



**ACN 116 420 378**

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**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY MEMORANDUM**

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**Date of Meeting**

Friday 23<sup>rd</sup> October 2015

**TIME OF MEETING**

10.30am

**PLACE OF MEETING**

Kimberley Room, Maxim Hall Chadwick  
255 Hay Street  
Subiaco WA 6008

**As this is an important document, please read it carefully.**

**This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their stock broker or licensed professional adviser without delay.**

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**TRUSCOTT MINING CORPORATION LIMITED**  
**ACN 116 420 378**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Truscott Mining Corporation Limited ACN 116 420 378 (“**Company**”) will be held in the Kimberley Room, Maxim Hall Chadwick, 255 Hay Street, Subiaco, WA 6008 Friday 23<sup>rd</sup> October 2015 commencing at 10.30am.

An Explanatory Memorandum containing information in relation to each of the following Resolutions accompanies this Notice of Meeting. Terms used in this Notice of Annual General Meeting will, unless the context otherwise requires, have the same meaning as given to them in the Glossary as contained in the Explanatory Memorandum.

**AGENDA**

**BUSINESS**

**Financial Statements and Reports**

To receive and consider the financial statements of the Company and the Reports of the Directors and Auditor for the financial year ended 30 June, 2015.

**RESOLUTIONS**

**Resolution 1 – Adoption of Remuneration Report**

To consider, and if thought fit to pass, with or without amendment, the following resolution as an ordinary, non-binding resolution.

*“That, for the purposes of section 250R of the Corporations Act 2001 and for all other purposes, the company adopts the Remuneration Report as contained in the annual financial report of the Company for the financial year ended 30 June 2015.”*

**Voting prohibition statement**

In accordance with the Corporations Act 2001, the company will disregard any votes on Resolution 1 cast by or on behalf of either a member of key management personnel (details of whose remuneration are included in the Remuneration report) or a closely related party of such a member.

However, a person described above may cast a vote on Resolution 1 if the person does so as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 1, and the vote is not cast on behalf of a member of key management personnel or a closely related party of such a member.

Please note that if a member directs their proxy vote on Resolution 1 to be at the discretion of the Chairman that vote will not be counted. If a member wants to cast a valid proxy vote on Resolution 1 then the member must indicate their voting intention by marking the appropriate box.

**Resolution 2 – Re-election of Director**

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

*“That Ms Rebecca T Moore being a director of the Company, who retires by rotation in accordance with Rule 11.3 of the Company’s Constitution and, being eligible for re-election, is hereby re-elected a director of the Company.”*

**Voting exclusion statement**

The Company will in accordance with section 224 of the Corporations Act 2001 disregard any votes cast on this Resolution 2 by Rebecca T Moore or any of her associates. However, the Company need not disregard a vote if it is cast by a person as a proxy appointed in writing that specifies how the proxy is to vote on the proposed Resolution; and it is not cast on behalf of Rebecca T Moore or an associate of Rebecca T Moore.

**Resolution 3 – Issue of Class A Performance Rights in lieu of director’s fees to director – Mr Michael J Povey**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 1,100,000 Class A Performance Rights to Michael J Povey in lieu of Director Fees and superannuation for the year ended 30 June 2015. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”*

**Voting exclusion statement**

The Company will in accordance with section 224 of the Corporations Act 2001 and Listing Rule 14.11 disregard any votes cast on this Resolution 3 by:

- Michael J Povey;
- a related party of Michael J Povey and
- any of his associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- it is not cast on behalf of a related party or associate of Michael J Povey.

**Resolution 4 – Issue of Class A Performance Rights in lieu of director’s fees to director – Ms Rebecca T Moore**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 1,100,000 Class A Performance rights to Rebecca T Moore in lieu of Director fees and superannuation for the year ended 30 June 2015. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”*

**Voting exclusion statement**

The Company will in accordance with section 224 of the Corporations Act 2001 and Listing Rule 14.11 disregard any votes cast on this Resolution 4 by:

- Rebecca T Moore;
- a related party of Rebecca T Moore and
- any of her associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- it is not cast on behalf of a related party or associate of Rebecca T Moore.

**Resolution 5 – Issue of Class A Performance Rights in lieu of director’s fees to director – Mr Peter N Smith**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 1,500,000 Class A Performance rights to Peter N Smith in lieu of Director fees and superannuation for the year ended 30 June 2015. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”*

**Voting exclusion statement**

The Company will in accordance with section 224 of the Corporations Act 2001 and Listing Rule 14.11 disregard any votes cast on this Resolution 5 by:

- Peter N Smith;
- a related party of Peter N Smith and
- any of his associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- it is not cast on behalf of a related party or associate of Peter N Smith.

**Short explanation for Resolutions 3 – 5:** The directors agreed not to receive cash for their 2015 directors’ fees and superannuation entitlements, but instead to receive Class A Performance Rights, subject to shareholder approval. The purpose is to increase the incentive of the directors to work towards increasing shareholder value and to enable more cash for working capital and for the Company’s research and exploration programs. In the event that Resolutions 3 to 5 do not get shareholder approval, the Directors’ remuneration for the year

ended 30 June 2015 will revert to being paid in cash. If this occurs the directors have agreed to defer payment until the Company has the cash resources to be able to pay.

