
WHITESTAR RESOURCES LIMITED

ACN 123 511 017

(To be renamed Spookfish Limited)

NOTICE OF GENERAL MEETING

**A General Meeting of the Company will be held at
Level 1, Suite 5, The Business Centre, 55 Salvado Road, Subiaco, Western
Australia on
12 January 2015 at 11:00am (WST).**

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

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on
(08) 9380 6789.***

WHITESTAR RESOURCES LIMITED
(TO BE RENAMED SPOOKFISH LIMITED)
ACN 123 511 017

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of WhiteStar Resources Limited (to be renamed Spookfish Limited) (**Company**) will be held at Level 1, Suite 5, The Business Centre, 55 Salvado Road, Subiaco, Western Australia on 12 January 2015 at 11:00am (WST) (**Meeting**).

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 10 January 2015 at 5:00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Section 7.

AGENDA

1. Resolutions 1(a), (b) and (c) – Grant of Director Options to Non-Executive Directors and Former Director

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

- (a) *“That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve the Directors to grant 4,500,000 Director Options, each exercisable at \$0.025 on or before the date that is 4 years from the date of grant, to Non-Executive Chairman, Mr Stephen Anastos (and/or his nominees) on the terms and conditions set out in the Explanatory Statement.”*
- (b) *“That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve the Directors to grant 1,000,000 Director Options, each exercisable at \$0.025 on or before the date that is 4 years from the date of grant, to former Director, Mr Davide Bosio (and/or his nominees) on the terms and conditions set out in the Explanatory Statement.”*
- (c) *“That, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders authorise and approve the Directors to grant 2,000,000 Director Options, each exercisable at \$0.025 on or before the date that is 4 years from the date of grant, to Non-Executive Director, Ms Shannon Robinson (and/or her nominees) on the terms and conditions set out in the Explanatory Statement.”*

2. Resolution 2 – Approval of Employee Share Plan

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

“That, for the purposes of Listing Rule 7.2 Exception 9(b), as an exception to Listing Rule 7.1, section 259B(2) of the Corporations Act 2001 (Cth), and for all other purposes, approval be given to the Employee Share Plan and the issue of securities under the Employee Share Plan on the terms and conditions set out in the Explanatory Statement.”

3. Resolution 3 – Approval of Issue of Loan Shares to Mr Jason Marinko

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

“That, for the purposes of Listing Rule 10.14, and for all other purposes, approval be given to the Company to grant up to 17,500,000 Loan Shares to Mr Jason Marinko (and/or his nominees) under the Employee Share Plan, on the terms and conditions set out in the Explanatory Statement.”

4. Resolution 4 – Ratification of Issue of Shares to the Jason Marinko Nominee

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

“That, for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue of 10,000,000 Shares to the Jason Marinko Nominee, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement and Voting Prohibition

The following voting exclusion statement applies to the Resolutions under the Listing Rules or where applicable, the provisions of the Corporations Act, in relation to the following persons (**Excluded Persons**). The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons:

No.	Title	Excluded Persons
1	Grant of Director Options to Non-Executive Directors and Former Director	Messrs Stephen Anastos, Davide Bosio and Ms Shannon Robinson and any of their nominees who are to receive the securities (being the related parties to whom the resolution would permit a financial benefit to be given), and any associates of such persons.
2	Approval of Employee Share Plan	A Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates.
3	Approval of Issue of Loan Shares to Mr Jason Marinko	A Director who is eligible to participate in the Employee Incentive Plan and any of their associates.
4	Ratification of Issue of Shares to the Jason Marinko Nominee	The Jason Marinko Nominee and any of its associates.

However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a member of the Key Management Personnel (or any of their Closely Related Parties) appointed as proxy, must not vote on the basis of that appointment where the appointment does not specify the way the proxy is to vote on Resolutions 1 - 4, unless the proxy is the Chair and has been expressly authorised to vote on these Resolutions, even though Resolutions 1 – 4 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of General Meeting and the Explanatory Statement.

Voting entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5:00pm (WST) on 10 January

2015. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General Meeting or handed in at the General Meeting when registering as a corporate representative.

Dated 10 December 2014

BY ORDER OF THE BOARD



Shannon Robinson
Director and Company Secretary

WHITESTAR RESOURCES LIMITED (TO BE RENAMED SPOOKFISH LIMITED)

ACN 123 511 017

Explanatory Statement

1. Introduction

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 1, Suite 5, The Business Centre, 55 Salvado Road, Subiaco, Western Australia on 12 January 2015 at 11:00am (WST).

