



CARBINE TUNGSTEN

NOTICE OF THE 2014 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2014 Annual General Meeting (AGM) of the members of Carbine Tungsten Limited (the Company) will be held in the Presidents Room at the Rendezvous Grand Hotel, 328 Flinders Street, Melbourne VIC 3000, on Wednesday 12 November 2014 commencing at 11:00am Melbourne Time.

ORDINARY BUSINESS

To Receive the Accounts

To receive and consider the Financial Statements for the year ended 30 June 2014 together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and Auditor's Report. Also available for consideration is the Shareholders Annual Report.

In compliance with Section 315 of the Corporations Act 2001, these reports are available to be viewed or downloaded in PDF format at the Company's website and can be obtained through the following link www.carbinetungsten.com.au. However, if you wish to receive hard copies of these reports, please send a written request to the Company Secretary, Carbine Tungsten Limited, 50 Scott Street, Bungalow QLD 4870.

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

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

"Pursuant to Section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company's annual financial report for the year ended 30 June 2014".

Short Explanation: The vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the key management personnel, details of whose remuneration are included in the remuneration report; or
- (b) a closely related party of such a member.

However, a person (the **Voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) the Voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the Voter is the Chair of the meeting and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company or if the Company is part of a consolidated entity, for the entity.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ANTHONY EDWARD GORDON

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

“That Mr Anthony Edward Gordon, who retires by rotation as a Director of the Company in accordance with Section 6 of the Company’s Constitution and being eligible, offers himself for re-election, be and is hereby re-appointed as a Director of the Company”.

Notes: The non-candidate Directors unanimously support the re-election of Mr Gordon. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Gordon’s re-election.

SPECIAL BUSINESS

RESOLUTION 3 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES – CONSULTANTS

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

“That for the purposes of ASX Limited (“ASX”) Listing Rule 7.4 and for all other purposes that the Company approves and ratifies the prior issue of 539,859 ordinary fully paid Shares to consultants as specified in, and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote on Resolution 3, 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.

RESOLUTION 4 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES – PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the prior issue and allotment of 12,904,546 ordinary fully paid Shares at an issue price of \$0.055 as specified in and on such terms and conditions referred to in, the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote on Resolution 4, 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.

RESOLUTION 5 – APPROVAL OF PRIOR ISSUE OF OPTIONS – PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the prior issue and allotment of 6,452,273 unlisted Options with an exercise price of \$0.10 and expiry date 15 November 2014 as specified in, and on such terms and conditions referred to in, the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 5 by any person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote on Resolution 5, 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.

RESOLUTION 6 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES – HISTORICAL EMPLOYMENT CONTRACTS

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes that the Company approves and ratifies the prior issue of 510,824 ordinary fully paid Shares to historical employees as specified in, and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 6 by any person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote on Resolution 6, 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.

RESOLUTION 7 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES – CONSULTANTS

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

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes that the Company approves and ratifies the prior issue of 453,356 ordinary fully paid Shares to consultants as as specified in, and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 7 by any person who participated in the issue and any associates of those persons.

However, the Company need not disregard a vote on Resolution 7, 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.

RESOLUTION 8 – APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO RELATED PARTY – MR ANDREW JAMES MORGAN

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

“That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes that the Company approves the issue of 1,500,000 ordinary fully paid Shares for no consideration, at a deemed value of \$0.12 per Share, to Mr Andrew James Morgan or his nominee and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 8 by Mr Andrew James Morgan or his nominee and by any associate of Mr Andrew James Morgan or his nominee.

However, the Company need not disregard a vote on Resolution 8, 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.

RESOLUTION 9 – APPROVAL OF PROPOSED ISSUE OF OPTIONS TO RELATED PARTY – MR ANDREW JAMES MORGAN

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

“That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes that the Company approves the issue of 2,000,000 unlisted Options with an exercise price of \$0.20 and expiry date 12 November 2017 for no consideration, to Mr Andrew James Morgan or his nominee and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 9 by Mr Andrew James Morgan or his nominee and by any associate of Mr Andrew James Morgan or his nominee.

However, the Company need not disregard a vote on Resolution 9, 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.

RESOLUTION 10 – APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO RELATED PARTY – MR ANTHONY EDWARD GORDON

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

“That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes that the Company approves the issue of 1,000,000 ordinary fully paid Shares for no consideration, at a deemed value of \$0.12 per Share, to Mr Anthony Edward Gordon or his nominee and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 10 by Mr Anthony Edward Gordon or his nominee and by any associate of Mr Anthony Edward Gordon or his nominee.

However, the Company need not disregard a vote on Resolution 10, 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.

RESOLUTION 11 – APPROVAL OF PROPOSED ISSUE OF OPTIONS TO RELATED PARTY – MR ANTHONY EDWARD GORDON

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

“That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes that the Company approves the issue of 2,000,000 unlisted Options with an exercise price of \$0.20 and expiry date 12 November 2017 for no consideration, to Mr Anthony Edward Gordon or his nominee and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 11 by Mr Anthony Edward Gordon or his nominee and by any associate of Mr Anthony Edward Gordon or his nominee.

However, the Company need not disregard a vote on Resolution 11, 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.

RESOLUTION 12 – APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO RELATED PARTY – MR ROLAND WAYNNE NICE

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

“That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes that the Company approves the issue of 1,000,000 ordinary fully paid Shares for no consideration, at a deemed value of \$0.12 per Share, to Mr Roland Wayne Nice or his nominee and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 12 by Mr Roland Wayne Nice or his nominee and by any associate of Mr Roland Wayne Nice or his nominee.

However, the Company need not disregard a vote on Resolution 12, 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.

RESOLUTION 13 – APPROVAL OF PROPOSED ISSUE OF OPTIONS TO RELATED PARTY – MR ROLAND WAYNNE NICE

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

“That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes that the Company approves the issue of 2,000,000 unlisted Options with an exercise price of \$0.20 and expiry date 12 November 2017 for no consideration, to Mr Roland Wayne Nice or his nominee and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 13 by Mr Roland Wayne Nice or his nominee and by any associate of Mr Roland Wayne Nice or his nominee.

However, the Company need not disregard a vote on Resolution 13, 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.

RESOLUTION 14 – APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO RELATED PARTY – MR RUSSELL HENRY KRAUSE

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

“That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes that the Company approves the issue of 1,000,000 ordinary fully paid Shares for no consideration, at a deemed value of \$0.12 per Share, to Mr Russell Henry Krause or his nominee and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 14 by Mr Russell Henry Krause or his nominee and by any associate of Mr Russell Henry Krause or his nominee.

However, the Company need not disregard a vote on Resolution 14, 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.

RESOLUTION 15 – APPROVAL OF PROPOSED ISSUE OF OPTIONS TO RELATED PARTY – MR RUSSELL HENRY KRAUSE

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

“That, for the purposes of Chapter 2E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes that the Company approves the issue of 2,000,000 unlisted Options with an exercise price of \$0.20 and expiry date 12 November 2017 for no consideration, to Mr Russell Henry Krause or his nominee and on such terms and conditions referred to in, the Explanatory Statement accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on Resolution 15 by Mr Russell Henry Krause or his nominee and by any associate of Mr Russell Henry Krause or his nominee.

However, the Company need not disregard a vote on Resolution 15, 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.

RESOLUTION 16 – APPROVAL OF 10% PLACEMENT FACILITY

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

“That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions referred to in, the Explanatory Memorandum accompanying this Notice.”

Voting Exclusion Statement:

The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% placement facility and a person who might obtain a benefit, if this Resolution is passed, except a benefit solely in the capacity of a holder of ordinary securities and any associate of that person (or those persons).

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.

Eligibility to Vote

For the purposes of Rule 7.11.37 of the Corporations Regulations, the Directors have set 7.00 pm Melbourne Time on Monday, 10 November 2014 as the time and date to determine holders of the Company's Shares for the purposes of the AGM. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

On a show of hands every Shareholder has one vote, and on a poll, every Shareholder has one vote for each Share held.

Voting Intentions of the Chairman

The Chairman intends to vote all undirected proxies in favour of all Resolutions.

Proxies

Any Shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of that Shareholder.

The proxy does not need to be a Shareholder of the Company.

A Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

Proxies must be:

- (a) lodged at the Company's share registry, Computershare Investor Services Pty Limited, or
- (b) faxed to the fax number specified below,

To be effective, proxy forms must be received by the Company or share registry at least 48 hours before the time for holding the meeting.