**Resolution 6 – Issue of Class B Performance Rights to director – Mr Peter N Smith**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 1,500,000 Class B Performance rights to Peter N Smith. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of General Meeting.”*

**Voting exclusion statement**

The Company will in accordance with section 224 of the Corporations Act 2001 and Listing Rule 14.11 disregard any votes cast on this Resolution 6 by:

- Peter N Smith;
- a related party of Peter N Smith and
- any of his associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- it is not cast on behalf of a related party or associate of Peter N Smith.

**Resolution 7 – Issue of Class B Performance Rights to director – Mr Michael J Povey**

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

*“That, pursuant to Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, the Directors be authorised to issue 1,100,000 Class B Performance Rights to Michael J Povey. Further details of which are set out in the Explanatory Memorandum accompanying this Notice of Annual General Meeting.”*

**Voting exclusion statement**

The Company will in accordance with section 224 of the Corporations Act 2001 and Listing Rule 14.11 disregard any votes cast on this Resolution 7 by:

- Michael J Povey;
- a related party of Michael J Povey and
- any of his associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides; or
- it is not cast on behalf of a related party or associate of Michael J Povey.

**Short explanation for Resolutions 6 & 7:** The Executive Directors have not received a director fee increase, nor a consulting rate increase for over 4 years. In addition, the Executive Directors, Peter N Smith and Michael J Povey have agreed to assist the Company by deferring payment to them of consulting fees for services rendered of \$128,764 and \$22,900 respectively. In recognition of these sacrifices the Shareholders are being asked to approve this issue of Class B Performance Rights to these Directors. This issue will also act to increase the incentive of the directors to work towards increasing shareholder value.

**By Order of the Board of Directors**



Michael J Povey  
Company Secretary  
Truscott Mining Corporation Limited  
22 September 2015

## **PROXIES**

A member of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote for the member at the meeting, or any adjournment thereof. A proxy need not be a member of the Company.

A proxy form is attached. If required it should be completed, signed and returned to the company's registered office in accordance with the proxy instructions on that form.

In accordance with Regulation 7.11.37 of the Corporations Regulations, the directors have determined that the identity of those entitled to attend and vote at the meeting is to be taken as those persons who were registered as holding shares in the Company as at 5.00 p.m. on 21 October 2015.



**TRUSCOTT MINING CORPORATION LIMITED**  
**ACN 116 420 378**

**EXPLANATORY MEMORANDUM**

This Explanatory Memorandum has been prepared for the Shareholders of Truscott Mining Corporation Limited in connection with the business to be conducted at the forthcoming Annual General Meeting of the Company, or any adjournment thereof and should be read in conjunction with the accompanying notice of meeting.

The Directors recommend that Shareholders read this Explanatory Memorandum before determining whether or not to support the Resolutions.

**Annual Financial Report**

The financial report of the Company for the financial year ended 30 June 2015 (including the financial statements, directors' report and auditors' report) was included in the 2015 Annual Report of the Company. A link to the Annual Report is available on the Company's website at [www.truscottmining.com.au](http://www.truscottmining.com.au).

There is no requirement for shareholders to approve these reports. However, time will be allowed during the annual general meeting for consideration by shareholders of the financial statements and the associated directors' and auditors' reports.

**Resolution 1 – Remuneration Report**

The Corporations Act 2001 requires that the Directors' Report must contain a Remuneration Report containing information about the Board's policy for determining the nature and amount of the remuneration of Directors and senior management. The Remuneration Report must also explain the relationship between the remuneration policy of the Board and the Company's performance. Shareholders are required to vote on a non-binding resolution to adopt the Remuneration Report.

Please note that the vote on this item is advisory only and does not bind the Directors of the Company or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2015 AGM, and then again at the 2016 AGM, the Company will be required to put a resolution to the 2016 AGM, to approve calling an extraordinary general meeting ("spill resolution"). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting ("spill meeting") within 90 days of the 2016 AGM. All of the Directors who were in office when the 2016 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting. The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

Members of key management personnel, including the directors, of the Company will be excluded from voting on Resolution 1. In accordance with section 250R of the Corporations Act 2001 if a member directs their proxy vote on Resolution 1 to be at the discretion of the Chairman that vote will not be counted. If a member wants to cast a valid proxy vote on Resolution 1 then the member must indicate their voting intention by marking the appropriate

box. If you abstain your votes will not be counted in calculating the required majority if a poll is called on the resolution.

## **Resolution 2 – Re-Election of Director**

### **Ms Rebecca T Moore**

Pursuant to rule 11.3 of the Company's Constitution, at each Annual General Meeting, one third of the Directors, other than the Managing Director, (or, if their number is not a multiple of 3, then the number nearest to one third) must retire from office. The Directors retire by rotation, with the Directors who have been the longest in the office since being appointed or re-appointed being the Directors who must resign in any year. If 2 or more persons became directors (or were re-elected) on the same day, those to retire must be determined by lot unless they otherwise agree among themselves. All directors are entitled to offer themselves for re-election as a Director at the Annual General Meeting which coincides with their retirement.