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

Personalised Proxy Forms have been sent out with this Notice.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

The personalised Proxy Form enclosed provides further details on appointing proxies and lodging Proxy Forms.

3. Resolutions 1(a), (b) and (c) – Grant of Director Options to Non-Executive Directors and Former Director

3.1 Background

Resolutions 1(a), (b) and (c) seek the approval of Shareholders pursuant to Listing Rule 10.11 and Chapter 2E of the Corporations Act for the Directors to grant a total of 7,500,000 Director Options to the Non-Executive Directors and the Former Director. The Director Options are proposed to be granted in recognition of the efforts of the Non-Executive Directors and the Former Director over the past 18 months. Mr Stephen Anastos is the Non-Executive Chairman and Ms Shannon Robinson is a Non-Executive Director and Mr Davide Bosio resigned as a Director with effect from 31 October 2014 and as such all three parties are related parties of the Company under the Listing Rules and Chapter 2E of the Corporations Act.

Shareholder approval is required under Listing Rule 10.11 and Chapter 2E of the Corporations Act for the proposed grant of the Director Options because the Non-Executive Directors and the Former Director are related parties of the Company and will receive a financial benefit from the grant of the Director Options.

Shareholder approval of the issue of the Director Options means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1.

3.2 Specific information required by Listing Rule 10.13 and section 219 of the Corporations Act

For the purposes of Listing Rule 10.13 and section 219 of the Corporations Act, information regarding the grant of the Director Options is provided as follows:

- (a) The Director Options will be granted to the Non-Executive Directors and the Former Director (and/or their nominees) as follows:
 - (a) 4,500,000 Director Options to be issued to Mr Stephen Anastos (and/or his nominees);
 - (b) 1,000,000 Director Options to be issued to Mr Davide Bosio (and/or his nominees); and
 - (c) 2,000,000 Director Options to be issued to Ms Shannon Robinson (and/or her nominees).
- (b) The maximum number of Director Options that may be granted under Resolutions 1(a)-(c) is 7,500,000.
- (c) The Company will issue the Director Options no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Company has applied to ASX for a waiver of Listing Rule 10.13.3 to permit it to issue the Director Options no later than three months following the Meeting. There is no guarantee that ASX will grant the waiver. However, if ASX grants the waiver, the Company will advise the market accordingly.
- (d) Mr Stephen Anastos and Ms Shannon Robinson are each a related party of the Company by virtue of being a Director and Mr Davide Bosio is a related party of the Company by virtue of having been a Director in the past six months.
- (e) The Director Options will each be granted for nil consideration and accordingly no funds will be raised from the grant of the Director Options.
- (f) Each Director Option will have an exercise price of \$0.025, an expiry date of 4 years from the date of grant, and will otherwise be issued on the terms set out in Schedule 1. Any Shares issued upon any exercise of the Director Options will rank equally in all respects with Existing Shares.
- (g) A voting exclusion statement is included in this Notice.
- (h) Each of Mr Anastos and Ms Robinson has an interest in the outcome of Resolutions 1(a)-(c) and therefore believes it inappropriate to make a recommendation. Executive Director, Mr Jason Marinko, recommends the grant of the Director Options as it provides a cost effective and efficient reward for the Company to make to

recognize the past performance of the Former Director and the Non-Executive Directors.

- (i) If all of the Director Options granted are exercised, it may result in a dilution of all other Shareholders' holdings in the Company by:
- (a) 1.15% based on completion of the acquisition of Spookfish Pty Ltd and Geospatial Investments Pty Ltd and the proposed placement (as detailed in the Notice of Meeting of the Company sent to Shareholders on 24 November 2014) (assuming \$4.025 million is raised under the Placement, no performance shares are converted and none of the Loan Shares are issued pursuant to Resolution 3 in this Notice (as the vesting conditions have not yet been satisfied)); and
 - (b) 0.71% based on the previous assumptions and assuming the performance shares proposed to be issued in relation to the acquisition of Spookfish Pty Ltd and Geospatial Investments Pty Ltd convert in their entirety and all of the Loan Shares are issued pursuant to Resolution 3 in this Notice,

(each assuming no Options other than the Director Options are exercised).

- (j) The Directors have resolved that the Chairman will receive the amount of \$50,000 per annum (plus superannuation) as a Director's fee and that each non-executive Director will receive the amount of \$30,000 per annum (plus superannuation) as Directors' fees.

