Meeting.

This Explanatory Memorandum provides information for shareholders in respect of the resolutions to be considered at the Extraordinary General Meeting of the Company to be held at Level 1, 3 Spring Street, Sydney NSW 2000 on Monday 1st July 2013 at 11:00am (AET).

Resolution 2

Ratification and approval of previous allotment and issue of securities

The purpose of resolution 2 is for shareholders to approve and ratify under ASX Listing Rule 7.4, issues of securities which have occurred during the 12 months before the date of this meeting and count toward the Company's 15% limit under ASX Listing Rule 7.1.

ASX Listing Rule 7.1 provides, subject to certain exceptions, prior approval of shareholder be required for an issue of securities if the securities will, when aggregated with the securities issued by the entity during the previous 12 months, exceed 15% of the number of ordinary securities at the commencement of that 12 month period.

The issue of securities detailed in this resolution did not exceed the 15% threshold, however, ASX Listing Rule 7.4 provides that where an entity ratifies an issue of securities, the issue will be treated as having been made with the approval for the purpose of Listing Rule 7.1, thereby replenishing that entity's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 2 proposes the ratification and approval of the issue of securities for the purpose of satisfying the requirements of Listing Rule 7.4.

In compliance with Listing Rule 7.5 the following information is provided with respect to the issues of securities:-

On 11 December 2012, 5,000,000 fully paid ordinary shares were issued at a price of 0.4 cents per share. The shares rank equally with existing ordinary shares. The rights and liabilities attached to the shares are set out in Schedule 1. The funds raised were used for working capital.

Voting exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on this resolution by and person who participated in the issues of ordinary shares described in the Explanatory Memorandum and any of their associates. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on a proxy form; or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 3

Issue of Options to Mr Michael Tilley

The Company proposes to grant 4,250,000 Options to Mr Michael Tilley each at an exercise price of 2 cents per share (each an “Option” and together the “Options”). The issue of the Options to Mr Tilley is designed to align his interests with those of the Company and its shareholders and is intended to provide incentive for him to further enhance the growth and value of the Company.

Introduction

The ASX Listing Rules and the *Corporations Act (Cth)* 2001 (“Corporations Act”) (in certain circumstances) require shareholder approval to be obtained for the issue of the Options to Directors. Accordingly, approval for the issue of the Options is sought in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Chapter 2E of the Corporations Act.

The proposed Resolution 3 if passed will approve the issue of securities to and confer financial benefits upon a Director of the Company. The Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11. Accordingly, information required under the ASX Listing Rules and the Corporations Act as well as information that will properly enable shareholders to consider Resolution 3 is presented below.

Corporations Act

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party it must obtain the prior approval of its members.

A “related party” for the purposes of the Corporations Act includes a director of a public company. A “financial benefit” for the purposes of the Corporations Act is widely defined and includes a public company granting options to a related party. The granting of Options to a Director as contemplated by Resolution 3 constitute the giving of a financial benefit and accordingly, the Company is seeking shareholder approval under section 208 of the Corporations Act to approve the grant of the Options.

The resolutions are also put pursuant to section 195(4) of the Corporations Act. Section 195(1) provides that a director of a public company who has a material personal interest in a matter that is being considered at a directors’ meeting must not be present when the matter is being considered at the meeting or vote on the matter.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company must not issue or agree to issue equity securities to a related party of the company, such as a director, without the company first obtaining the approval by ordinary resolution of its shareholders (unless an exception in ASX Listing Rule 10.12 applies).

As a director of the Company, Mr Tilley is a related party for the purposes of the ASX Listing Rules. Accordingly, the Company is seeking approval of shareholders under ASX Listing Rule 10.11 for the proposed grant of Options to Mr Tilley. If shareholders approve the issue of the Options under ASX Listing Rule 10.11, separate approval is not required under ASX Listing Rule 7.1. Accordingly, if Resolution 3 is passed, the grant of 4,250,000 Options to Mr Tilley will not be taken into account in the 15% calculation of the Company’s annual placement capacity imposed by ASX Listing Rule 7.1.

If the Options are exercised for shares, the shares will be issued on the same terms as all other ordinary shares of the Company currently on issue. The Options are issued on the terms set out under the heading “Terms and Conditions of the Options” set out below.

Pursuant to ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options to Mr Tilley:

- the maximum number of Options proposed to be granted to Mr Tilley is 4,250,000;
- subject to shareholder approval, the Options will be granted to Mr Tilley as soon as practicable after the date of the Extraordinary General Meeting and in any event no later than 1 month after the date of the Extraordinary General Meeting;
- the Options will be issued at an issue price of \$0.0001 each;
- the exercise price of the Options will be \$0.02;
- the terms and conditions of the Options proposed to be granted to Mr Tilley are set out below; and
- the funds raised from the grant of the Options and the exercise of the Options will form part of the working capital of the Company.