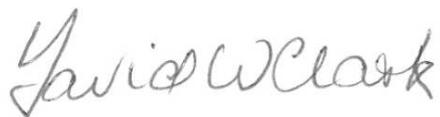
Address (postal deliveries): GPO Box 242, Melbourne, VIC, Australia, 3001

Fax number for lodgement: 1800 783 447 or +61 3 9473 2555

The proxy form has been enclosed. Please read all instructions carefully before completing the proxy form.

Dated at Sydney this 10th day of October 2014

BY ORDER OF THE BOARD



David Clark
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held in the Presidents Room at the Rendezvous Grand Hotel, 328 Flinders Street, Melbourne VIC 3000, on Wednesday 12 November 2014 commencing at 11:00am Melbourne Time.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

Voting Exclusion Statement:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the 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.

FINANCIAL STATEMENTS AND DIRECTORS' REPORTS

In accordance with the Company's Constitution, the business of the meeting will include receipt and consideration of the Company's Financial Report and Reports of Directors' and Auditor's for the year ended 30 June 2014.

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

Section 250R(3) of the Corporations Act requires that a Resolution to adopt the remuneration report must be put to the vote at the Annual General Meeting. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out in the Directors' Report in the Company's 2014 Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company.

In accordance with Section 250SA of the Corporations Act 2001, Shareholders will be provided with a reasonable opportunity to ask questions concerning, or make comments on, the remuneration report at the Annual General Meeting.

The Corporations Act requires the Company to put a Resolution to Shareholders that in accordance with Division 9 of Part 2G.2 of the Corporations Act, if twenty-five (25%) per cent or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, Shareholders will be required to vote at the second of those Annual General Meetings on a Resolution (a "Spill Resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director) must go up for re-election.

It is noted that at the Company's last Annual General Meeting, the votes cast against the remuneration report represented less than twenty-five (25%) per cent of the total votes cast and accordingly, a spill Resolution will not under any circumstances be required for the Annual General Meeting.

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their closely related parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives a direction on how to vote or the proxy is given to the Chairman and expressly authorises the Chairman to exercise the proxy.

The Chairman will use any such proxies to vote in favour of Resolution 1. The Company encourages all eligible Shareholders to cast their votes in favour of Resolution 1 (Remuneration Report).

The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ANTHONY EDWARD GORDON

In accordance with Section 6 of the Company's Constitution and ASX Listing Rule 14.4, a Director cannot hold office for more than 3 years without retiring by rotation. Mr Anthony Edward Gordon was appointed a Director of the Company by the Board on 26 November 2012 and elected as a Director at the 2013 AGM on 15 November 2013. Mr. Gordon is to retire by rotation at the 2014 Annual General Meeting, and being eligible, offers himself for re-election as a Director.

Mr Gordon has over 25 years' experience in financial markets primarily stockbroking and has held directorships and senior management positions with a number of Australian stockbroking and financial services companies. Over this time his focus has been the listed resources sector. More recently Mr Gordon has provided advice to a number of Chinese, South East Asian and North American projects that are held by Australian Listed and un-listed entities.

In accordance with Article 6 of the Company's Constitution, Mr Gordon seeks appointment to the office of Director of the Company. The proposed Director has provided the Company with written consent to being a Director of the Company.

The Board, with the exception of Mr Gordon, unanimously recommends that members vote in favour of Mr Gordon's re-election as a Non-Executive Director.

RESOLUTION 3 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES – CONSULTANTS

Resolution 3 is in respect of the issue of 539,859 ordinary fully paid Shares.

On 31 October 2013 the Company announced the issue of 539,859 ordinary Shares to consultants as consideration for services provided to the Company during the past 12 months.

Resolution 3 is an ordinary resolution under which Shareholder approval is now sought to ratify the Shares previously issued for these services.

The Company issued 539,859 ordinary Shares to consultants in order to retain their services and allow the Company to invest the vast majority of its cash reserves in the development of the Mt Carbine Hard Rock Project and key exploration activities. No funds were raised from the issue.

The Shares began trading on 31 October 2013.

ASX Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new “equity securities” constituting more than 15% of its total ordinary Shares on issue within a twelve (12) month period, excluding any issue of shares approved by Shareholders.

However ASX Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 provided the issue did not breach ASX Listing Rule 7.1 and Shareholders subsequently approve the issue.

Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to approve the prior issue so that the Company retains its capacity to issue up to a full 15% of its issued capital, if required, in the next twelve (12) months without Shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (i) the total number of ordinary fully paid Shares issued is 539,859;
- (ii) the issue price of the ordinary Shares is an issue price of nil per Share;
- (iii) the ordinary fully paid Shares issued rank equally with the Company’s existing ordinary Shares on issue;
- (iv) the Shares were issued to consultants of the Company for nil consideration, who are not a related party to the Company. Accordingly, no funds were raised from the issue; and
- (v) the issue of the above equity securities when made do not breach ASX Listing Rule 7.1.

The Board, unanimously recommends that members vote in favour to approve the prior issue of the ordinary Shares to consultants.

A voting exclusion statement has been included with Resolution 3.

RESOLUTION 4 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES – PLACEMENT

Resolution 4 is in respect of the issue of 12,904,546 ordinary fully paid Shares.

On 15 November 2013, the Company issued 12,904,546 Shares to sophisticated and institutional investors in Australia and internationally, at an issue price of \$0.055 to raise \$709,750. Funds raised from the placement are being used to progress activity relating to the permitting and approvals for recommencement of mining at the Mt Carbine Hard Rock Project and general working capital requirements.

The 12,904,546 Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1. Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares.

ASX Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new "equity securities" constituting more than 15% of its total ordinary Shares on issue within a twelve (12) month period, excluding any issue of Shares approved by Shareholders.

However ASX Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 provided the issue did not breach ASX Listing Rule 7.1 and Shareholders subsequently approve the issue.

Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to approve the prior issue so that the Company retains its capacity to issue up to a full 15% of its issued capital, if required, in the next twelve (12) months without Shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (i) the total number of ordinary fully paid Shares issued is 12,904,546;
- (ii) the issue price of the ordinary Shares is an issue price of \$0.055 per Share;
- (iii) the ordinary fully paid Shares issued rank equally with the Company's existing ordinary Shares on issue;
- (iv) the Shares were issued to sophisticated and institutional investors in Australia and internationally, who are not a related party to the Company;
- (v) the funds raised from this issue were used for the development of the Mt Carbine Hard Rock Project and general working capital requirements;
- (vi) no related parties participated in the above equity security issues; and
- (vii) the issue of the above equity securities when made did not breach ASX Listing Rule 7.1.

The Board, unanimously recommends that members vote in favour to approve the prior issue of ordinary Shares.

A voting exclusion statement has been included with Resolution 4.

RESOLUTION 5 – APPROVAL OF PRIOR ISSUE OF OPTIONS – PLACEMENT

Resolution 5 is in respect of the issue of 6,452,273 unlisted Options, exercise price of \$0.10 and expiry date of 15 November 2014.

On 15 November 2013, the Company issued 12,904,546 Shares and 6,452,273 unlisted Options to sophisticated and institutional investors at an issue price of \$0.055 to raise \$709,750. The placement also carried one Option for every two Shares taken up. The Options are unlisted and have a term of 12 months with a strike price of \$0.10.

Funds raised from the placement are being used to progress activity relating to the permitting and approvals for recommencement of mining at the Mt Carbine Hard Rock Project and general working capital requirements.

ASX Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new “equity securities” constituting more than 15% of its total ordinary Shares on issue within a 12 month period, excluding any issue of Shares approved by Shareholders.

However ASX Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 provided the issue did not breach ASX Listing Rule 7.1 and Shareholders subsequently approve the issue.

Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to approve the prior issue so that the Company retains its capacity to issue up to a full 15% of its issued capital, if required, in the next 12 months without Shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (i) the total number of unlisted Options issued is 6,452,273;
- (ii) the exercise price of the unlisted Option is A\$0.10 per Share and expires on 15 November 2014;
- (iii) if the Options are exercised by the holder, they will receive one ordinary fully paid Share for every Option, such shares will rank equally with the Company’s existing ordinary Shares on issue;
- (iv) the Shares were issued to sophisticated investors, who are not a related party to the Company;
- (v) issuance of Options were a free attaching Option under the Placement on the basis for every two Shares acquired by the participant, they were entitled to one unlisted Option for nil consideration. No additional funds were raised with the issuance of the Options under the Placement;
- (vi) no related parties participated in the above equity security issues; and
- (vii) the issue of the above equity securities when made did not breach ASX Listing Rule 7.1.