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

Amounts paid to the Non-Executive Directors and Former Director in the period from 1 January 2014 to 31 October 2014 are as follows:

	Salary and Fees (\$)	Other benefits (\$)	Share based Payments Options (\$)	Total (\$)
Mr Stephen Anastos	41,666.70	-	-	41,666.70
Ms Shannon Robinson ¹	25,000	-	-	25,000
Mr Davide Bosio ²	25,000	-	-	25,000

1. In addition to non-executive director fees, Ms Robinson receives \$120,000 per annum in respect of company secretarial services provided to the Company.

2. Mr Bosio resigned as a Director with effect from 31 October 2014.

Other than as set out in this Notice, the Directors do not receive any other emoluments except as incurred in the normal operation of the business.

- (k) Currently Mr Anastos holds 9,070,000 Shares and neither Mr Bosio nor Ms Robinson hold any securities in the capital of the Company.
- (l) On the basis of the valuation and assumptions in Schedule 2, the Company has determined the technical value of one Director Option approximates \$0.04167. Based on this value, the value of the Director Options to be issued to each Non-Executive Director and the Former Director is as follows:

Name	Value of Director Options
Mr Stephen Anastos	\$187,515
Mr Davide Bosio	\$41,670
Ms Shannon Robinson	\$83,340

The value may go up or down after that date as it will depend on the future price of a Share.

- (m) The market price of Shares would normally determine whether the Director Options will be exercised or not. If the Director Options are exercised at a price that is lower than the price at which Shares are trading on ASX, there may be a perceived cost to the Company. The closing Share price on 10 December 2014 was \$0.057, based on the exercise price of the Director Options of \$0.025, there is a price difference of \$0.032 per Director Option. If all 7,500,000 Director Options were exercised the aggregate value of this difference would be \$240,000.
- (n) Historical share price information for the twelve months prior to the date of this Notice is as follows:

	Price	Date
Highest	\$0.06	28 November & 1 December 2014
Lowest	\$0.007	6 & 7 February 2014
Last	\$0.057	10 December 2014

- (o) As Shareholder approval is being sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required.
- (p) Other than the information above and otherwise in this Explanatory Statement, the Company believes that there is no other information that would be reasonably required by Shareholders to pass Resolutions 1(a), (b) and (c).

4. Resolution 2 – Approval of Employee Share Plan

4.1 General

A new Employee Share Plan forming part of the Company's employee remuneration and incentive program was adopted by the board of the Company (**Board**) on 26 August 2014 (**Employee Share Plan**).

The Employee Share Plan has been designed to support the achievement of the Company's business strategy by linking executive reward to improvements in the financial performance of the Company or appropriate other vesting conditions and aligning the interests of executives with shareholders.

Key terms of the Employee Share Plan are detailed below:

(a) Invitation to participate

It is proposed that from time to time, and in its absolute discretion, the Board will invite employees of the Company (including the directors) to subscribe for shares under the Employee Share Plan (**Loan Shares**) and, if the Board considers appropriate, to receive a limited recourse loan for all or part of the subscription price for those Loan Shares.

The Board may determine that Loan Shares will be issued pursuant to the Employee Share Plan on satisfaction of vesting conditions.

(b) Loan terms

The key terms of each limited recourse loan provided under the Employee Share Plan are as follows:

- (i) the loan may only be applied towards the subscription price for the Loan Shares;
- (ii) the loan will be interest free, provided that if the loan is not repaid by the repayment date set by the Board, the loan will incur interest at 9% per annum after that date (which will accrue on a daily basis and compound annually on the then outstanding loan balance);
- (iii) by signing and returning a limited recourse loan application, the participants of the Employee Share Plan (each a **Participant**) acknowledges and agrees that the Loan Shares will not be transferred, encumbered, otherwise disposed of, or have a security interest granted over it, by or on behalf of the Participant until the loan is repaid in full to the Company;
- (iv) the Company has security over the Loan Shares as security for repayment of the loan;
- (v) the loan becomes repayable on the earliest of:
 - (A) 5 years from the date on which the loan is advanced to the Participant;
 - (B) one month after the Participant ceases for any reason to be employed by the Company other than (i) where the Participant is

removed from office by shareholders of the Company, or (ii) where the Company does not renew the Participant's executive employment agreement or (iii) where the Company dismisses the Participant other than for cause; and