Accordingly, Ms Moore will retire in accordance with the requirements of the Company's Constitution at the Annual General Meeting. As she is entitled and is eligible for re-election, she seeks re-election as a director of the Company at the meeting.

Ms Moore has a background in project management, governance and marketing, having worked in state and local government, private enterprise, banking and mining. Ms Moore is a member of the audit committee.

### Directors' recommendation:

Your Directors have reviewed the necessary competencies of the Board members and each candidate's contribution to the Board and, with Ms Moore abstaining, unanimously recommend Ms Moore's re-election.

## **Resolutions 3 to 5 – Issue of Rights to the Directors**

Under Resolutions 3 to 5, the Company proposes to issue 3,700,000 Class A Performance Rights (**Class A Right**) to Peter N Smith, Michael J Povey and Rebecca T Moore as follows:

<b>Name</b>	<b>Position</b>	<b>Number</b>
Peter N Smith	Executive Chairman / Managing Director	1,500,000
Michael J Povey	Executive Director / Company Secretary	1,100,000
Rebecca T Moore	Non-Executive Director	1,100,000

On meeting the conditions of issue as disclosed in Annexure A, each Class A Right will convert to 1 fully paid ordinary share that will rank equally with all other ordinary shares then on issue.

The issue of the Class A Rights is to replace Directors' fees and superannuation payable as cash for the year ended 30 June 2015. The issue of Class A Rights encourages the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through the prospect of increased share ownership. The issue of Class A Rights in lieu of cash also greatly assists the company in retaining cash for working capital as well as for use in research and exploration activities without the need to go to the market to raise additional capital and with no capital raising costs. As outlined in Annexure A, these Class A

Rights will only convert to ordinary shares in the event that the performance milestone is met before they expire. If the shareholders agree to the issue of these Class A Rights and the performance milestone is not met before the expiry date, the Class A Rights will expire and the Directors would not have received any Directors' remuneration for the year ended 30 June 2015. The amounts of directors' fees and superannuation that the Class A Rights replace are:

	\$	Class A Rights
Mr P N Smith	57,600.00	1,500,000
Mr M J Povey	43,200.00	1,100,000
Ms R T Moore	<u>43,200.00</u>	<u>1,100,000</u>
	<u>\$ 144,000.00</u>	<u>3,700,000</u>

**Table 1 – Rights to be issued**

The number of Class A Rights to be issued to the Directors has been determined based on the amount of remuneration foregone and the average of the closing prices of the Company's shares on the days that there were trades for the year ended 30 June 2015. The average of those closing prices was 3.1848 cents per share and 3,700,000 Class A Rights for \$144,000 equates to 3.8919 cents per Right. This is a premium of 22.2%.

If the Black-Scholes option pricing formula had been used, assuming a strike price of 8 cents, a risk-free rate of 2.75%, 4 years to maturity and 100% volatility, the Class A Rights would have been valued at 1.1 cents each, giving the below values:

P N Smith	1,500,000 rights	\$16,500
M J Povey	1,100,000 rights	\$12,100
R T Moore	1,100,000 rights	\$12,100
<b>Totals</b>	<b>3,700,000 rights</b>	<b>\$40,700</b>

Alternatively, if the Black-Scholes option pricing value of 1.1 cents for each Class A Right had been used then the number of rights to be issued would have been:

	\$	Class A Rights
Mr P N Smith	57,600.00	5,236,364
Mr M J Povey	43,200.00	3,927,273
Ms R T Moore	<u>43,200.00</u>	<u>3,927,273</u>
	<u>\$ 144,000.00</u>	<u>13,090,910</u>

In accordance with listing rule 10.13, the following information is provided to shareholders:

- (1) The Class A Rights will be issued to Mr P N Smith, Mr M J Povey and Ms R T Moore
- (2) The total number of Class A Rights to be issued is 3,700,000. The break-down is as per the above Table 1.
- (3) The Class A Rights will be issued in accordance with the agreement of the directors to receive Class A Rights in lieu of cash for directors' fees and superannuation. The date the Class A Rights will be issued must be no later than 1 month after the date of this meeting. However, if the date of issue is later than 1 month after the date of the Annual General Meeting, an ASX waiver or modification will be sought prior to issue.
- (4) Each Class A Right, once converted to one fully paid ordinary share, will rank pari passu with the Company's then issued shares.

- (5) No funds will be raised by the issue of the Class A Rights, but as stated above, there has been a saving of \$144,000.00 in the company's cash outflow resulting from the sacrifice of directors' fees and superannuation.
- (6) The Class A Rights will be issued on one day and are expected to be issued no later than the day after the AGM.

Further, the Company considers that it is in the interests of Shareholders to align the interest of the Directors and Shareholders by encouraging the Directors, subject to appropriate conditions, to have an equity holding in the Company. However the Company considers that similar to other Shareholders, this interest should arise through direct investment by the Directors.