The Board, unanimously recommends that members vote in favour to approve the prior issue of unlisted Options.

A voting exclusion statement has been included with Resolution 5.

RESOLUTION 6 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES – HISTORICAL EMPLOYMENT CONTRACTS

Resolution 6 is in respect of the issue of 510,824 ordinary fully paid Shares.

On 30 December 2013 the Company issued 510,824 fully paid ordinary Shares to certain employees of the Company, to satisfy bonus conditions of historical employment contracts.

Before the adoption of the Carbine Tungsten Limited Awards Plan at the 2012 AGM, certain employment contracts contained clauses entitling employees to Shares in the Company following the fulfilment of certain milestones. Since the adoption of the Carbine Tungsten Limited Awards Plan, employment contracts cease to contain such clauses, outside of the Awards Plan.

Resolution 6 is an ordinary resolution under which Shareholder approval is now sought to ratify the Shares previously issued to satisfy bonus conditions of historical employment contracts.

The Shares began trading on 30 December 2013.

ASX Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new “equity securities” constituting more than 15% of its total ordinary Shares on issue within a twelve (12) month period, excluding any issue of Shares approved by Shareholders.

However ASX Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 provided the issue did not breach ASX Listing Rule 7.1 and Shareholders subsequently approve the issue.

Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to approve the prior issue so that the Company retains its capacity to issue up to a full 15% of its issued capital, if required, in the next twelve (12) months without Shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (i) the total number of ordinary fully paid Shares issued is 510,824;
- (ii) the issue price of the ordinary Shares is an issue price of nil per Share;
- (iii) the ordinary fully paid Shares issued rank equally with the Company’s existing ordinary Shares on issue;
- (iv) the Shares were issued to employees of the Company for nil consideration, who are not a related party to the Company. Accordingly, no funds were raised from the issue; and
- (v) the issue of the above equity securities when made do not breach ASX Listing Rule 7.1.

The Board, unanimously recommends that members vote in favour to approve the prior issue of the ordinary Shares to satisfy historical employment contracts.

A voting exclusion statement has been included with Resolution 6.

RESOLUTION 7 – APPROVAL OF PRIOR ISSUE OF ORDINARY SHARES – CONSULTANTS

Resolution 7 is in respect of the issue of 453,356 ordinary fully paid Shares.

On 30 December 2013 the Company announced the issue of 453,356 ordinary Shares to consultants as consideration for services provided to the Company during the past 12 months.

Resolution 7 is an ordinary resolution under which Shareholder approval is now sought to ratify the Shares previously issued for these services.

The Company issued 453,356 ordinary Shares to consultants in order to retain their services and allow the Company to invest the vast majority of its cash reserves in the development of the Mt Carbine Hard Rock Project and key exploration activities. No funds were raised from the issue.

The Shares began trading on 30 December 2013.

ASX Listing Rule 7.1 provides that without Shareholder approval, a company must not issue or agree to issue new “equity securities” constituting more than 15% of its total ordinary Shares on issue within a twelve (12) month period, excluding any issue of Shares approved by Shareholders.

However ASX Listing Rule 7.4 allows an issue of securities made without the approval of Shareholders to be treated as having been made with approval for the purposes of ASX Listing Rule 7.1 provided the issue did not breach ASX Listing Rule 7.1 and Shareholders subsequently approve the issue.

Shareholder approval is now sought pursuant to ASX Listing Rule 7.4 to approve the prior issue so that the Company retains its capacity to issue up to a full 15% of its issued capital, if required, in the next twelve (12) months without Shareholder approval.

ASX Listing Rule 7.5 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval pursuant to ASX Listing Rule 7.4:

- (i) the total number of ordinary fully paid Shares issued is 453,356;
- (ii) the issue price of the ordinary Shares is an issue price of nil per Share;
- (iii) the ordinary fully paid Shares issued rank equally with the Company’s existing ordinary Shares on issue;
- (iv) the Shares were issued to consultants of the Company for nil consideration, who are not a related party to the Company. Accordingly, no funds were raised from the issue; and
- (v) the issue of the above equity securities when made do not breach ASX Listing Rule 7.1.

The Board, unanimously recommends that members vote in favour to approve the prior issue of the ordinary Shares to consultants.

A voting exclusion statement has been included with Resolution 7.

RESOLUTION 8 – APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO RELATED PARTY – MR ANDREW JAMES MORGAN

Resolution 8 seeks Shareholder approval for the Company to issue a total of 1,500,000 ordinary fully paid Shares, at a deemed value of \$0.12 per Share, to Mr Andrew James Morgan or his nominee for no consideration.

(A) General

As part of a remuneration and past work recognition review undertaken by the Board, the Company has agreed, to issue a total of 1,500,000 Shares to Mr Andrew James Morgan on the terms and conditions set out below. The Company's Share price at the date of the review was trading at and around \$0.11.

The purpose of the proposed issue of ordinary Shares is in recognition of Mr Morgan's contribution to the Company's development to date in his role as Managing Director and to provide an added incentive to him to contribute to increasing Shareholder value.

The Board has made the decision to issue the ordinary Shares to Mr Morgan on the basis of an assessment of Mr Morgan's contribution to the Company and also considered that Mr Morgan's continuing involvement and contribution to the Company, taking into account the fact that the Company operates with a relatively small number of Directors, will be significant in achieving sustainable growth in Shareholder value. The Board also took into account Mr Morgan's existing remuneration package (details of which are set out below in Section (D), paragraph (i) with regard to Resolution 8 of this Explanatory Memorandum). The Board determined that it is appropriate to issue 1,500,000 Shares to Mr Morgan given these factors.

Accordingly, the Board recommends that the 1,500,000 Shares be issued to Mr Morgan in recognition of his efforts to date and to better reflect the contribution Mr Morgan has made to the Company.

(B) Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of Shares to Mr Morgan requires the Company to obtain Shareholder approval in accordance with Chapter 2E of the Corporations Act, because the grant of Shares constitutes giving a financial benefit and as a Director, Mr Morgan, is a related party of the Company.

It is the view of the Board (other than Mr Morgan who has a material personal interest in the Resolution) that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Shares to Mr Morgan.

(C) Listing Rule 10.11

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in the ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Shares to Mr Morgan involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Shares to Mr Morgan as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Shares to Mr Morgan will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

(D) Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Shares:

- (a) The related party is Mr Andrew James Morgan and he is a related party by virtue of being a Director;
- (b) The maximum number of Shares (being the nature of the financial benefit being provided) to be granted to the Mr Morgan is 1,500,000 Shares;
- (c) The Shares will be granted to Mr Morgan no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) The Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) The issue price of the Shares is an issue price of nil per Share. The value of the Shares calculated at a price of \$0.12 per Share is \$180,000;
- (g) No loan will be provided in respect of the issue of the Shares as they are being issued to Mr Morgan in consideration for services provided to the Company;
- (h) The relevant interests of Mr Morgan in securities of the Company is set out below:

Related Party	Shares	Performance Rights	Options (i)
Mr Andrew James Morgan	4,298,801	Nil	Nil

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Morgan will be issued with 2,000,000 Options in accordance with this Notice and Explanatory Statement.
- (i) The remuneration and emoluments from the Company to Mr Morgan for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	2015 Financial Year	2014 Financial Year
<i>Mr Andrew James Morgan</i>		
Salary	\$240,000	\$240,000
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non-cash)	\$180,000 (i)	\$36,000
Options (non-cash)	\$40,000(ii)	Nil

- (i) The valuation of \$180,000 for Shares is the subject of this Resolution and is subject to Shareholder approval. The Shares have not been issued and Mr Morgan has not yet received this benefit.
- (ii) The valuation of \$40,000 for Options is the subject of a separate Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Options have not been issued and Mr Morgan has not yet received this benefit.
- (j) If the Shares are issued to Mr Morgan, the number of Shares on issue will increase from 296,745,179 to 298,245,179 (assuming that no other options are exercised, no Performance Rights are vested and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the Date of this Notice of Meeting	Shares to be Issued	Dilutionary Effect Upon Issue of Shares
Mr Andrew James Morgan	296,745,179	1,500,000	0.51%

- (k) The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	\$0.12	19 September 2014
Lowest	\$0.04	2 December 2013
Last	\$0.11	24 September 2014

- (l) The primary purpose of the issue of the Shares to Mr Morgan is to provide remuneration to Mr Morgan for his commitment and contribution to the Company in his role as Managing Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.