- (C) (by the legal personal representative of the Participant) six months after the Participant ceases to be an employee of the Company due to their death,

(Repayment Date);

- (vi) notwithstanding paragraph (v) above, the Participant may repay all or part of the loan at any time before the Repayment Date; and
- (vii) the loan will be limited recourse such that on the Repayment Date the repayment obligation under the limited recourse loan will be limited to the lesser of (i) the outstanding balance of the limited recourse loan and (ii) the market value of the Loan Shares on that date. In addition, where the Participant has elected for the Loan Shares to be provided to the Company in full satisfaction of the loan, the Company must accept the Loan Shares as full settlement of the repayment obligation under the limited recourse loan.

(c) Rights attaching to Loan Shares

The Loan shares will rank equally with all other fully paid ordinary shares on issue in the capital of the Company. Holders of Loan shares issued under the Employee Share Plan will be entitled to exercise all voting rights attaching to the Shares in accordance with the Company's constitution. In addition, holders of Loan shares issued under the Employee Share Plan will be entitled to participate in dividends declared and paid by the Company in accordance with the Company's constitution.

(d) Sale of Loan Shares

The Loan Shares may only be sold by a Participant where the Participant has been granted a limited recourse loan and the loan has been repaid in full (otherwise any dealing by the Participant in the Loan Shares is prohibited without the prior written consent of the Company).

If the loan becomes due and payable under the limited recourse loan agreement and the Participant has not repaid the amount of the loan in full within 21 days of the due date, then the Participant will forfeit their interest in the Loan Shares as full consideration for the repayment of the outstanding loan balance, and the Company may either (at its election) take such action in the Participant's name or direct that the Participant take such action in relation to the Loan Shares as the Company considers appropriate, which may include but is not limited to the Company undertaking a buy-back of the Loan Shares or selling the Loan Shares.

4.2 Corporations Act

As stated above, the Company has security over the Loan Shares as security for repayment of the loan.

Section 259B(1) of the Corporations Act prohibits a company from taking security over its shares except as permitted by Section 259B(2). Section 259B(2) states that a company may

take security over shares in itself under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Section 260A(1)(c) of the Corporations Act prohibits a company from financially assisting a person to acquire shares in itself except as permitted by Section 260(C). Section 260(C)(4) provides for a special exemption for approved employee share schemes and states that financial assistance is exempted from Section 260(A) if it is given under an employee share scheme that has been approved by a resolution passed at a general meeting of the company.

Accordingly Shareholder approval is sought for Resolution 2 to ensure compliance with these sections of the Corporations Act.

4.3 Recommendation

The Directors strongly recommend that shareholders vote in favour of Resolution 2.

5. Resolution 3 – Approval of Issue of Loan Shares to Mr Jason Marinko

5.1 Background

On 21 August 2014 Mr Jason Marinko was appointed as Executive Director of the Company. As previously mentioned in the Company's ASX announcement on 22 August 2014, the Board has agreed to issue Shares to Mr Marinko as a long term incentive in connection with his appointment as Executive Director of the Company.

As part of the incentive component of Mr Marinko's appointment, the Company proposes to issue 17,500,000 Loan Shares to Mr Marinko pursuant to the Employee Share Plan. The issue of, and vesting of, the Loan Shares is subject to various vesting conditions set out below. The principal terms of the Employee Share Plan are summarised in Section 4.1.

The Loan Shares will be issued at an issue price of \$0.04 per Loan Share. The Company will provide a loan for up to the entire issue price of the Loan Shares. The principal terms of the loan are summarised in Section 4.1(b).

The proposed issue of Loan Shares to Mr Marinko under the Employee Share Plan has been designed to support the achievement of the Company's business strategy by linking executive reward to improvements in the financial performance of the Company and continuity of employment of Mr Marinko. This supports the alignment of the interests of Mr Marinko with Shareholders. The proposed issue of Loan Shares provides similar benefits to a conventional share option plan but in a more tax efficient manner.

5.2 Listing Rule 10.14

Shareholder approval is required for the issue the Loan Shares to Mr Marinko under Listing Rule 10.14 because Mr Marinko is a Director.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. Accordingly, the issue of Loan Shares to Mr Marinko will not reduce the Company's 15% capacity for the purposes of Listing Rule 7.1.