In the event the issue of Class A Rights to the Directors is not approved at the AGM by the shareholders, the above amounts will be payable in cash as part of the normal remuneration of the Directors. If this occurs the directors have agreed to defer payment until the Company has the cash resources to be able to pay.

#### **Resolutions 6 and 7 – Issue of Class B Performance Rights to the Executive Directors**

Under Resolutions 6 and 7, the Company proposes to issue 2,600,000 Class B Performance Rights (**Class B Right**) to Peter N Smith and Michael J Povey as follows:

<b>Name</b>	<b>Position</b>	<b>Number</b>
Peter N Smith	Executive Chairman / Managing Director	1,500,000
Michael J Povey	Executive Director / Company Secretary	1,100,000

On meeting the conditions of issue as disclosed in Annexure B, each Class B Right will convert to 1 fully paid ordinary share that will rank equally with all other ordinary shares then on issue.

The Executive Directors have not received a director fee increase, nor a consulting rate increase for over 4 years. In addition, the Executive Directors, Peter N Smith and Michael J Povey have agreed to assist the Company by deferring payment to them of consulting fees earned over the year ended 30 June 2015 for services rendered totalling \$151,664 net of GST. These directors have not asked for any interest to be paid on these deferred amounts. This deferral is to last until the Company is in a position to make payment. These directors have further agreed to continue deferring part payment of their consulting fees under the same terms. In recognition of these sacrifices the Shareholders are being asked to approve this issue of Class B Rights to these Directors. The issue of Class B Rights encourages the Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through the prospect of increased share ownership. As outlined in Annexure B, these Class B Rights will only convert to ordinary shares in the event that the performance milestone is met before they expire. If the shareholders agree to the issue of these Class B Rights and the performance milestone is not met before the expiry date, the Class B Rights will expire.

The number of Class B Rights to be issued to the Directors is considered reasonable. Based on the average of the closing prices of 3.1848 cents for the Company's shares on the days that there were trades for the year ended 30 June 2015, these rights would be valued at:

P N Smith	1,500,000 rights	\$47,772
M J Povey	1,100,000 rights	\$35,033
<b>Totals</b>	<b>2,600,000 rights</b>	<b>\$82,805</b>

**Table A**

If the Black-Scholes option pricing formula had been used, assuming a strike price of 15 cents, a risk-free rate of 2.75%, 4 years to maturity and 100% volatility, the Class B Rights would have been valued at 0.9 cents each, giving the below values:

P N Smith	1,500,000 rights	\$13,500
M J Povey	1,100,000 rights	\$9,900
<b>Totals</b>	<b>2,600,000 rights</b>	<b>\$23,400</b>

**Table B**

Alternatively, if the Black-Scholes option pricing value of 0.9 cents for each Class B Right had been used then the number of rights to be issued, based on the dollar values in Table A above would have been:

	\$	Class B Rights
Mr P N Smith	47,772.00	5,308,000
Mr M J Povey	<u>35,033.00</u>	<u>3,892,556</u>
	\$ <u>82,805.00</u>	<u>9,200,556</u>

**Table C**

In accordance with listing rule 10.13, the following information is provided to shareholders:

- (1) The Class B Rights will be issued to Mr P N Smith and Mr M J Povey
- (2) The total number of Class B Rights to be issued is 2,600,000. The break-down is as per the above Table A.
- (3) The Class B Rights will be issued in consideration of the sacrifices the directors have made as stated above. The date the Class B Rights will be issued must be no later than 1 month after the date of this meeting. However, if the date of issue is later than 1 month after the date of the Annual General Meeting, an ASX waiver or modification will be sought prior to issue.
- (4) Each Class B Right, once converted to one fully paid ordinary share, will rank pari passu with the Company's then issued shares.
- (5) No funds will be raised by the issue of the Class B Rights.
- (6) The Class B Rights will be issued on one day and are expected to be issued no later than the day after the AGM.

Further, the Company considers that it is in the interests of Shareholders to align the interest of the Directors and Shareholders by encouraging the Directors, subject to appropriate conditions, to have an increased equity holding in the Company. However the Company considers that similar to other Shareholders, this interest should arise through direct investment by the Directors.

## **Corporations Act Requirements**

Chapter 2E of the Corporations Act prohibits, subject to certain exceptions, a company from giving a financial benefit to a related party of the company without prior shareholder approval.

The Directors, Peter N Smith, Michael J Povey and Rebecca T Moore (the parties to which Resolutions 3 to 7 relate), are considered "related parties" for this purpose, and the issue of Class A Rights and Class B Rights to them constitutes a "financial benefit" for this purpose.

The purpose of the Class A Rights issue is to remunerate the specified Directors for past services, i.e. for the year ended 30 June 2015 for Directors' fees and superannuation. The Directors believe that the future success of the Company will depend in large measure on the skills and motivation of the people engaged in and overseeing the management of the Company's operations. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The Directors considered that receiving the Class A Rights in lieu of salary and superannuation conserved cash resources and allowed additional funds to be spent on research and exploration.