(E) Directors' Recommendation

- (a) Mr Andrew James Morgan declines to make a recommendation to Shareholders in relation to Resolution 8 due to his material personal interest in the outcome of the Resolution.
- (b) Mr Anthony Edward Gordon recommends that Shareholders vote in favour of Resolution 8 on the basis that the Shares provide effective consideration to Mr Morgan for his ongoing commitment and past and future contribution to the Company as the Managing Director of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Morgan are reasonable to the Company.
- (c) Mr Roland Wayne Nice recommends that Shareholders vote in favour of Resolution 8 on the basis that the Shares provide effective consideration to Mr Morgan for his ongoing commitment and past and future contribution to the Company as the Managing Director of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Morgan are reasonable to the Company.
- (d) Mr Russell Henry Krause recommends that Shareholders vote in favour of Resolution 8 on the basis that the Shares provide effective consideration to Mr Morgan for his ongoing commitment and past and future contribution to the Company as the Managing Director of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Morgan are reasonable to the Company.
- (e) The Board (other than Mr Morgan) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

RESOLUTION 9 – APPROVAL OF PROPOSED ISSUE OF OPTIONS TO RELATED PARTY – MR ANDREW JAMES MORGAN

Resolution 9 seeks Shareholder approval for the Company to issue a total of 2,000,000 Options to Mr Andrew James Morgan or his nominee for no consideration.

(A) General

The purpose of the proposed issue of Options to Mr Morgan is in recognition of Mr Morgan's commitment and contribution to the Company's development to date in his role as Managing Director and to provide an added incentive to Mr Morgan to contribute to increasing Shareholder value.

Each Option proposed to be issued is exercisable into one Share upon payment of the exercise price of \$0.20. All the options will be granted, exercisable and vest immediately upon obtaining shareholder approval and have an expiry date of 12 November 2017. Unexercised options will lapse on their expiry date.

Details of the key terms of the Options are set out in Schedule 2 to this Explanatory Memorandum.

The Board has made the decision to issue the Options to Mr Morgan on the basis of an assessment of Mr Morgan's contribution to the Company and also considered that Mr Morgan's continuing involvement and contribution to the Company, taking into account the fact that the Company operates with a relatively small number of Directors, will be significant in achieving sustainable growth in Shareholder value. The Board also took into account Mr Morgan's existing remuneration package (details of which are set out below in Section (D), paragraph (i) with regard to Resolution 9 of this Explanatory Memorandum). The Board determined that it is appropriate to issue 2,000,000 Options to Mr Morgan given these factors.

Accordingly, the Board recommends that the 2,000,000 Options be issued to Mr Morgan in recognition of his efforts to date and to better reflect the contribution Mr Morgan has made to the Company.

(B) Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of Options to Mr Morgan requires the Company to obtain Shareholder approval in accordance with Chapter 2E of the Corporations Act, because the grant of Options constitutes giving a financial benefit and as a Director, Mr Morgan, is a related party of the Company.

It is the view of the Board (other than Mr Morgan who has a material personal interest in the Resolution) that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Options to Mr Morgan.

(C) Listing Rule 10.11

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Options to Mr Morgan involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options to Mr Morgan as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Options to Mr Morgan will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

(D) Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Options:

- (a) The related party is Mr Andrew James Morgan and he is a related party by virtue of being a Director;
- (b) The maximum number of Options (being the nature of the financial benefit being provided) to be granted to Mr Morgan is 2,000,000 Options. If the Company's Shares are trading on the ASX at a higher price than the exercise price of the Options at the time of the exercise of the Options, the effect will be to give an immediate financial benefit to Mr Morgan at the time the Options are exercised;
- (c) The Options will be granted to Mr Morgan no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (d) The Options will be issued for nil cash consideration, accordingly no funds will be raised. The exercise price for the Options is \$0.20. Each Option will be granted and vest immediately upon receiving shareholder approval and will expire of 12 November 2017;
- (e) The Options will be issued on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum. All Shares issued upon exercise of any Options will rank equally with and on the same terms and conditions as the Company's existing Shares;
- (f) There will be no funds raised from the issue of the Options. Any funds raised from the exercise of the Options will be used for the working capital requirements of the Company.
- (g) An estimate of the value of the Options proposed to be issued pursuant to Resolution 9 using the Black Scholes Option Pricing Model has been calculated as set out below:

Related Party	Number of Options	Total Value using Black Scholes Model Based on Grant Date of 12 November 2014
Mr Andrew James Morgan	2,000,000	\$40,000

The Options have been calculated using the following assumptions:

- (i) Risk free interest rate of 2.98%;
 - (ii) Current Share price of \$0.11 as at valuation date being 25 September 2014;
 - (iii) Dividend yield of 0%;
 - (iv) Forecast volatility of 50%;
 - (v) Option exercise price of \$0.20; and
 - (vi) Option term of three (3) years.
- (h) The relevant interests of Mr Morgan in securities of the Company is set out below:

Related Party	Shares (i)	Performance Rights	Options
Mr Andrew James Morgan	4,298,801	Nil	Nil

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Morgan will be issued with 1,500,000 ordinary fully paid Shares in accordance with this Notice and Explanatory Statement.
- (i) The remuneration and emoluments from the Company to Mr Morgan for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	2015 Financial Year	2014 Financial Year
<i>Mr Andrew James Morgan</i>		
Salary	\$240,000	\$240,000
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non-cash)	\$180,000 (i)	\$36,000
Options (non-cash)	\$40,000 (ii)	Nil

- (i) The valuation of \$180,000 for Shares is the subject of a separate Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Shares have not been issued and Mr Morgan has not yet received this benefit.
- (ii) The valuation of \$40,000 for Options is the subject of this Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Options have not been issued and Mr Morgan has not yet received this benefit.

- (j) If the Options are issued to Mr Morgan, the direct and indirect interest of Mr Morgan in Shares and Options in the Company will be as follows:

Related Party	Shares (i)	Performance Rights	Options
Mr Andrew James Morgan	4,298,801	Nil	2,000,000

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Morgan will be issued with 1,500,000 ordinary fully paid Shares in accordance with this Notice and Explanatory Statement.

- (k) If the Options are issued to Mr Morgan and exercised, the number of Shares on issue will increase from 296,745,179 to 298,745,179 (assuming that no other options are exercised, no Performance Rights are vested and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the Date of this Notice of Meeting	Options to be Issued	Dilutionary Effect Upon Issue of Options
Mr Andrew James Morgan	296,745,179	2,000,000	0.67%

- (l) The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	\$0.12	19 September 2014
Lowest	\$0.04	2 December 2013
Last	\$0.11	24 September 2014

- (m) The purpose of the proposed issue of Options to Mr Morgan is in recognition of Mr Morgan's commitment and contribution to the Company's development to date in his role as Managing Director and to provide an added incentive to Mr Morgan to contribute to increasing Shareholder value. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed.

(E) Australian International Financial Reporting Standards

Under AASB 2 Share Based Payments pursuant to the application of Australian International Financial Reporting Standards (AIFRS), the Company is required to recognise the fair value of Options granted to Directors, employees, consultants and other advisors as an expense on a pro-rata basis over the vesting period of each Option in the Company's Income Statement with a corresponding adjustment to equity on the Company's Balance Sheet. Using the assumed Option value derived from the Black Scholes option pricing calculations set out above in this Explanatory Memorandum the impact of the issue of Options on the Company's Income Statement for the financial year ended 30 June 2015 under Resolution 9 would be as follows:

Related Party	Resolution Number	Assumed Value of Options	30 June 2015 Income Statement
Mr Andrew James Morgan	Resolution 9	\$40,000	\$8,402

It should be noted that the actual expense amounts may differ from those set out above if the assumptions underlying the Black Scholes pricing model at the date of the issue of the Options vary from those set out above.

(F) Directors' Recommendation

- (a) Mr Andrew James Morgan declines to make a recommendation to Shareholders in relation to Resolution 9 due to his material personal interest in the outcome of the Resolution.
- (b) Mr Anthony Edward Gordon recommends that Shareholders vote in favour of Resolution 9 on the basis that the Options provide effective consideration to Mr Morgan for his ongoing commitment and past and future contribution to the Company as the Managing Director of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Morgan are reasonable to the Company.
- (c) Mr Roland Wayne Nice recommends that Shareholders vote in favour of Resolution 9 on the basis that the Options provide effective consideration to Mr Morgan for his ongoing commitment and past and future contribution to the Company as the Managing Director of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Morgan are reasonable to the Company.
- (d) Mr Russell Henry Krause recommends that Shareholders vote in favour of Resolution 9 on the basis that the Options provide effective consideration to Mr Morgan for his ongoing commitment and past and future contribution to the Company as the Managing Director of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Morgan are reasonable to the Company.
- (e) The Board (other than Mr Morgan) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

RESOLUTION 10 – APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO RELATED PARTY – MR ANTHONY EDWARD GORDON

Resolution 10 seeks Shareholder approval for the Company to issue a total of 1,000,000 ordinary fully paid Shares, at a deemed value of \$0.12 per Share, to Mr Anthony Edward Gordon or his nominee for no consideration.