Corporate Governance

The ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (Box 8.1) recognise that most executive remuneration packages will involve a balance between fixed and incentive pay. The Options granted to Mr Tilley constitute equity-based remuneration. The Board believes that the Options are an effective tool to provide incentives to Mr Tilley and promote the interests of the Company and its shareholders.

The Directors consider the terms of the Options are reasonable given the circumstances of the Company.

Potential Benefits – Issue of Options

If the Options are issued pursuant to the proposed Resolution 3, the Company considers that the following benefits will arise:

- Mr Tilley will have a vested interest in the affairs of the Company and incentives to ensure that the Company is able to create a successful and profitable business. The consequential increase in shareholder value and the market price of the shares of the Company will benefit all shareholders, notwithstanding the dilutionary effect on shareholders of the Options being exercised;
- the issue of the Options to Mr Tilley is a non-cash form of remuneration, thus conserving the Company's cash reserves. The issue of the Options therefore enables the Company to provide Mr Tilley with a reward for services provided and an incentive for future services they will provide to the Company to further progress the Company in a cost-effective manner, as opposed to other forms of remuneration, such as cash; and
- the exercise of the Options will provide working capital for the Company at no significant cost. If all of the Options proposed to be issued to Mr Tilley are ultimately exercised, an amount of approximately \$85,000 would be subscribed into the capital of the Company. As the Options are to be granted for \$425 consideration there will be \$425 raised by the Company in granting the Options.

Furthermore, the Board considers it important to adequately compensate Mr Tilley in order to attract and retain people with appropriate qualifications and skills to be able to contribute to the success of the Company.

Potential Costs – Issue of Options

The potential cost to the Company of the issue of the Options to Mr Tilley is that there will be a dilution of the issued share capital if the Options are exercised.

If the Options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the Options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

From an economic and commercial point of view the Board considers that the potential cost and detriment to the Company resulting from the granting of the Options is nominal given that the Options are out of the money at the date of the issue.

If all of the Options to be issued under Resolution 3 are exercised and no further shares are issued by the Company in the meantime, the total number of ordinary fully paid shares issued would increase by 4,250,000 to 118,075,946 and the newly issued shares would comprise 3.6% of the issued shares at that time. The effect will be to dilute the shareholding of existing shareholders by approximately 3.6% on an undiluted basis (based on 113,825,946 shares currently on issue).

The lowest and highest price of shares in the Company in the past 12 months on the ASX was 0.7 cents on 18 July 2012 and 2.1 cents on 11 April 2013 respectively.

The closing price of shares in the Company on 24th May 2013, the last trading day before lodgement of the Notice of Extraordinary General Meeting and Explanatory Memorandum with the ASX was \$0.017.

Valuation of Options

The Options are not currently quoted on the ASX and as such have no market value. It is not intended for the Options to be listed on the ASX. The Options will grant Mr Tilley a right to one share in the Company upon exercise of an Option and payment of the exercise price of the Option. Accordingly, the Options may have a present value at the date of their grant. The Options may acquire future value dependent upon the extent to which the shares exceed the exercise price of the Options during the term of the Options.

It is a requirement of ASIC that a dollar value be placed on the Options to be issued in these circumstances.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- the period outstanding before the expiry date of the options;
- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and

- whether or not the options are listed (i.e. readily capable of being liquidated),

There are various formulae which can be applied to determining the theoretical value of options including the formula known as the Black Scholes option price calculation.

The Black Scholes option price calculation method has been used to value the Options based on the assumed exercise price of 2 cents. In determining the value of the Options, the following inputs have been assumed:

- the Options are granted for \$425 consideration and vest immediately;
- assumed exercise price: 2 cents (10% more than estimated share price at grant date);
- grant date: 1 July 2013
- expiry date: 30 June 2017
- share price at grant date: estimated 1.3 cents
- expected price volatility of the Company's shares: 100%
- expected dividend yield: 0
- risk-free interest rate: 2.75%

Using the Black Scholes option price calculation method and the assumed data outlined above, the Options have been valued at \$0.0082 each. Accordingly, the total value of the proposed Options to be granted to Mr Tilley is \$34,850 over the term of the Options.

Accordingly, the total balance sheet impact attributable to the granting of the Options is \$34,850 over the term of the Options. In determining the number and terms of the Options to be issued to Mr Tilley, consideration was given to the relevant experience and role of Mr Tilley and his remuneration terms, the current market price of shares in the Company and the terms of the recent option packages granted to directors of other companies within the sector in which the Company operates.

Identifying the Related Parties

The related party to whom Resolution 3 would permit financial benefits to be given is Mr Tilley.