The purpose of the Class B Rights issue is to compensate the Executive Directors as they have not received a director fee increase, nor a consulting rate increase for over 4 years. In addition, the Executive Directors, Peter N Smith and Michael J Povey have agreed to assist the Company by deferring payment to them of consulting fees earned over the year ended 30 June 2015 for services rendered totalling \$151,664 net of GST. These directors have not asked for any interest to be paid on these deferred amounts. This deferral is to last until the Company is in a position to make payment. These directors have further agreed to continue deferring part payment of their consulting fees under the same terms. In recognition of these sacrifices the Shareholders are being asked to approve this issue of Class B Rights to these Directors. The issue of Class B Rights encourages these Directors to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through the prospect of increased share ownership.

The Class A and Class B Rights referred to in Resolutions 3 to 7 will be issued within one month of approval by the Shareholders.

In accordance with section 219 of the Act, the following information is provided to Shareholders to allow them to assess whether or not it is in the Company's interests to pass Resolutions 3 to 7:

- (a) The related parties to whom the proposed Resolutions would permit the financial benefits to be given are as follows:

The Directors, Peter N Smith, Michael J Povey and Rebecca T Moore, are the related parties to whom the proposed Resolutions 3 to 7 would permit a financial benefit to be given. They are related parties of the Company by virtue of section 228 of the Corporations Act.

- (b) The nature of the financial benefit proposed to be given:

The nature of the financial benefit to be given to the related parties is the issue of Class A Rights in lieu of their directors' fees and superannuation for the year ended 30 June 2015, and the issue of Class B Rights in view of financial sacrifices made to the Company for the year ended 30 June 2015 and are still ongoing.

- (c) The combined number of Class A and Class B Rights to be issued to the Directors represents approximately 6.75% of the Company's share capital on issue immediately prior to the issue of the Rights. This is made up of: Mr P N Smith 3.21%; Mr M J Povey 2.36%; and Ms R T Moore 1.18%.

#### **Details of Directors' remuneration**

The remuneration for each director of the company during the year ended 30 June 2015 was as follows:

	Short-term benefits		Post-employment benefits	Rights based payments	
Name	Salary, fees & commissions \$	Consulting fees payable \$	Superannuation \$	Deemed non-cash rights value \$	Totals \$
<u>Executive directors</u>					
P N Smith	0	195,600	0	57,600	253,200
M J Povey	0	45,800	0	43,200	89,000
<u>Non-executive director</u>					
R T Moore	0	0	0	43,200	43,200
<b>Totals</b>	<b>0</b>	<b>241,400</b>	<b>0</b>	<b>144,000</b>	<b>385,400</b>

The consulting fees were paid either to the director or to entities associated with the respective directors. The non-cash rights value are for the directors' fees and superannuation that are subject to resolutions 3 to 5. The above consulting fees include deferred amounts of \$128,764 for Mr Smith and \$22,900 for Mr Povey for a total of \$151,664.

In order to conserve cash for research, exploration and working capital purposes the directors agreed to receive "payment" for director fees and superannuation in Class A Performance Rights (**Class A Rights**).

In order to further conserve cash, both Mr P N Smith and Mr M J Povey have not received any increases in director's fees nor increases in consulting fee rates for over 4 years and also agreed to the postponement of part of their consulting fees until the company has the cash resources and the ability to pay. These directors have not asked for any interest to be paid on these deferred amounts. These directors have further agreed to continue deferring part payment of their consulting fees under the same terms. The respective amounts of deferred

consulting fees up to 30 June 2015, net of GST, were: \$128,764 and \$22,900 for a total of \$151,664. To recognise these sacrifices the Shareholders are asked to approve the issue of the following Class B Rights:

Mr P N Smith	1,500,000 rights
Mr M J Povey	1,100,000 rights.

Both the Class A and Class B Rights are subject to shareholder approval under resolutions 3 to 7 and will only be issued once the approval has been received at the AGM. If such approval is not received for the Class A Rights, the Deemed non-cash rights value for the Class A Rights becomes payable in cash under the terms of their appointments. If there is no approval of the Class A Rights the directors have agreed to defer payment until the Company has the cash resources to be able to pay.

### **Consultancy agreements**

Remuneration and other terms of employment for Mr P N Smith and Mr M J Povey are formalised in consultancy agreements. Ms R T Moore's director's fees are covered in her letter of appointment. Each of the above agreements provide for directors' fees, superannuation and the provision of professional services. A summary of the agreements is as follows:

The term of each agreement was for 2 years commencing from 30 June 2011. If not renewed the agreements continue on a monthly basis.

Amounts payable were fixed for the 2 years. There has been no change in the rates since 30 June 2011.

The agreements may be terminated by giving 3 months' notice or the company paying 3 months consultancy fee in lieu of notice.

Upon termination of the agreement the consultant is not entitled to claim any compensation or damages from the Company in respect of the termination.