(A) General

As part of a remuneration and past work recognition review undertaken by the Board, the Company has agreed, to issue a total of 1,000,000 Shares to Mr Anthony Edward Gordon on the terms and conditions set out below. The Company's Share price at the date of the review was trading at and around \$0.11.

The purpose of the proposed issue of ordinary shares is in recognition of Mr Gordon's contribution to the Company's development to date in his role as a Non-Executive Director and to provide an added incentive to him to contribute to increasing Shareholder value.

The Board has made the decision to issue the ordinary shares to Mr Gordon on the basis of an assessment of Mr Gordon's contribution to the Company and also considered that Mr Gordon's continuing involvement and contribution to the Company, taking into account the fact that the Company operates with a relatively small number of Directors, will be significant in achieving sustainable growth in Shareholder value. The Board also took into account Mr Gordon's existing remuneration package (details of which are set out below in Section (D), paragraph (i) with regard to Resolution 10 of this Explanatory Memorandum). The Board determined that it is appropriate to issue 1,000,000 Shares to Mr Gordon given these factors.

Accordingly, the Board recommends that the 1,000,000 Shares be issued to Mr Gordon in recognition of his efforts to date and to better reflect the contribution Mr Gordon has made to the Company.

(B) Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of Shares to Mr Gordon requires the Company to obtain Shareholder approval in accordance with Chapter 2E of the Corporations Act, because the grant of Shares constitutes giving a financial benefit and as a Director, Mr Gordon, is a related party of the Company.

It is the view of the Board (other than Mr Gordon who has a material personal interest in the Resolution) that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Shares to Mr Gordon.

(C) Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Shares to Mr Gordon involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of Shares to Mr Gordon as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Shares to Mr Gordon will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

(D) Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Shares:

- (a) The related party is Mr Anthony Edward Gordon and he is a related party by virtue of being a Director;
- (b) The maximum number of Shares (being the nature of the financial benefit being provided) to be granted to Mr Gordon is 1,000,000 Shares;
- (c) The Shares will be granted to Mr Gordon no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) The Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) The Shares will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) The issue price of the Shares is an issue price of nil per Share. The deemed value of the Shares calculated at a price of \$0.12 per Share is \$120,000;
- (g) No loan will be provided in respect of the issue of the Shares as they are being issued to Mr Gordon in consideration for services provided to the Company;
- (h) The relevant interests of Mr Gordon in securities of the Company is set out below:

Related Party	Shares	Performance Rights	Options (i)
Mr Anthony Edward Gordon	72,000	Nil	Nil

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Gordon will be issued with 2,000,000 Options in accordance with this Notice and Explanatory Statement.
- (i) The remuneration and emoluments from the Company to Mr Gordon for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	2015 Financial Year	2014 Financial Year
<i>Mr Anthony Edward Gordon</i>		
Salary	\$34,000	\$34,500
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non-cash)	\$120,000 (i)	Nil
Options (non-cash)	\$40,000(ii)	Nil

- (i) The valuation of \$120,000 for Shares is the subject of this Resolution and is subject to Shareholder approval. The Shares have not been issued and Mr Gordon has not yet received this benefit.
- (ii) The valuation of \$40,000 for Options is the subject of a separate Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Options have not been issued and Mr Gordon has not yet received this benefit.
- (k) If the Shares are issued to Mr Gordon, the number of Shares on issue will increase from 296,745,179 to 297,745,179 (assuming that no other options are exercised, no Performance Rights are vested and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the date of this Notice of Meeting	Shares to be Issued	Dilutionary Effect Upon Issue of Shares
Mr Anthony Edward Gordon	296,745,179	1,000,000	0.34%

- (l) The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	\$0.12	19 September 2014
Lowest	\$0.04	2 December 2013
Last	\$0.11	24 September 2014

- (m) The primary purpose of the issue of the Shares to Mr Gordon is to provide remuneration to Mr Gordon for his commitment and contribution to the Company in his role as Non-Executive Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.

(E) Directors' Recommendation

- (a) Mr Anthony Edward Gordon declines to make a recommendation to Shareholders in relation to Resolution 10 due to his material personal interest in the outcome of the Resolution.
- (b) Mr Andrew James Morgan recommends that Shareholders vote in favour of Resolution 10 on the basis that the Shares provide effective consideration to Mr Gordon for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Gordon are reasonable to the Company.
- (c) Mr Roland Wayne Nice recommends that Shareholders vote in favour of Resolution 10 on the basis that the Shares provide effective consideration to Mr Gordon for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Gordon are reasonable to the Company.
- (d) Mr Russell Henry Krause recommends that Shareholders vote in favour of Resolution 10 on the basis that the Shares provide effective consideration to Mr Gordon for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Gordon are reasonable to the Company.
- (e) The Board (other than Mr Gordon) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

RESOLUTION 11 – APPROVAL OF PROPOSED ISSUE OF OPTIONS TO RELATED PARTY – MR ANTHONY EDWARD GORDON

Resolution 11 seeks Shareholder approval for the Company to issue a total of 2,000,000 Options to Mr Anthony Edward Gordon or his nominee for no consideration.

(A) General

The purpose of the proposed issue of Options to Mr Gordon is in recognition of Mr Gordon's commitment and contribution to the Company's development to date in his role as a Non-Executive Director and to provide an added incentive to Mr Gordon to contribute to increasing Shareholder value.

Each Option proposed to be issued is exercisable into one Share upon payment of the exercise price of \$0.20. All the options will be granted, exercisable and vest immediately upon obtaining Shareholder approval and have an expiry date of 12 November 2017. Unexercised Options will lapse on their expiry date.

Details of the key terms of the Options are set out in Schedule 2 to this Explanatory Memorandum.

The Board has made the decision to issue the Options to Mr Gordon on the basis of an assessment of Mr Gordon's contribution to the Company and also considered that Mr Gordon's continuing involvement and contribution to the Company, taking into account the fact that the Company operates with a relatively small number of Directors, will be significant in achieving sustainable growth in Shareholder value. The Board also took into account Mr Gordon's existing remuneration package (details of which are set out below in Section (D), paragraph (i) with regard to Resolution 11 of this Explanatory Memorandum). The Board determined that it is appropriate to issue 2,000,000 Options to Mr Gordon given these factors.

Accordingly, the Board recommends that the 2,000,000 Options be issued to Mr Gordon in recognition of his efforts to date and to better reflect the contribution Mr Gordon has made to the Company.

(B) Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of Options to Mr Gordon requires the Company to obtain Shareholder approval in accordance with Chapter 2E of the Corporations Act, because the grant of Options constitutes giving a financial benefit and as a Director, Mr Gordon, is a related party of the Company.

It is the view of the Board (other than Mr Gordon who has a material personal interest in the Resolution) that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Options to Mr Gordon.