Current remuneration and interests

Details of Mr Tilley's current annualised pro-rata remuneration, as well as his interests (both direct and indirect) in the Company as at the date of the Notice are outlined below:

Director	Salary/fees p.a. (incl. superannuation)	Share interests	Option interests
Michael Tilley	\$36,000	10,000,000	0

Financial Benefits

The nature of financial benefits to be provided to Mr Tilley is set out in the first section of the discussion on Resolution 3.

Directors' interests

Mr Tilley has a direct material interest in the outcome of Resolution 3 as the recipient of the Options. No other director has a material interest in the outcome of Resolution 3.

Directors' Recommendations

The Board (excluding Mr Tilley) recommends that Shareholders vote in favour of Resolution 3. Mr Tilley expresses no opinion and makes no recommendation in respect of

the issue of the Options to him as he has a material personal interest in the outcome of Resolution 3.

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Options. No GST will be payable by the Company in respect of the grant of the Options (or if it is then it will be recoverable as an input credit).

Other than the information above and otherwise set out in this Explanatory Memorandum, the Directors believe that there is no other information known to the Company or its Directors that will be reasonably required by shareholders to make a decision in relation to benefits contemplated by the proposed Resolution 3.

Terms and Conditions of the Options

Subject to shareholder approval, the Options will be issued on the following terms:

- Each Option entitles the holder to subscribe for one ordinary share in the Company at a price of 2 cents per share.
- The Options will be issued at an issue price of \$0.0001 each and will vest immediately.
- The Options will be issued to Mr Tilley (effective as at the date of this meeting) as soon as practicable after the date of the meeting and in any event not later than one month from the date of the meeting.
- The Options will have an expiry date of 30 June 2017. The Options will vest immediately.
- The Options may be exercised by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- The Company will not apply to the ASX for official quotation of the Options but will apply for granting of official quotation of shares issued pursuant to exercise of the Options as soon as practicable after the date of allotment of the shares.
- Shares issued on the exercise of the Options will rank equally with the then existing issued fully paid ordinary shares in the Company.
- If there is a pro rata issue (except a bonus issue) to shareholders, the exercise price of the option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where

O' = the new exercise price of the option;

O = the Old exercise price of the option;

E = the number of underlying securities into which one option is Exercisable;

Note: E is one unless the number has changed because of a bonus issue.

P = the average market Price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the Subscription price for a security under the pro rata issue;

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security.

- In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Options will be reorganised as required by the ASX Listing Rules, so that the holder will not receive a benefit that the existing holders of ordinary shares do not receive but in all other respects the terms of exercise will remain the same.
- In the event of the Company effecting a Rights Issue at a discount, the exercise price of the Options shall be adjusted in accordance with the ASX Listing Rules.
- Holders of the Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Options without first exercising their Options.
- If a takeover bid is made for the shares of the Company then, at any time during the Takeover Period, any unvested Options will vest and the Option holder may exercise each Option at the exercise price, despite the fact that it is then outside an exercise period specified in the Option. The "Takeover Period" referred to is from the start of the offer period until one month after the end of the offer period.
- The Options will otherwise be in accordance with the requirements of the ASX Listing Rules.

The Options will be issued for \$425 cost and no funds will be raised from the issue of the Options unless and until they are exercised. If all of the Options are exercised the amount of funds raised from the Options the subject of Resolution 3 will amount to a total of \$85,000. The funds raised will form part of the working capital of the Company.

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11 the Company will disregard any votes cast on this resolution by Mr Tilley and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on a proxy form; or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 4

Issue of Options to Mr Maxim Carling

The Company proposes to grant 8,500,000 Options to Mr Max Carling each at an exercise price of 2 cents per share (each an “Option” and together the “Options”). The issue of the Options to Mr Carling is designed to align his interests with those of the Company and its shareholders and is intended to provide incentive for him to further enhance the growth and value of the Company.

Introduction

The ASX Listing Rules and the Corporations Act (in certain circumstances) require shareholder approval to be obtained for the issue of the Options to Directors. Accordingly, approval for the issue of the Options is sought in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Chapter 2E of the Corporations Act.

The proposed Resolution 4 if passed will approve the issue of securities to and confer financial benefits upon a Director of the Company. The Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11. Accordingly, information required under the ASX Listing Rules and the Corporations Act as well as information that will properly enable shareholders to consider Resolution 4 is presented below.

Corporations Act

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party it must obtain the prior approval of its members.

A “related party” for the purposes of the Corporations Act includes a director of a public company. A “financial benefit” for the purposes of the Corporations Act is widely defined and includes a public company granting options to a related party. The granting of Options to a Director as contemplated by Resolution 4 constitute the giving of a financial benefit and accordingly, the Company is seeking shareholder approval under section 208 of the Corporations Act to approve the grant of the Options.