5.3 Specific Information required by Listing Rule 10.15A

For the purposes of Listing Rule 10.15A, information regarding the issue of Loan Shares to Mr Jason Marinko is provided as follows:

- (a) the maximum number of securities to be issued to Mr Marinko pursuant to Resolution 3 is 17,500,000 Loan Shares;
- (b) the Loan Shares will be issued in three tranches shortly after the satisfaction of the relevant vesting conditions set out below:

Tranche	Number of Loan Shares	Vesting Condition
1	5,000,000 Loan Shares	The volume weighted average price of Shares calculated on the preceeding 5 days on which trades are recorded on ASX (VWAP) is equal to or greater than \$0.07 and Mr Marinko is a Director on such date.
2	7,500,000 Loan Shares	The VWAP is equal to or greater than \$0.10 and Mr Marinko is a Director on such date.
3	5,000,000 Loan Shares	The VWAP is equal to or greater than \$0.15 and Mr Marinko is a Director on such date.

- (c) In addition to the three tranches of Loan Shares above, 2,500,000 Shares have been issued under the Employee Share Plan to date and 5,000,000 Shares have vested and will be issued prior to this meeting on the VWAP being equal to or greater than \$0.05. The issue of these Shares is proposed to be ratified pursuant to Resolution 4. These Shares were issued at \$0.04 per Share to Mr Marinko Nominee.
- (d) under the Employee Share Plan only employees of the Company (including the directors) are entitled to participate in the Employee Share Plan. It has been determined that Mr Marinko is an employee for the purposes of the Plan.
- (e) the Company will issue the Loan Shares no later than three years after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (f) a voting exclusion statement is included in the Notice;
- (g) the Loan Shares will be issued at the an issue price of \$0.04 per Loan Share;
- (h) no funds will be received by the Company immediately upon the issue of the Loan Shares as Mr Marinko will receive a loan from the Company for the amount of the issue price of the Loan Shares. Such loan will be repayable in accordance with the limited recourse loan agreement;
- (i) details of any Loan Shares issued under the Employee Incentive Scheme will be published in each annual report of the Company relating to a period in which Loan Shares have been issued, and that approval for the issue of Loan Shares was obtained under Listing Rule 10.14;

- (j) any additional persons who become entitled to participate in the Employee Incentive Scheme after Resolution 3 is passed and who were not named in this Notice will not participate until approval is obtained under Listing rule 10.14.
- (k) the material terms of the loan in relation to the Employee Share Plan are as set out in Section 4(b).

5.4 Related Party Approval

Shareholder approval is not required under Chapter 2E of the Corporations Act 2001 (Cth) for the financial benefit covered by this Resolution 3 as the Board has resolved that the financial benefit to be provided to Mr Marinko under the Employee Share Plan comes within the reasonable remuneration exemption to Chapter 2E of the Corporations Act 2001 (Cth).

5.5 Recommendation

The Directors strongly recommend that Shareholders vote in favour of Resolution 3.

6. Resolution 4 – Ratification of Issue of Shares to the Jason Marinko Nominee

6.1 Background

Mr Marinko was appointed as an Executive Director in August 2014. As part of his appointment, the Company agreed to issue Shares as part of an incentive Share package.

The Company issued 5,000,000 Shares to Mr Marinko following his appointment as Executive Director in August 2014. 2,500,000 of these Shares were each issued at \$0.035 to raise \$87,500 pursuant to an executive placement. The other 2,500,000 of these Shares were each issued at \$0.04 with the funds provided by a limited recourse loan by the Company. The Company also proposes to issue 5,000,000 Shares to Mr Marinko pursuant to the Employee Share Plan prior to this meeting as these shares have vested with the VWAP being equal to or greater than \$0.05 and Mr Marinko is a Director on such date. The Company also proposes to issue 17,500,000 Shares to Mr Marinko pursuant to the Employee Share Plan (refer to Section 5 for further details).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, without the approval of shareholders, issue or agree to issue more equity securities during any 12 month period than that number which represents 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The Shares were issued to Mr Marinko within the Company's Listing Rule 7.1 placement capacity without the need for Shareholder approval.

Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purposes of Listing Rule 7.1.

Resolution 4 seeks Shareholder approval for the ratification pursuant to Listing Rule 7.4 for the issue of the Shares. The effect of Shareholders passing Resolution 1 will be to restore the

Company's ability to issue securities within the 15% capacity under Listing Rule 7.1 during the next 12 months, without obtaining prior Shareholder approval.