(C) Listing Rule 10.11

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Options to Mr Gordon involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options to Mr Gordon as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Options to Mr Gordon will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

(D) Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Options:

- (a) The related party is Mr Anthony Edward Gordon and he is a related party by virtue of being a Director;
- (b) The maximum number of Options (being the nature of the financial benefit being provided) to be granted to Mr Gordon is 2,000,000 Options. If the Company's Shares are trading on the ASX at a higher price than the exercise price of the Options at the time of the exercise of the Options, the effect will be to give an immediate financial benefit to Mr Gordon at the time the Options are exercised;
- (c) The Options will be granted to Mr Gordon no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (d) The Options will be issued for nil cash consideration, accordingly no funds will be raised. The exercise price for the Options is \$0.20. Each Option will be granted and vest immediately upon receiving shareholder approval and will expire of 12 November 2017;
- (e) The Options will be issued on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum. All Shares issued upon exercise of any Options will rank equally with and on the same terms and conditions as the Company's existing Shares;
- (f) There will be no funds raised from the issue of the Options. Any funds raised from the exercise of the Options will be used for the working capital requirements of the Company;
- (g) An estimate of the value of the Options proposed to be issued pursuant to Resolution 11 using the Black Scholes option pricing model has been calculated as set out below:

Related Party	Number of Options	Total Value using Black Scholes Model Based on Grant Date of 12 November 2014
Mr Anthony Edward Gordon	2,000,000	\$40,000

The Options have been calculated using the following assumptions:

- (i) Risk free interest rate of 2.98%;
 - (ii) Current Share price of \$0.11 as at valuation date being 25 September 2014;
 - (iii) Dividend yield of 0%;
 - (iv) Forecast volatility of 50%
 - (v) Option exercise price of \$0.20; and
 - (vi) Option term of three (3) years.
- (h) Option term of three (3) years. The relevant interests of Mr Gordon in securities of the Company is set out below:

Related Party	Shares (i)	Performance Rights	Options
Mr Anthony Edward Gordon	72,000	Nil	Nil

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Gordon will be issued with 1,000,000 ordinary fully paid Shares in accordance with this Notice and Explanatory Statement.
- (i) The remuneration and emoluments from the Company to Mr Gordon for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	2015 Financial Year	2014 Financial Year
<i>Mr Anthony Edward Gordon</i>		
Salary	\$34,000	\$34,500
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non-cash)	\$120,000 (i)	Nil
Options (non-cash)	\$40,000 (ii)	Nil

- (i) The valuation of \$120,000 for Shares is the subject of a separate Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Shares have not been issued and Mr Gordon has not yet received this benefit.
- (ii) The valuation of \$40,000 for Options is the subject of this Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Options have not been issued and Mr Gordon has not yet received this benefit.

- (j) If the Options are issued to Mr Gordon, the direct and indirect interest of Mr Gordon in Shares and Options in the Company will be as follows:

Related Party	Shares (i)	Performance Rights	Options
Mr Anthony Edward Gordon	72,000	Nil	2,000,000

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Gordon will be issued with 1,000,000 ordinary fully paid Shares in accordance with this Notice and Explanatory Statement.

- (k) If the Options are issued to Mr Gordon and exercised, the number of Shares on issue will increase from 296,745,179 to 298,745,179 (assuming that no other options are exercised, no Performance Rights are vested and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the Date of this Notice of Meeting	Options to be Issued	Dilutionary Effect Upon Issue of Options
Mr Anthony Edward Gordon	296,745,179	2,000,000	0.67%

- (l) The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	\$0.12	19 September 2014
Lowest	\$0.04	2 December 2013
Last	\$0.11	24 September 2014

- (m) The purpose of the proposed issue of Options to Mr Gordon is in recognition of Mr Gordon's commitment and contribution to the Company's development to date in his role as a Non-Executive Director and to provide an added incentive to Mr Gordon to contribute to increasing Shareholder value. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed.

(E) Australian International Financial Reporting Standards

Under AASB 2 Share Based Payments pursuant to the application of Australian International Financial Reporting Standards (AIFRS), the Company is required to recognise the fair value of Options granted to Directors, employees, consultants and other advisors as an expense on a pro-rata basis over the vesting period of each Option in the Company's Income Statement with a corresponding adjustment to equity on the Company's Balance Sheet. Using the assumed Option value derived from the Black Scholes option pricing calculations set out above in this Explanatory Memorandum the impact of the issue of Options on the Company's Income statement for the financial year ended 30 June 2015 under Resolution 9 would be as follows:

Related Party	Resolution Number	Assumed Value of Options	30 June 2015 Income Statement
Mr Anthony Edward Gordon	Resolution 11	\$40,000	\$8,402

It should be noted that the actual expense amounts may differ from those set out above if the assumptions underlying the Black Scholes Pricing Model at the date of the issue of the Options vary from those set out above.

(F) Directors' Recommendation

- (a) Mr Anthony Edward Gordon declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution.
- (b) Mr Andrew James Morgan recommends that Shareholders vote in favour of Resolution 11 on the basis that the Options provide effective consideration to Mr Gordon for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Gordon are reasonable to the Company.
- (c) Mr Roland Wayne Nice recommends that Shareholders vote in favour of Resolution 11 on the basis that the Options provide effective consideration to Mr Gordon for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Gordon are reasonable to the Company.
- (d) Mr Russell Henry Krause recommends that Shareholders vote in favour of Resolution 11 on the basis that the Options provide effective consideration to Mr Gordon for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Gordon are reasonable to the Company.
- (e) The Board (other than Mr Gordon) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

RESOLUTION 12 – APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO RELATED PARTY – MR ROLAND WAYNNE NICE

Resolution 12 seeks Shareholder approval for the Company to issue a total of 1,000,000 ordinary fully paid Shares at a deemed value of \$0.12 per Share, to Mr Roland Wayne Nice or his nominee for no consideration.

(A) General

As part of a remuneration and past work recognition review undertaken by the Board, the Company has agreed, to issue a total of 1,000,000 Shares to Mr Roland Wayne Nice on the terms and conditions set out below. The Company's Share price at the date of the review was trading at and around \$0.11.

The purpose of the proposed issue of ordinary Shares is in recognition of Mr Nice's contribution to the Company's development to date in his role as a Non-Executive Director and to provide an added incentive to him to contribute to increasing Shareholder value.

The Board has made the decision to issue the ordinary shares to Mr Nice on the basis of an assessment of Mr Nice's contribution to the Company and also considered that Mr Nice's continuing involvement and contribution to the Company, taking into account the fact that the Company operates with a relatively small number of Directors, will be significant in achieving sustainable growth in Shareholder value. The Board also took into account Mr Nice's existing remuneration package (details of which are set out below in Section (D), paragraph (i) with regard to Resolution 12 of this Explanatory Memorandum). The Board determined that it is appropriate to issue 1,000,000 Shares to Mr Nice given these factors.

Accordingly, the Board recommends that the 1,000,000 Shares be issued to Mr Nice in recognition of his efforts to date and to better reflect the contribution Mr Nice has made to the Company.

(B) Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of Shares to Mr Nice requires the Company to obtain Shareholder approval in accordance with Chapter 2E of the Corporations Act, because the grant of Shares constitutes giving a financial benefit and as a Director, Mr Nice, is a related party of the Company.

It is the view of the Board (other than Mr Nice who has a material personal interest in the Resolution) that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Shares to Mr Nice.

(C) Listing Rule 10.11

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Shares to Mr Nice involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Shares to Mr Nice as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Shares to Mr Nice will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

(D) Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

Pursuant to, and in accordance, with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares:

- (a) The related party is Mr Roland Wayne Nice and he is a related party by virtue of being a Director;
- (b) The maximum number of Shares (being the nature of the financial benefit being provided) to be granted to the Mr Nice is 1,000,000 Shares;
- (c) The Shares will be granted to Mr Nice no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) The Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) The Shares will be fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) The issue price of the Shares is an issue price of nil per Share. The deemed value of the Shares calculated at a price of \$0.12 per Share is \$120,000;
- (g) No loan will be provided in respect of the issue of the Shares as they are being issued to Mr Nice in consideration for services provided to the Company;
- (h) The relevant interests of Mr Nice in securities of the Company is set out below:

Related Party	Shares	Performance Rights	Options (i)
Mr Roland Wayne Nice	100,000	Nil	Nil

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Nice will be issued with 2,000,000 Options in accordance with this Notice and Explanatory Statement.
- (i) The remuneration and emoluments from the Company to Mr Nice for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	2015 Financial Year	2014 Financial Year
<i>Mr Roland Wayne Nice</i>		
Salary	Nil	Nil
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non-cash)	\$120,000 (i)	Nil
Options (non-cash)	\$40,000(ii)	Nil

- (i) The valuation of \$120,000 for Shares is the subject of this Resolution and is subject to Shareholder approval. The Shares have not been issued and Mr Nice has not yet received this benefit.
- (ii) The valuation of \$40,000 for Options is the subject of a separate Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Options have not been issued and Mr Nice has not yet received this benefit.
- (j) If the Shares are issued to Mr Nice, the number of Shares on issue will increase from 296,745,179 to 297,745,179 (assuming that no other options are exercised, no Performance Rights are vested and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the Date of this Notice of Meeting	Shares to be Issued	Dilutionary Effect Upon Issue of Shares
Mr Roland Wayne Nice	296,745,179	1,000,000	0.34%

- (k) The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	\$0.12	19 September 2014
Lowest	\$0.04	2 December 2013
Last	\$0.11	24 September 2014

- (l) The primary purpose of the issue of the Shares to Mr Nice is to provide remuneration to Mr Nice for his commitment and contribution to the Company in his role as Non-Executive Director. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.