The resolutions are also put pursuant to section 195(4) of the Corporations Act. Section 195(1) provides that a director of a public company who has a material personal interest in a matter that is being considered at a directors’ meeting must not be present when the matter is being considered at the meeting or vote on the matter.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company must not issue or agree to issue equity securities to a related party of the company, such as a director, without the company first obtaining the approval by ordinary resolution of its shareholders (unless an exception in ASX Listing Rule 10.12 applies).

As a director of the Company, Mr Carling is a related party for the purposes of the ASX Listing Rules. Accordingly, the Company is seeking approval of shareholders under ASX Listing Rule 10.11 for the proposed grant of Options to Mr Carling. If shareholders approve the issue of the Options under ASX Listing Rule 10.11, separate approval is not required under ASX Listing Rule 7.1. Accordingly, if Resolution 4 is passed, the grant of 8,500,000 Options to Mr Carling will not be taken into account in the 15% calculation of the Company’s annual placement capacity imposed by ASX Listing Rule 7.1.

If the Options are exercised for shares, the shares will be issued on the same terms as all other ordinary shares of the Company currently on issue. The Options are issued on the terms set out under the heading “Terms and Conditions of the Options” set out below.

Pursuant to ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options to Mr Carling:

- the maximum number of Options proposed to be granted to Mr Carling is 8,500,000;
- subject to shareholder approval, the Options will be granted to Mr Carling as soon as practicable after the date of the Extraordinary General Meeting and in any event no later than 1 month after the date of the Extraordinary General Meeting;
- the Options will be issued at an issue price of \$0.0001 each;
- the exercise price of the Options will be \$0.02;
- the terms and conditions of the Options proposed to be granted to Mr Carling are set out below; and
- the funds raised from the grant of the Options and the exercise of the Options will form part of the working capital of the Company.

Corporate Governance

The ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (Box 8.1) recognise that most executive remuneration packages will involve a balance between fixed and incentive pay. The Options granted to Mr Carling constitute equity-based remuneration. The Board believes that the Options are an effective tool to provide incentives to Mr Carling and promote the interests of the Company and its shareholders.

The Directors consider the terms of the Options are reasonable given the circumstances of the Company.

Potential Benefits – Issue of Options

If the Options are issued pursuant to the proposed Resolution 4, the Company considers that the following benefits will arise:

- Mr Carling will have a vested interest in the affairs of the Company and incentives to ensure that the Company is able to create a successful and profitable business. The consequential increase in shareholder value and the market price of the shares of the Company will benefit all shareholders, notwithstanding the dilutionary effect on shareholders of the Options being exercised;
- the issue of the Options to Mr Carling is a non-cash form of remuneration, thus conserving the Company's cash reserves. The issue of the Options therefore enables the Company to provide Mr Carling with a reward for services provided and an incentive for future services they will provide to the Company to further progress the Company in a cost-effective manner, as opposed to other forms of remuneration, such as cash; and
- the exercise of the Options will provide working capital for the Company at no significant cost. If all of the Options proposed to be issued to Mr Carling are ultimately exercised, an amount of approximately \$170,000 would be subscribed into the capital of the Company. As the Options are to be granted for \$850 consideration there will be \$850 raised by the Company in granting the Options.

Furthermore, the Board considers it important to adequately compensate Mr Carling in order to attract and retain people with appropriate qualifications and skills to be able to contribute to the success of the Company.

Potential Costs – Issue of Options

The potential cost to the Company of the issue of the Options to Mr Carling is that there will be a dilution of the issued share capital if the Options are exercised.

If the Options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the Options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

From an economic and commercial point of view the Board considers that the potential cost and detriment to the Company resulting from the granting of the Options is nominal given that the Options are out of the money at the date of the issue.

If all of the Options to be issued under Resolution 4 are exercised and no further shares are issued by the Company in the meantime, the total number of ordinary fully paid shares issued would increase by 8,500,000 to 122,325,946 and the newly issued shares would comprise 7.2% of the issued shares at that time. The effect will be to dilute the shareholding of existing shareholders by approximately 7.2% on an undiluted basis (based on 113,825,946 shares currently on issue).

The lowest and highest price of shares in the Company in the past 12 months on the ASX was 0.7 cents on 18 July 2012 and 2.1 cents on 11 April 2013 respectively.

The closing price of shares in the Company on 24th May 2013, the last trading day before lodgement of the Notice of Extraordinary General Meeting and Explanatory Memorandum with the ASX was \$0.017.

Valuation of Options

The Options are not currently quoted on the ASX and as such have no market value. It is not intended for the Options to be listed on the ASX. The Options will grant Mr Carling a right to one share in the Company upon exercise of an Option and payment of the exercise price of the Option. Accordingly, the Options may have a present value at the date of their grant. The Options may acquire future value dependent upon the extent to which the shares exceed the exercise price of the Options during the term of the Options.