Annual directors' fees payable, inclusive of compulsory superannuation are:

Mr P N Smith	\$57,600
Mr M J Povey	\$43,200
Ms R T Moore	\$43,200

Minimum annual consultancy fees payable are:

Mr P N Smith	\$230,400
Mr M J Povey	\$43,200
Ms R T Moore	\$nil

Each director is entitled to receive additional consultancy fees as specified below once the following number of equivalent days have been worked each year:

Mr P N Smith	120 days	\$2,400 per day
Mr M J Povey	48 days	\$1,800 per day
Ms R T Moore	36 days	\$1,800 per day

To assist the Company Mr Smith waived his right to receive his minimum annual consultancy fees for the year ended 30 June 2015.



Peter N Smith and Rebecca T Moore (who do not have an interest in Resolution 3) recommend to Shareholders that they vote in favour of Resolution 3 for the reasons outlined in this Explanatory Memorandum.

Peter N Smith and Michael J Povey (who do not have an interest in Resolution 4) recommend to Shareholders that they vote in favour of Resolution 4 for the reasons outlined in this Explanatory Memorandum.

Michael J Povey, and Rebecca T Moore (who do not have an interest in Resolution 5) recommend to Shareholders that they vote in favour of Resolution 5 for the reasons outlined in this Explanatory Memorandum.

Michael J Povey, and Rebecca T Moore (who do not have an interest in Resolution 6) recommend to Shareholders that they vote in favour of Resolution 6 for the reasons outlined in this Explanatory Memorandum.

Peter N Smith and Rebecca T Moore (who do not have an interest in Resolution 7) recommend to Shareholders that they vote in favour of Resolution 7 for the reasons outlined in this Explanatory Memorandum.

### **Shares held by the Directors**

Number of shares held by directors and related entities

Director	Balance 1 July 2014	Acquired	Disposed	Balance 22 September 2015
P N Smith	26,173,201	3,172,500	50,000	29,305,701
R T Moore	1,455,961	1,080,000	0	2,535,961
M J Povey	3,409,533	1,490,000	0	4,889,533
Totals	31,038,695	5,486,334	0	31,038,695

The above shareholdings include both direct and indirect holdings as at 22 September 2015. Shares acquired were issued as remuneration in lieu of cash payments at the 2014 AGM, except for 50,000 shares that were transferred from Mr Smith to an associate of Mr Povey.

Number of Class A Rights to be issued in lieu of directors' fees and superannuation for the year ended 30 June 2015

Director	Class A Rights in lieu of directors' fees & superannuation	Total remuneration represented by Class A Rights %
P N Smith	1,500,000	22.75
M J Povey	1,100,000	48.54
R T Moore	1,100,000	100.00
Totals	3,700,000	37.36

If the Class A Rights issue is approved and the performance milestone is not reached before the expiry date, the Class A Rights will expire and no shares will be issued.

If the proposed Class B Rights are included as part of the remuneration for the year ended 30 June 2015 then the below table represents their remuneration:

	Short-term benefits		Post-employment benefits	Rights based payments	
Name	Salary, fees & commissions \$	Consulting fees payable \$	Superannuation \$	Deemed non-cash rights value \$	Totals \$
<u>Executive directors</u>					
P N Smith	0	195,600	0	115,200	310,800
M J Povey	0	45,800	0	86,400	132,200
<u>Non-executive director</u>					
R T Moore	0	0	0	43,200	43,200
<b>Totals</b>	<b>0</b>	<b>241,400</b>	<b>0</b>	<b>244,800</b>	<b>486,200</b>

The above table assumes that the Class B Rights have the same value as the Class A Rights. As the Class B Milestone requires the closing price of the company's shares to be at least 15 cents over 20 consecutive trading days compared with 8 cents for the Class A Rights, this deemed value for the Class B Rights is considered to be generous.

If both the Class A and Class B Rights are included as remuneration as per the above amounts, then the percentage of total remuneration represented by the rights would be:

Director	Class A & Class B Rights	Total remuneration represented by A & B Rights %
P N Smith	3,000,000	37.07
M J Povey	2,200,000	65.36
R T Moore	1,100,000	100.00
<b>Totals</b>	<b>6,300,000</b>	<b>50.35</b>

Please note terms used in Resolutions 3 to 7 (inclusive) of this Notice of Meeting have the same meaning as set out in the glossary of the Explanatory Memorandum accompanying this Notice.

### Trade history

The last trade in the company's shares was for 2.1 cents on 22 September 2015. Over the last 12 months the shares have traded in the range 2.1 cents to 4.0 cents and over the last 3 months the shares have traded in the range 2.1 cents to 2.6 cents.

## GLOSSARY

In this Explanatory Memorandum and the Notice, the following terms have the following meanings unless the context otherwise requires:

<b>AGM</b>	means the annual general meeting of the Company
<b>ASIC</b>	means Australian Securities and Investments Commission.
<b>ASX</b>	means Australian Stock Exchange Limited ACN 008 624 691.
<b>Board</b>	means the board of Directors of the Company.
<b>Business Day</b>	means Monday to Friday inclusive except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.
<b>Company</b>	means Truscott Mining Corporation Limited ACN 116 420 378.
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means Corporations Act 2001.
<b>Corporations Regulations</b>	means Corporations Regulations 2001.
<b>Director</b>	means a director of the Company.
<b>Listing Rules</b>	means the Listing Rules of ASX.
<b>Notice</b>	means the Notice of Annual General Meeting accompanying this Explanatory Memorandum.
<b>Resolution</b>	means a resolution contained in the Notice.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means an ordinary shareholder of the Company;
<b>WST</b>	means Western Standard Time