(E) Directors' Recommendation

- (a) Mr Roland Wayne Nice declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution.
- (b) Mr Andrew James Morgan recommends that Shareholders vote in favour of Resolution 12 on the basis that the Shares provide effective consideration to Mr Nice for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Nice are reasonable to the Company.
- (c) Mr Anthony Edward Gordon recommends that Shareholders vote in favour of Resolution 12 on the basis that the Shares provide effective consideration to Mr Nice for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Nice are reasonable to the Company.
- (d) Mr Russell Henry Krause recommends that Shareholders vote in favour of Resolution 12 on the basis that the Shares provide effective consideration to Mr Nice for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Nice are reasonable to the Company.
- (e) The Board (other than Mr Nice) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

RESOLUTION 13 – APPROVAL OF PROPOSED ISSUE OF OPTIONS TO RELATED PARTY – MR ROLAND WAYNNE NICE

Resolution 13 seeks Shareholder approval for the Company to issue a total of 2,000,000 Options to Mr Roland Wayne Nice or his nominee for no consideration.

(A) General

The purpose of the proposed issue of Options to Mr Nice is in recognition of Mr Nice's commitment and contribution to the Company's development to date in his role as a Non-Executive Director and to provide an added incentive to Mr Nice to contribute to increasing Shareholder value.

Each Option proposed to be issued is exercisable into one Share upon payment of the exercise price of \$0.20. All the options will be granted, exercisable and vest immediately upon obtaining Shareholder approval and have an expiry date of 12 November 2017. Unexercised Options will lapse on their expiry date.

Details of the key terms of the Options are set out in Schedule 2 to this Explanatory Memorandum.

The Board has made the decision to issue the Options to Mr Nice on the basis of an assessment of Mr Nice's contribution to the Company and also considered that Mr Nice's continuing involvement and contribution to the Company, taking into account the fact that the Company operates with a relatively small number of Directors, will be significant in achieving sustainable growth in Shareholder value. The Board also took into account Mr Nice's existing remuneration package (details of which are set out below in Section (D), paragraph (i) with regard to Resolution 13 of this Explanatory Memorandum). The Board determined that it is appropriate to issue 2,000,000 Options to Mr Nice given these factors.

Accordingly, the Board recommends that 2,000,000 Options be issued to Mr Nice in recognition of his efforts to date and to better reflect the contribution Mr Nice has made to the Company.

(B) Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of Options to Mr Nice requires the Company to obtain Shareholder approval in accordance with Chapter 2E of the Corporations Act, because the grant of Options constitutes giving a financial benefit and as a Director, Mr Nice, is a related party of the Company.

It is the view of the Board (other than Mr Nice who has a material personal interest in the Resolution) that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Options to Mr Nice.

(C) Listing Rule 10.11

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Options to Mr Nice involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options to Mr Nice as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Options to Mr Nice will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

(D) Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Options:

- (a) The related party is Mr Roland Wayne Nice and he is a related party by virtue of being a Director;
- (b) The maximum number of Options (being the nature of the financial benefit being provided) to be granted to the Mr Nice is 2,000,000 Options. If the Company's Shares are trading on the ASX at a higher price than the exercise price of the Options at the time of the exercise of the Options, the effect will be to give an immediate financial benefit to Mr Nice at the time the Options are exercised;
- (c) The Options will be granted to Mr Nice no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (d) The Options will be issued for nil cash consideration, accordingly no funds will be raised. The exercise price for the Options is \$0.20. Each Option will be granted and vest immediately upon receiving Shareholder approval and will expire of 12 November 2017;
- (e) The Options will be issued on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum. All Shares issued upon exercise of any Options will rank equally with and on the same terms and conditions as the Company's existing Shares;
- (f) There will be no funds raised from the issue of the Options. Any funds raised from the exercise of the Options will be used for the working capital requirements of the Company;
- (g) An estimate of the value of the Options proposed to be issued pursuant to Resolution 13 using the Black Scholes Option Pricing Model has been calculated as set out below:

Related Party	Number of Options	Total Value using Black Scholes Model Based on Grant Date of 12 November 2014
Mr Roland Wayne Nice	2,000,000	\$40,000

The Options have been calculated using the following assumptions:

- (i) Risk free interest rate of 2.98%;
 - (ii) Current Share price of \$0.11 as at valuation date being 25 September 2014;
 - (iii) Dividend yield of 0%;
 - (iv) Forecast volatility of 50%;
 - (v) Option exercise price of \$0.20; and
 - (vi) Option term of three (3) years.
- (h) Option term of three (3) years The relevant interests of Mr Nice in securities of the Company is set out below:

Related Party	Shares (i)	Performance Rights	Options
Mr Roland Wayne Nice	100,000	Nil	Nil

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Nice will be issued with 1,000,000 ordinary fully paid Shares in accordance with this Notice and Explanatory Statement.
- (i) The remuneration and emoluments from the Company to Mr Nice for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	2015 Financial Year	2014 Financial Year
<i>Mr Roland Wayne Nice</i>		
Salary	Nil	Nil
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non-cash)	\$120,000 (i)	Nil
Options (non-cash)	\$40,000 (ii)	Nil

- (i) The valuation of \$120,000 for Shares is the subject of a separate Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Shares have not been issued and Mr Nice has not yet received this benefit.
- (ii) The valuation of \$40,000 for Options is the subject of this Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Options have not been issued and Mr Nice has not yet received this benefit.

(j) If the Options are issued to Mr Nice, the direct and indirect interest of Mr Nice in Shares and Options in the Company will be as follows:

Related Party	Shares (i)	Performance Rights	Options
Mr Roland Wayne Nice	100,000	Nil	2,000,000

(i) As at the date of this Notice, however, subject to Shareholder approval Mr Nice will be issued with 1,000,000 ordinary fully paid Shares in accordance with this Notice and Explanatory Statement.

(k) If the Options are issued to Mr Nice and exercised, the number of Shares on issue will increase from 296,745,179 to 298,745,179 (assuming that no other options are exercised, no Performance Rights are vested and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the Date of this Notice of Meeting	Options to be Issued	Dilutionary Effect Upon Issue of Options
Mr Roland Wayne Nice	296,745,179	2,000,000	0.67%

(l) The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	\$0.12	19 September 2014
Lowest	\$0.04	2 December 2013
Last	\$0.11	24 September 2014

(m) The purpose of the proposed issue of Options to Mr Nice is in recognition of Mr Nice's commitment and contribution to the Company's development to date in his role as a Non-Executive Director and to provide an added incentive to Mr Nice to contribute to increasing Shareholder value. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed.

(E) Australian International Financial Reporting Standards

Under AASB 2 Share Based Payments pursuant to the application of Australian International Financial Reporting Standards (AIFRS), the Company is required to recognise the fair value of Options granted to Directors, employees, consultants and other advisors as an expense on a pro-rata basis over the vesting period of each Option in the Company's Income Statement with a corresponding adjustment to equity on the Company's Balance Sheet. Using the assumed Option value derived from the Black Scholes option pricing calculations set out above in this Explanatory Memorandum the impact of the issue of Options on the Company's Income Statement for the financial year ended 30 June 2015 under Resolution 9 would be as follows:

Related Party	Resolution Number	Assumed Value of Options	30 June 2015 Income Statement
Mr Roland Wayne Nice	Resolution 13	\$40,000	\$8,402

It should be noted that the actual expense amounts may differ from those set out above if the assumptions underlying the Black Scholes pricing model at the date of the issue of the Options vary from those set out above.

(F) Directors' Recommendation

(a) Mr Roland Wayne Nice declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution.

- (b) Mr Andrew James Morgan recommends that Shareholders vote in favour of Resolution 13 on the basis that the Options provide effective consideration to Mr Nice for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Nice are reasonable to the Company.
- (c) Mr Anthony Edward Gordon recommends that Shareholders vote in favour of Resolution 13 on the basis that the Options provide effective consideration to Mr Nice for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Nice are reasonable to the Company.
- (d) Mr Russell Henry Krause recommends that Shareholders vote in favour of Resolution 13 on the basis that the Options provide effective consideration to Mr Nice for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Nice are reasonable to the Company.
- (e) The Board (other than Mr Nice) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

RESOLUTION 14 – APPROVAL OF PROPOSED ISSUE OF ORDINARY SHARES TO RELATED PARTY – MR RUSSELL HENRY KRAUSE

Resolution 14 seeks Shareholder approval for the Company to issue a total of 1,000,000 ordinary fully paid Shares at a deemed value of \$0.12 per Share, to Mr Russell Henry Krause or his nominee for no consideration.