It is a requirement of ASIC that a dollar value be placed on the Options to be issued in these circumstances.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- the period outstanding before the expiry date of the options;
- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and

- whether or not the options are listed (i.e. readily capable of being liquidated),

There are various formulae which can be applied to determining the theoretical value of options including the formula known as the Black Scholes option price calculation.

The Black Scholes option price calculation method has been used to value the Options based on the assumed exercise price of 2 cents. In determining the value of the Options, the following inputs have been assumed:

- the Options are granted for \$850 consideration and vest immediately;
- assumed exercise price: 2 cents (10% more than estimated share price at grant date);
- grant date: 1 July 2013
- expiry date: 30 June 2017
- share price at grant date: estimated 1.3 cents
- expected price volatility of the Company's shares: 100%
- expected dividend yield: 0
- risk-free interest rate: 2.75%

Using the Black Scholes option price calculation method and the assumed data outlined above, the Options have been valued at \$0.0082 each. Accordingly, the total value of the proposed Options to be granted to Mr Carling is \$69,700 over the term of the Options.

Accordingly, the total balance sheet impact attributable to the granting of the Options is \$69,700 over the term of the Options. In determining the number and terms of the Options to be issued to Mr Carling, consideration was given to the relevant experience and role of Mr Carling and his remuneration terms, the current market price of shares in the Company and the terms of the recent option packages granted to directors of other companies within the sector in which the Company operates.

Identifying the Related Parties

The related party to whom Resolution 4 would permit financial benefits to be given is Mr Carling.

Current remuneration and interests

Details of Mr Carling's current annualised pro-rata remuneration, as well as his interests (both direct and indirect) in the Company as at the date of the Notice are outlined below:

Director	Salary/fees p.a. (incl. superannuation)	Share interests	Option interests
Maxim Carling	\$36,000	12,000,000	0

Financial Benefits

The nature of financial benefits to be provided to Mr Carling is set out in the first section of the discussion on Resolution 4.

Directors' interests

Mr Carling has a direct material interest in the outcome of Resolution 4 as the recipient of the Options. No other director has a material interest in the outcome of Resolution 4.

Directors' Recommendations

The Board (excluding Mr Carling) recommends that Shareholders vote in favour of Resolution 4. Mr Carling expresses no opinion and makes no recommendation in respect

of the issue of the Options to him as he has a material personal interest in the outcome of Resolution 4.

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Options. No GST will be payable by the Company in respect of the grant of the Options (or if it is then it will be recoverable as an input credit).

Other than the information above and otherwise set out in this Explanatory Memorandum, the Directors believe that there is no other information known to the Company or its Directors that will be reasonably required by shareholders to make a decision in relation to benefits contemplated by the proposed Resolution 4.

Terms and Conditions of the Options

Subject to shareholder approval, the Options will be issued on the following terms:

- Each Option entitles the holder to subscribe for one ordinary share in the Company at a price of 2 cents per share.
- The Options will be issued a nil issue price and will vest immediately.
- The Options will be issued to Mr Carling (effective as at the date of this meeting) as soon as practicable after the date of the meeting and in any event not later than one month from the date of the meeting.
- The Options will have an expiry date of 30 June 2017. The Options will vest immediately.
- The Options may be exercised by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- The Company will not apply to the ASX for official quotation of the Options but will apply for granting of official quotation of shares issued pursuant to exercise of the Options as soon as practicable after the date of allotment of the shares.
- Shares issued on the exercise of the Options will rank equally with the then existing issued fully paid ordinary shares in the Company.
- If there is a pro rata issue (except a bonus issue) to shareholders, the exercise price of the option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where

O' = the new exercise price of the option;

O = the Old exercise price of the option;

E = the number of underlying securities into which one option is Exercisable;

Note: E is one unless the number has changed because of a bonus issue.

P = the average market Price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the Subscription price for a security under the pro rata issue;

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security.

- In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Options will be reorganised as required by the ASX Listing Rules, so that the holder will not receive a benefit that the existing holders of ordinary shares do not receive but in all other respects the terms of exercise will remain the same.
- In the event of the Company effecting a Rights Issue at a discount, the exercise price of the Options shall be adjusted in accordance with the ASX Listing Rules.
- Holders of the Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Options without first exercising their Options.
- If a takeover bid is made for the shares of the Company then, at any time during the Takeover Period, any unvested Options will vest and the Option holder may exercise each Option at the exercise price, despite the fact that it is then outside an exercise period specified in the Option. The "Takeover Period" referred to is from the start of the offer period until one month after the end of the offer period.
- The Options will otherwise be in accordance with the requirements of the ASX Listing Rules.