## **Annexure A – Class A Performance Rights**

### Conditions attaching to the Class A Performance Rights

- (A) A Class A Performance Right (**Class A Right**) is **not** a share in the capital of Truscott Mining Corporation Limited ABN 31 116 420 378 (**the Company**). It is a right, subject to a Milestone being reached, to acquire 1 fully paid ordinary share for each right at no consideration to the holder of the right.
- (B) The Class A Rights shall **not** confer on the holder (**the Holder**) the right to receive notices of general meetings **nor** financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**the Shareholders**). Holders do not have the right to attend general meetings of Shareholders.
- (C) The Class A Rights **do not** entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (D) The Class A Rights **do not** entitle the Holder to any dividends.
- (E) The Class A Rights **do not** participate in the surplus or assets of the Company upon a winding up of the Company.
- (F) The Class A Rights are **not** transferable.
- (G) If at any time the issued capital of the Company is reconstructed, all Class A Rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganization.
- (H) The Company shall allot and issue Shares immediately upon conversion of Class A Rights for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.
- (I) The Class A Rights will not be quoted on ASX. However, upon conversion of the Class A Rights into fully paid ordinary shares (the Shares), the Shares will (as and from 5pm EST on the date of allotment) rank equally with and confer rights identical with all other Shares then on issue and the Company must within 2 Business Days after the conversion, apply for official quotation of the Shares arising from the conversion on ASX.
- (J) Shares issued on conversion of the Class A Rights must be free from all encumbrances, securities and third party interests. The Company must ensure that Shares issued on conversion of the Class A Rights are freely tradeable without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.
- (K) Holders of Class A Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus shares and entitlement issues.
- (L) If, prior to the Expiry Date, a Change in Control Event occurs then each Class A Right will be converted into one Share. The maximum number of Class A Rights that can be converted into Shares and issued under this clause (L) upon a Change in Control Event occurring must not exceed 10% of the issued share capital of the Company (as at the date of the Change in Control Event) . The Company shall ensure a pro-rata allocation of Shares issued under this clause (L) to all Class A Right holders.

- (M) The Class A Rights give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Class A Performance Rights

- (N) Each Class A Right will automatically convert into one Share, as long as the Fully Paid Ordinary shares have a closing price on ASX of 8 cents on 20 consecutive days where the shares have traded (**Milestone**).

- (O) Regardless of meeting the Milestone, no Class A Right can convert before 1 July 2016.

- (P) If the Milestone has not been achieved by the Expiry Date, then the Class A Rights will automatically expire.

- (Q) For the purposes of these terms and conditions:

- a. "Change in Control Event" means:

- i. the occurrence of:

1. the offeror under a takeover offer in respect of Shares announcing that it has achieved acceptances in respect of 50.1% or more of the Shares; and
2. that takeover bid has become unconditional; or

- ii. the announcement by the Company that:

1. shareholders of the Company have at a Court-convened meeting of shareholders voted in favour, by the necessary majority of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and
2. the Court, by order, approves the scheme of arrangement,

but shall not include a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, subdivision, reduction or return) of the issued capital of the Company.

- b. "**Expiry Date**" means in relation to the Class A Performance Rights, 4 years from the date of issue.

## **Annexure B – Class B Performance Rights**

### Conditions attaching to the Class B Performance Rights

- (A) A Performance Right is **not** a share in the capital of Truscott Mining Corporation Limited ABN 31 116 420 378 (**the Company**). It is a right, subject to a Milestone being reached, to acquire 1 fully paid ordinary share for each right at no consideration to the holder of the right.
- (B) The Class B Rights shall **not** confer on the holder (**the Holder**) the right to receive notices of general meetings **nor** financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**the Shareholders**). Holders do not have the right to attend general meetings of Shareholders.
- (C) The Class B Rights **do not** entitle the Holder to vote on any resolutions proposed at a general meeting of Shareholders.
- (D) The Class B Rights **do not** entitle the Holder to any dividends.
- (E) The Class B Rights **do not** participate in the surplus or assets of the Company upon a winding up of the Company.
- (F) The Class B Rights are **not** transferable.
- (G) If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganization.
- (H) The Company shall allot and issue Shares immediately upon conversion of Class B Rights for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.
- (I) The Class B Rights will not be quoted on ASX. However, upon conversion of the Class B Rights into fully paid ordinary shares (the Shares), the Shares will (as and from 5pm EST on the date of allotment) rank equally with and confer rights identical with all other Shares then on issue and the Company must within 2 Business Days after the conversion, apply for official quotation of the Shares arising from the conversion on ASX.
- (J) Shares issued on conversion of the Class B Rights must be free from all encumbrances, securities and third party interests. The Company must ensure that Shares issued on conversion of the Class B Rights are freely tradeable without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.
- (K) Holders of Class B Rights will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus shares and entitlement issues.
- (L) If, prior to the Expiry Date, a Change in Control Event occurs then each Class B Class B Right will be converted into one Share. The maximum number of Class B Rights that can be converted into Shares and issued under this clause (L) upon a Change in

Control Event occurring must not exceed 10% of the issued share capital of the Company (as at the date of the Change in Control Event). The Company shall ensure a pro-rata allocation of Shares issued under this clause (L) to all Class B Right holders.