6.2 Specific information required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5, the following information regarding the issue of Shares to Mr Jason Marinko is provided as follows:

- (a) 10,000,000 Shares were issued in total to Mr Marinko;
- (b) 2,500,000 Shares were issued at an issue price of \$0.04 each, 5,000,000 Shares will be issued prior to this meeting at an issue price of \$0.04 each and 2,500,000 Shares were issued at an issue price of \$0.035 each;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to the Jason Marinko Nominee;
- (e) No funds were received by the Company upon the issue of the Shares issued at \$0.04 per Share as Mr Marinko received a loan from the Company for the amount of the issue price of these Shares. Such loan will be repayable in accordance with the limited recourse loan agreement. \$87,500 was raised from the issue of the Shares issued at \$0.035 per Share. The funds received were used for general working capital;
- (f) a voting exclusion statement is included in the Notice.

7. Definitions

In this Notice, Explanatory Statement and Proxy Form:

\$ means Australian Dollars.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Closely Related Party has the meaning in section 9 of the Corporations Act.

Company means White Star Resources Limited ACN 123 511 017.

Constitution means the current constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Director Option means an Option exercisable at \$0.025 on or before the date that is 4 years from the date of grant and otherwise with the terms and conditions in Schedule 1.

Employee Share Plan has the meaning in Section 4.1.

Explanatory Statement means the Explanatory Statement attached to the Notice.

Former Director means Mr Davide Bosio.

Jason Marinko Nominee means Tessobel Pty Ltd aft JEM Family A/C.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Loan Share has the meaning in Section 4.

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

Notice means this notice of meeting.

Option means an option to acquire a Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company in respect to the financial year ended 31 December 2013 contained in the Directors' Report.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Statement.

Securities mean Shares, Options, and/or Performance Shares.

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

Shareholder means a shareholder of the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

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

Schedule 1 – Terms and Conditions of Director Options

The Director Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Director Option gives the Optionholder the right to subscribe for one Share upon exercise of the Director Option.
- (b) Each Director Option is exercisable at \$0.025 (**Exercise Price**) on or before the date that is 4 years from the date of grant (**Expiry Date**).
- (c) The Director Options are exercisable at any time on or prior to the Expiry Date.
- (d) Any Director Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) The Director Options held by each Optionholder may, be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (f) An Optionholder may exercise their Director Options by lodging with the Company, on or prior to the Expiry Date:
 - (i) a written notice of exercise of Director Options specifying the number of Director Options being exercised (**Exercise Notice**); and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Director Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable".
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by payment of the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Director Options specified in the Exercise Notice and if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.
- (i) The Director Options are not transferable except with the prior written approval of the Board of directors of the Company and subject to compliance with the Corporations Act.
- (j) All Shares issued upon the exercise of Director Options will upon issue rank equally in all respects with the then issued Shares.
- (k) The Company will not apply for quotation of the Director Options on ASX. However, the Company will apply for official quotation on ASX of all Shares issued upon exercise of Director Options within 10 Business Days after the date of issue of those Shares.
- (l) If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

- (m) There are no participation rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options.
- (n) If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
 - (i) the number of Shares which must be issued on the exercise of a Director Option will be increased by the number of Shares which the Optionholder would have received if the Optionholder had exercised the Director Option before the record date for the bonus issue; and
 - (ii) no change will be made to the Exercise Price.
- (o) If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a Director Option.

Schedule 2 – Black-Scholes Valuation of Options to be issued to existing and former Directors

On the basis of the assumptions below, the Company has determined that the value of one Director Option approximates \$0.04167.

Based on this value, the values of the financial benefits to be provided to the Non-Executive Directors and Former Director pursuant to Resolutions 1(a), (b) and (c) are set out in the table below:

	Director Options	Value
Stephen Anastos	4,500,000	\$187,515
Davide Bosio	1,000,000	\$41,670
Shannon Robinson	2,000,000	\$83,340
Total	7,500,000	\$312,525

Assumptions:

1. The Black and Scholes option valuation methodology was used as the basis for the calculation.
2. The valuation date for the purposes of settling the current market value of a Share is 2 December 2014.
3. The Share price as at the 2 December 2014 was \$0.052 which is the price used in the valuation.
4. The risk free interest rate is the Commonwealth Government securities rate of 2.77%.
5. There are no vesting conditions.
6. The standard deviation of returns of the Director Options is set at 100% which is based on the Company's historical data.

Notes

7. The value obtained via the Black and Scholes option valuation method may not be the valuation that would be obtained pursuant to the relevant Australian tax legislation.