The Options will be issued for \$850 cost and no funds will be raised from the issue of the Options unless and until they are exercised. If all of the Options are exercised the amount of funds raised from the Options the subject of Resolution 4 will amount to a total of \$170,000. The funds raised will form part of the working capital of the Company.

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11 the Company will disregard any votes cast on this resolution by Mr Carling and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on a proxy form; or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

Resolution 5

Issue of Options to Mr Mark Ohlsson

The Company proposes to grant 4,250,000 Options to Mr Mark Ohlsson each at an exercise price of 2 cents per share (each an “Option” and together the “Options”). The issue of the Options to Mr Ohlsson is designed to align his interests with those of the Company and its shareholders and is intended to provide incentive for him to further enhance the growth and value of the Company.

Introduction

The ASX Listing Rules and the Corporations Act (in certain circumstances) require shareholder approval to be obtained for the issue of the Options to Directors. Accordingly, approval for the issue of the Options is sought in accordance with the provisions of Listing Rule 10.11 of the ASX Listing Rules and Chapter 2E of the Corporations Act.

The proposed Resolution 5 if passed will approve the issue of securities to and confer financial benefits upon a Director of the Company. The Company seeks to obtain member approval in accordance with the requirements of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11. Accordingly, information required under the ASX Listing Rules and the Corporations Act as well as information that will properly enable shareholders to consider Resolution 5 is presented below.

Corporations Act

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party it must obtain the prior approval of its members.

A “related party” for the purposes of the Corporations Act includes a director of a public company. A “financial benefit” for the purposes of the Corporations Act is widely defined and includes a public company granting options to a related party. The granting of Options to a Director as contemplated by Resolution 5 constitute the giving of a financial benefit and accordingly, the Company is seeking shareholder approval under section 208 of the Corporations Act to approve the grant of the Options.

The resolutions are also put pursuant to section 195(4) of the Corporations Act. Section 195(1) provides that a director of a public company who has a material personal interest in a matter that is being considered at a directors’ meeting must not be present when the matter is being considered at the meeting or vote on the matter.

ASX Listing Rules

ASX Listing Rule 10.11 provides that a company must not issue or agree to issue equity securities to a related party of the company, such as a director, without the company first obtaining the approval by ordinary resolution of its shareholders (unless an exception in ASX Listing Rule 10.12 applies).

As a director of the Company, Mr Ohlsson is a related party for the purposes of the ASX Listing Rules. Accordingly, the Company is seeking approval of shareholders under ASX Listing Rule 10.11 for the proposed grant of Options to Mr Ohlsson. If shareholders approve the issue of the Options under ASX Listing Rule 10.11, separate approval is not required under ASX Listing Rule 7.1. Accordingly, if Resolution 5 is passed, the grant of 4,250,000 Options to Mr Ohlsson will not be taken into account in the 15% calculation of the Company’s annual placement capacity imposed by ASX Listing Rule 7.1.

If the Options are exercised for shares, the shares will be issued on the same terms as all other ordinary shares of the Company currently on issue. The Options are issued on the terms set out under the heading “Terms and Conditions of the Options” set out below.

Pursuant to ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options to Mr Ohlsson:

- the maximum number of Options proposed to be granted to Mr Ohlsson is 4,250,000;
- subject to shareholder approval, the Options will be granted to Mr Ohlsson as soon as practicable after the date of the Extraordinary General Meeting and in any event no later than 1 month after the date of the Extraordinary General Meeting;
- the Options will be issued at an issue price of \$0.0001 each;
- the exercise price of the Options will be \$0.02;
- the terms and conditions of the Options proposed to be granted to Mr Ohlsson are set out below; and
- the funds raised from the grant of the Options and the exercise of the Options will form part of the working capital of the Company.

Corporate Governance

The ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (Box 8.1) recognise that most executive remuneration packages will involve a balance between fixed and incentive pay. The Options granted to Mr Ohlsson constitute equity-based remuneration. The Board believes that the Options are an effective tool to provide incentives to Mr Ohlsson and promote the interests of the Company and its shareholders.

The Directors consider the terms of the Options are reasonable given the circumstances of the Company.

Potential Benefits – Issue of Options

If the Options are issued pursuant to the proposed Resolution 5, the Company considers that the following benefits will arise:

- Mr Ohlsson will have a vested interest in the affairs of the Company and incentives to ensure that the Company is able to create a successful and profitable business. The consequential increase in shareholder value and the market price of the shares of the Company will benefit all shareholders, notwithstanding the dilutionary effect on shareholders of the Options being exercised;
- the issue of the Options to Mr Ohlsson is a non-cash form of remuneration, thus conserving the Company's cash reserves. The issue of the Options therefore enables the Company to provide Mr Ohlsson with a reward for services provided and an incentive for future services they will provide to the Company to further progress the Company in a cost-effective manner, as opposed to other forms of remuneration, such as cash; and
- the exercise of the Options will provide working capital for the Company at no significant cost. If all of the Options proposed to be issued to Mr Ohlsson are ultimately exercised, an amount of approximately \$85,000 would be subscribed into the capital of the Company. As the Options are to be granted for \$425 consideration there will be \$425 raised by the Company in granting the Options.

