

**OUTBACK METALS LIMITED**  
(ASX: OUM)

## ASX Release

15 April 2010

### Company's response to proposed director appointments

#### 1. Executive summary

- Graham Chrisp, a shareholder of the Company, has called for a general meeting to appoint himself, his two sons and a further nominee, Geoffrey Hill, as directors of the Company (**Chrisp Nominees**).
- The Board recommends that shareholders vote against the resolutions relating to the appointment of the Chrisp Nominees for the reasons set out in section 3 below.
- Should the Chrisp Nominees be appointed to the Board, the current directors believe that the Chrisp Nominees may attempt to delay or stop the rights issue announced by the Company on 25 February 2010 (**Rights Issue**).
- The Board continues to hold the view that the Rights Issue is in the best interests of the Company. The Rights Issue will continue to proceed on this basis.
- In light of the Company's short to medium term expenditure plans as previously identified in the announcement of the Rights Issue on 25 February 2010 and the continued uncertainty in the equity capital markets, the Company will continue to consider any offers for capital raising (in addition to the Rights Issue) and will keep shareholders updated accordingly.

#### 2. General meeting of the Company

It has come to the Company's attention that Graham Chrisp, a shareholder of the Company, has issued a notice of meeting dated 5 March 2010 (**Notice of Meeting**) to the Company's shareholders calling for a general meeting of the Company to be held at 10 a.m. (Sydney time) on 6 April 2010 at The Grace Hotel, 77 York Street, Sydney NSW 2000 (**General Meeting**).

The Notice of Meeting was prepared and issued by Mr Chrisp without the consent of the Company and the Board. To date, the Company has not been served with a copy of the Notice of Meeting as is required by the Corporations Act. The Company has obtained a copy of the Notice of Meeting from a shareholder and attached is a copy of the Notice of Meeting received from that shareholder.

#### 3. The Board's view on the proposed director appointments

The Company understands that the purpose of the General Meeting is to seek the appointment of Graham Chrisp, Jason Chrisp, Benjamin Chrisp and Geoffrey Hill as directors of the Company (**Proposed Resolutions**).

The Notice of Meeting does not contain any background description about the Chrisp Nominees and therefore, it is difficult for shareholders to determine whether the Chrisp Nominees can bring any relevant skills, expertise or experience to the Board or what their motivation is for seeking election.

In addition, shareholders should be aware that:

- Graham Chrisp is the father of Jason Chrisp and Benjamin Chrisp; and
- Geoffrey Hill is the managing director of South Cove Ltd, an entity of which Graham Chrisp is a significant shareholder, and an entity which in turn is the largest shareholder in Centrex Metals Limited, a company of which both Mr Hill and Mr Chrisp are directors.

In accordance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2<sup>nd</sup> Edition), the Board notes that one of the fundamental principles is that the board should be comprised of a majority of independent directors. The board, when determining the independent status of a director, considers whether the director is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the company. In particular, family ties and cross-directorships are relevant in considering interests and relationships which may affect independence. Accordingly, none of the proposed new directors are considered independent by the board.

For these reasons, the Board recommends shareholders to vote **against** the Proposed Resolutions.

#### **4. Rights issue**

On 25 February 2010, the Company announced that it would conduct a pro rata rights issue to raise approximately \$4.8 million which was determined by the Board, in good faith, to be in the best interests of the Company to meet the Company's capital requirements.

On 5 March 2010, the Company received a letter from a lawyer acting for Graham Chrisp threatening to take steps to obtain an interlocutory injunction to prevent the dispatch of the documents for the Rights Issue claiming that the Rights Issue is not a proper exercise of the power of the directors of the Company. In response, the Company informed Mr Chrisp that:

- the raising of capital through conducting the Rights Issue was determined by the Board, in good faith, to be in the best interests of the Company to meet the Company's capital requirements;
- the Board has no obligation to prioritise the interests of one shareholder over the interests of others;
- the Company will not tolerate any action that seeks to disrupt the Rights Issue;
- any action brought by Mr Chrisp on this basis will be strenuously defended; and
- should the Company suffer loss or damage as a result of Mr Chrisp's actions, the Company will consider all available avenues to seek redress.

As a result of various discussions and correspondence between Graham Chrisp and the Company, the Company has reason to believe that one of the reasons why Mr Chrisp may be attempting to stop the Rights Issue is because he (and his associated entities who are also shareholders of the Company) may not take up their full entitlement under the Rights Issue. As a result, their holdings in the Company may be diluted after completion of the Rights issue.

#### **5. Further capital**

In light of the Company's short to medium term expenditure plans and the continued uncertainty in the equity capital markets, the Company will continue to consider any offers for capital raising (in addition to the Rights Issue) and will keep shareholders updated accordingly.



**For further information, please contact:**

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**About Outback Metals Limited**

Outback Metals Limited is a mining exploration company with a number of tenements and exploration licences. The Company was admitted to the official list of the Australian Securities Exchange on 27 August 2008.

**OUTBACK METALS LIMITED****ACN 126 797 573****Registered office:**

**Corporate Consulting Partners Pty Ltd, Level 3, 1 Collins Street,  
Melbourne VIC 3000 (ASIC records as at 4 March 2010)  
Unit 27 Building F, Lane Cove Business Park, 16 Mars Road,  
Lane Cove NSW 2066 (Company website as at 4 March 2010)**

**NOTICE OF GENERAL MEETING**

Pursuant to section 249F of the *Corporations Act* 2001 (Cth), Graham Maxwell Chrisp being a member of Outback Metals Limited ('the Company') with at least 5% of the votes that may be cast at a general meeting of the Company, hereby calls a general meeting of the Company to be held at 10am (Sydney time) on 6 April 2010 at The Grace Hotel, 77 York St, Sydney for the purpose of considering, and, if thought fit, passing the following resolutions pursuant to Article 36.3 of the Constitution of the Company.

1. That Graham Maxwell Chrisp is hereby appointed as an additional director of the Company.
2. That Jason James Chrisp is hereby appointed as an additional director of the Company.
3. That Benjamin Bruce Chrisp is hereby appointed as an additional director of the Company.
4. That Geoffrey Guild Hill is hereby appointed as an additional director of the Company

Dated: 5 March 2010

By:



Graham Maxwell Chrisp