- (M) The Class B Rights give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

#### Conversion of the Class B Rights

- (N) Each Class B Performance Right will automatically convert into one Share, as long as the Fully Paid Ordinary shares have a closing price on ASX of 15 cents on 20 consecutive days where the shares have traded (**Milestone**).

- (O) Regardless of meeting the Milestone, no right can convert before 1 July 2016.

- (P) If the Milestone has not been achieved by the Expiry Date, then the Class B Rights will automatically expire.

- (Q) For the purposes of these terms and conditions:

- a. "Change in Control Event" means:

- i. the occurrence of:

1. the offeror under a takeover offer in respect of Shares announcing that it has achieved acceptances in respect of 50.0% or more of the Shares; and
2. that takeover bid has become unconditional; or

- ii. the announcement by the Company that:

1. shareholders of the Company have at a Court-convened meeting of shareholders voted in favour, by the necessary majority of a proposed scheme of arrangement under which all Shares are to be either cancelled or transferred to a third party; and
2. the Court, by order, approves the scheme of arrangement,

but shall not include a scheme of arrangement for the purposes of a corporate restructure (including change of domicile, consolidation, subdivision, reduction or return) of the issued capital of the Company.

- b. "Expiry Date" means in relation to the Class B Performance Rights, 4 years from the date of issue.

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## Proxy Form

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR

### Section A: Appointment of Proxy

I/we the above named, being registered holders of Truscott Mining Corporation Ltd and entitled to attend and vote hereby appoint:

	The meeting chairperson	<u>OR</u>	
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or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit at the Annual General Meeting of Truscott Mining Corporation Ltd to be held in the Kimberley Room, Maxim Hall Chadwick, 255 Hay Street, Subiaco WA 6008, on 23<sup>rd</sup> October 2015 at 10.30 a.m. and at any adjournment of that meeting.

### Section B: Voting directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in favour of all the resolutions except as indicated on the following page.

In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

		For	Against	Abstain*
Item 1	To adopt Remuneration Report*	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2	Re-election of Ms Rebecca T Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Approve issue of Class A Rights to Mr Michael J Povey	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Approve issue of Class A Rights to Ms Rebecca T Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Approve issue of Class A Rights to Mr Peter N Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Item 6 Approve issue of Class B Rights to Mr Peter N Smith

☐
☐
☐

Item 7 Approve issue of Class B Rights to Mr Michael J Povey

☐
☐
☐

\* In accordance with section 250R of the Corporations Act 2011, if a member directs their proxy vote on Resolution 1 to be at the discretion of the Chairman that vote will not be counted. If a member wants to cast a valid proxy vote on Resolution 1 then the member must indicate their voting intention by marking the appropriate box.

Other than as noted for Resolution 1, the Chairman of the Meeting intends to vote undirected proxies in favour of items 2 to 7. If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote as your proxy in respect of resolutions 2 to 7, please place a mark in the ☐ box.

By marking this box, you acknowledge that the Chair of the meeting may exercise your proxy even if he has an interest in the outcome of resolutions 2 to 7 and that votes cast by the Chair of the meeting for those resolutions other than as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

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

**PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions to enable your directions to implemented.

Individual or Securityholder 1

Sole Director and  
Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

In addition to signing the Proxy form in the above box(es) please provide the information below in case we need to contact you.

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

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

\_\_\_\_\_  
Date

/ /

## How to complete the Proxy Form

### 1. Your Name and Address

This is the name and address on the Share Register of the Company as shown on the front of the proxy form.

### 2. Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting write the full name of that individual or body corporate in the space provided in Section A. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer or the registered securityholder in the space.

### 3. Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### 4. Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company on 0419 956 232 or you may photocopy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that Form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) Return both forms together in the same envelope.

### 5. Signing Instructions

You must sign this form as follows in the spaces provided:

<b>Individual:</b>	where the holding is in one name, the shareholder must sign.
<b>Joint Holding:</b>	where the holding is in more than one name, all of the shareholders must sign.
<b>Power of Attorney:</b>	to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified copy of the Power of Attorney to this form when you return it.
<b>Companies:</b>	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 may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or the Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of a corporate Securityholder or proxy is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company or from [www.securitytransfer.com.au](http://www.securitytransfer.com.au) under Download Forms.

### Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting at 10.30 a.m. (WST) on Friday 23<sup>rd</sup> October 2015. Any Proxy Form received after that time will not be valid for the scheduled meeting.

### Documents may be lodged:

IN PERSON	Share registry – 770 Canning Highway Applecross WA 6153 Australia
BY MAIL	PO Box 2805, West Perth WA 6872 Australia
BY FAX	+61 8 9245 1088
BY EMAIL	admin@truscottmining.com.au