Furthermore, the Board considers it important to adequately compensate Mr Ohlsson in order to attract and retain people with appropriate qualifications and skills to be able to contribute to the success of the Company.

Potential Costs – Issue of Options

The potential cost to the Company of the issue of the Options to Mr Ohlsson is that there will be a dilution of the issued share capital if the Options are exercised.

If the Options are exercised at a time when the market price of the Company's shares is greater than the exercise price of the Options, there will be a detriment insofar as the Company will be required to issue shares at a price lower than it might otherwise have been able to, with the result that less funds will be raised.

From an economic and commercial point of view the Board considers that the potential cost and detriment to the Company resulting from the granting of the Options is nominal given that the Options are out of the money at the date of the issue.

If all of the Options to be issued under Resolution 5 are exercised and no further shares are issued by the Company in the meantime, the total number of ordinary fully paid shares issued would increase by 4,250,000 to 118,075,946 and the newly issued shares would comprise 3.6% of the issued shares at that time. The effect will be to dilute the shareholding of existing shareholders by approximately 3.6% on an undiluted basis (based on 113,825,946 shares currently on issue).

The lowest and highest price of shares in the Company in the past 12 months on the ASX was 0.7 cents on 18 July 2012 and 2.1 cents on 11 April 2013 respectively.

The closing price of shares in the Company on 24th May 2013, the last trading day before lodgement of the Notice of Extraordinary General Meeting and Explanatory Memorandum with the ASX was \$0.017.

Valuation of Options

The Options are not currently quoted on the ASX and as such have no market value. It is not intended for the Options to be listed on the ASX. The Options will grant Mr Ohlsson a right to one share in the Company upon exercise of an Option and payment of the exercise price of the Option. Accordingly, the Options may have a present value at the date of their grant. The Options may acquire future value dependent upon the extent to which the shares exceed the exercise price of the Options during the term of the Options.

It is a requirement of ASIC that a dollar value be placed on the Options to be issued in these circumstances.

As a general proposition, options to subscribe for ordinary fully paid shares in a company have value. Various factors impact upon the value of options including things such as:

- the period outstanding before the expiry date of the options;
- the exercise price of the options relative to the underlying price or value of the securities into which they may be converted;
- the proportion of the issued capital as expanded consequent upon exercise represented by the shares issued upon exercise (i.e. whether or not the shares that might be acquired upon exercise of the options represent a controlling or other significant interest);
- the value of the shares into which the options may be converted; and

- whether or not the options are listed (i.e. readily capable of being liquidated),

There are various formulae which can be applied to determining the theoretical value of options including the formula known as the Black Scholes option price calculation.

The Black Scholes option price calculation method has been used to value the Options based on the assumed exercise price of 2 cents. In determining the value of the Options, the following inputs have been assumed:

- the Options are granted for \$425 consideration and vest immediately;
- assumed exercise price: 2 cents (10% more than estimated share price at grant date);
- grant date: 1 July 2013
- expiry date: 30 June 2017
- share price at grant date: estimated 1.3 cents
- expected price volatility of the Company's shares: 100%
- expected dividend yield: 0
- risk-free interest rate: 2.75%

Using the Black Scholes option price calculation method and the assumed data outlined above, the Options have been valued at \$0.0082 each. Accordingly, the total value of the proposed Options to be granted to Mr Ohlsson is \$34,850 over the term of the Options.

Accordingly, the total balance sheet impact attributable to the granting of the Options is \$34,850 over the term of the Options. In determining the number and terms of the Options to be issued to Mr Ohlsson, consideration was given to the relevant experience and role of Mr Ohlsson and his remuneration terms, the current market price of shares in the Company and the terms of the recent option packages granted to directors of other companies within the sector in which the Company operates.

Identifying the Related Parties

The related party to whom Resolution 5 would permit financial benefits to be given is Mr Ohlsson.

Current remuneration and interests

Details of Mr Ohlsson's current annualised pro-rata remuneration, as well as his interests (both direct and indirect) in the Company as at the date of the Notice are outlined below:

Director	Salary/fees p.a. (incl. superannuation)	Share interests	Option interests
Mark Ohlsson	\$48,000	Nil	Nil

Financial Benefits

The nature of financial benefits to be provided to Mr Ohlsson is set out in the first section of the discussion on Resolution 5.

Directors' interests

Mr Ohlsson has a direct material interest in the outcome of Resolution 5 as the recipient of the Options. No other director has a material interest in the outcome of Resolution 5.

Directors' Recommendations

The Board (excluding Mr Ohlsson) recommends that Shareholders vote in favour of Resolution 5. Mr Ohlsson expresses no opinion and makes no recommendation in respect

of the issue of the Options to him as he has a material personal interest in the outcome of Resolution 5.

Taxation Consequences

No stamp duty will be payable in respect of the grant of the Options. No GST will be payable by the Company in respect of the grant of the Options (or if it is then it will be recoverable as an input credit).

Other than the information above and otherwise set out in this Explanatory Memorandum, the Directors believe that there is no other information known to the Company or its Directors that will be reasonably required by shareholders to make a decision in relation to benefits contemplated by the proposed Resolution 5.

Terms and Conditions of the Options

Subject to shareholder approval, the Options will be issued on the following terms:

- Each Option entitles the holder to subscribe for one ordinary share in the Company at a price of 2 cents per share.
- The Options will be issued a nil issue price and will vest immediately.
- The Options will be issued to Mr Ohlsson (effective as at the date of this meeting) as soon as practicable after the date of the meeting and in any event not later than one month from the date of the meeting.
- The Options will have an expiry date of 30 June 2017. The Options will vest immediately.
- The Options may be exercised by notice in writing to the Directors of the Company accompanied by payment of the exercise price.
- The Company will not apply to the ASX for official quotation of the Options but will apply for granting of official quotation of shares issued pursuant to exercise of the Options as soon as practicable after the date of allotment of the shares.
- Shares issued on the exercise of the Options will rank equally with the then existing issued fully paid ordinary shares in the Company.
- If there is a pro rata issue (except a bonus issue) to shareholders, the exercise price of the option may be reduced according to the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where

O' = the new exercise price of the option;

O = the Old exercise price of the option;

E = the number of underlying securities into which one option is Exercisable;

Note: E is one unless the number has changed because of a bonus issue.

P = the average market Price per security (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date;

S = the Subscription price for a security under the pro rata issue;

D = the Dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue); and

N = the Number of securities with rights or entitlements that must be held to receive a right to one new security.

- In the event of any reorganisation (including reconstruction, consolidation, subdivision, reduction or return) of the issued capital of the Company, the Options will be reorganised as required by the ASX Listing Rules, so that the holder will not receive a benefit that the existing holders of ordinary shares do not receive but in all other respects the terms of exercise will remain the same.
- In the event of the Company effecting a Rights Issue at a discount, the exercise price of the Options shall be adjusted in accordance with the ASX Listing Rules.
- Holders of the Options will not be entitled to participate in new issues of capital which may be offered to shareholders during the currency of the Options without first exercising their Options.
- If a takeover bid is made for the shares of the Company then, at any time during the Takeover Period, any unvested Options will vest and the Option holder may exercise each Option at the exercise price, despite the fact that it is then outside an exercise period specified in the Option. The "Takeover Period" referred to is from the start of the offer period until one month after the end of the offer period.
- The Options will otherwise be in accordance with the requirements of the ASX Listing Rules.

The Options will be issued for \$425 cost and no funds will be raised from the issue of the Options unless and until they are exercised. If all of the Options are exercised the amount of funds raised from the Options the subject of Resolution 5 will amount to a total of \$85,000. The funds raised will form part of the working capital of the Company.

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11 the Company will disregard any votes cast on this resolution by Mr Ohlsson and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the direction on a proxy form; or it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

SCHEDULE 1

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, ASX Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

Ranking of Shares

At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the New Shares issued pursuant to this Prospectus will rank equally with Existing Shares.

Voting Rights

Subject to any special rights or restrictions (at present there are none), at any meeting each shareholder present in person or by proxy has one vote on a show of hands, and on a poll has one vote for each share held.

Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special rights (at present there are none), any dividends that may be declared by the Company are payable on all New Shares in proportion to the amount paid up. The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

Variation of Rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.

Transfer of Shares

Subject to the Company's Constitution, the Corporations Act or any other applicable laws of Australia and ASX Listing Rules, the New Shares are freely transferable. The Directors may refuse to register a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.

General Meetings

Each shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Company's Constitution, the Corporations Act and ASX Listing Rules.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Company's Constitution.

Future increase in capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Company's Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

Rights on Winding Up

If the Company is wound up, the liquidator may, with the sanction of a special resolution;

- divide among the shareholders the whole or any part of the Company's property; and
- decide how the division is to be carried out between the shareholders.

Subject to any special rights (at present there are none), any surplus assets on a winding up are to be distributed to shareholders in proportion to the number of Shares held by them irrespective of the amounts paid or credited as paid.