(A) General

As part of a remuneration and past work recognition review undertaken by the Board, the Company has agreed, to issue a total of 1,000,000 Shares to Mr Russell Henry Krause on the terms and conditions set out below. The Company's Share price at the date of the review was trading at and around \$0.11.

The purpose of the proposed issue of ordinary shares is in recognition of Mr Krause's contribution to the Company's development to date in his role as Non-Executive Director and Chairman and to provide an added incentive to him to contribute to increasing Shareholder value.

The Board has made the decision to issue the ordinary Shares to Mr Krause on the basis of an assessment of Mr Krause's contribution to the Company and also considered that Mr Krause's continuing involvement and contribution to the Company, taking into account the fact that the Company operates with a relatively small number of Directors, will be significant in achieving sustainable growth in Shareholder value. The Board also took into account Mr Krause's existing remuneration package (details of which are set out below in Section (D), paragraph (i) with regard to Resolution 14 of this Explanatory Memorandum). The Board determined that it is appropriate to issue 1,000,000 Shares to Mr Krause given these factors.

Accordingly, the Board recommends that the 1,000,000 Shares be issued to Mr Krause in recognition of his efforts to date and to better reflect the contribution Mr Krause has made to the Company.

(B) Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of Shares to Mr Krause requires the Company to obtain Shareholder approval in accordance with Chapter 2E of the Corporations Act, because the grant of Shares constitutes giving a financial benefit and as a Director, Mr Krause, is a related party of the Company.

It is the view of the Board (other than Mr Krause who has a material personal interest in the Resolution) that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Shares to Mr Krause.

(C) Listing Rule 10.11

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Shares to Mr Krause involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Shares to Mr Krause as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Shares to Mr Krause will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

(D) Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Shares:

- (a) The related party is Mr Russell Henry Krause and he is a related party by virtue of being a Director;
- (b) The maximum number of Shares (being the nature of the financial benefit being provided) to be granted to the Mr Krause is 1,000,000 Shares;
- (c) The Shares will be granted to Mr Krause no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) The Shares will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) The Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) The issue price of the Shares is an issue price of nil per Share. The deemed value of the Shares calculated at a price of \$0.12 per Share is \$120,000;
- (g) No loan will be provided in respect of the issue of the Shares as they are being issued to Mr Krause in consideration for services provided to the Company;
- (h) The relevant interests of Mr Krause in securities of the Company is set out below:

Related Party	Shares	Performance Rights	Options (i)
Mr Russell Henry Krause	Nil	Nil	Nil

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Krause will be issued with 2,000,000 Options in accordance with this Notice and Explanatory Statement.
- (i) The remuneration and emoluments from the Company to Mr Krause for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	2015 Financial Year	2014 Financial Year
<i>Mr Russell Henry Krause</i>		
Salary	\$60,000	\$60,000
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non-cash)	\$120,000 (i)	Nil
Options (non-cash)	\$40,000(ii)	Nil

- (i) The valuation of \$120,000 for Shares is the subject of this Resolution and is subject to Shareholder approval. The Shares have not been issued and Mr Krause has not yet received this benefit.
- (ii) The valuation of \$40,000 for Options is the subject of a separate Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Options have not been issued and Mr Krause has not yet received this benefit.
- (j) If the Shares are issued to Mr Krause, the number of Shares on issue will increase from 296,745,179 to 297,745,179 (assuming that no other options are exercised, no Performance Rights are vested and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the Date of this Notice of Meeting	Shares to be Issued	Dilutionary Effect Upon Issue of Shares
Mr Russell Henry Krause	296,745,179	1,000,000	0.34%

- (k) The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	\$0.12	19 September 2014
Lowest	\$0.04	2 December 2013
Last	\$0.11	24 September 2014

- (l) The primary purpose of the issue of the Shares to Mr Krause is to provide remuneration to Mr Krause for his commitment and contribution to the Company in his role as Non-Executive Director and Chairman. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Shares upon the terms proposed.

(E) Directors' Recommendation

- (a) Mr Russell Henry Krause declines to make a recommendation to Shareholders in relation to Resolution 14 due to his material personal interest in the outcome of the Resolution.
- (b) Mr Andrew James Morgan recommends that Shareholders vote in favour of Resolution 14 on the basis that the Shares provide effective consideration to Mr Krause for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director and Chairman of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Krause are reasonable to the Company.
- (c) Mr Anthony Edward Gordon recommends that Shareholders vote in favour of Resolution 14 on the basis that the Shares provide effective consideration to Mr Krause for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director and Chairman of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Krause are reasonable to the Company.
- (d) Mr Roland Wayne Nice recommends that Shareholders vote in favour of Resolution 14 on the basis that the Shares provide effective consideration to Mr Krause for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director and Chairman of the Company. The Shares are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Shares to Mr Krause are reasonable to the Company.
- (e) The Board (other than Mr Krause) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

RESOLUTION 15 – APPROVAL OF PROPOSED ISSUE OF OPTIONS TO RELATED PARTY – MR RUSSELL HENRY KRAUSE

Resolution 15 seeks Shareholder approval for the Company to issue a total of 2,000,000 Options to Mr Russell Henry Krause or his nominee for no consideration.

(A) General

The purpose of the proposed issue of Options to Mr Krause is in recognition of Mr Krause's commitment and contribution to the Company's development to date in his role as a Non-Executive Director and Chairman and to provide an added incentive to Mr Krause to contribute to increasing Shareholder value.

Each Option proposed to be issued is exercisable into one Share upon payment of the exercise price of \$0.20. All the Options will be granted, exercisable and vest immediately upon obtaining Shareholder approval and have an expiry date of 12 November 2017. Unexercised Options will lapse on their expiry date.

Details of the key terms of the Options are set out in Schedule 2 to this Explanatory Memorandum.

The Board has made the decision to issue the Options to Mr Krause on the basis of an assessment of Mr Krause's contribution to the Company and also considered that Mr Krause's continuing involvement and contribution to the Company, taking into account the fact that the Company operates with a relatively small number of Directors, will be significant in achieving sustainable growth in Shareholder value. The Board also took into account Mr Krause's existing remuneration package (details of which are set out below in Section (D), paragraph (i) with regard to Resolution 15 of this Explanatory Memorandum). The Board determined that it is appropriate to issue 2,000,000 Options to Mr Krause given these factors.

Accordingly, the Board recommends that the 2,000,000 Options be issued to Mr Krause in recognition of his efforts to date and to better reflect the contribution Mr Krause has made to the Company.

(B) Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of Options to Mr Krause requires the Company to obtain Shareholder approval in accordance with Chapter 2E of the Corporations Act, because the grant of Options constitutes giving a financial benefit and as a Director, Mr Krause, is a related party of the Company.

It is the view of the Board (other than Mr Krause who has a material personal interest in the Resolution) that the exceptions set out in Sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the issue of Options to Mr Krause.

(C) Listing Rule 10.11

ASX Listing Rule 10.11 also requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Options to Mr Krause involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Options to Mr Krause as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Options to Mr Krause will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

(D) Technical information required by Chapter 2E of the Corporations Act and ASX Listing Rule 10.13

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Options:

- (a) The related party is Mr Russell Henry Krause and he is a related party by virtue of being a Director;
- (b) The maximum number of Options (being the nature of the financial benefit being provided) to be granted to Mr Krause is 2,000,000 Options. If the Company's Shares are trading on the ASX at a higher price than the exercise price of the Options at the time of the exercise of the Options, the effect will be to give an immediate financial benefit to Mr Krause at the time the Options are exercised;
- (c) The Options will be granted to Mr Krause no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (d) The Options will be issued for nil cash consideration, accordingly no funds will be raised. The exercise price for the Options is \$0.20. Each Option will be granted and vest immediately upon receiving shareholder approval and will expire of 12 November 2017;
- (e) The Options will be issued on the terms and conditions set out in Schedule 2 to this Explanatory Memorandum. All Shares issued upon exercise of any Options will rank equally with and on the same terms and conditions as the Company's existing Shares;
- (f) There will be no funds raised from the issue of the Options. Any funds raised from the exercise of the Options will be used for the working capital requirements of the Company;
- (g) An estimate of the value of the Options proposed to be issued pursuant to Resolution 15 using the Black Scholes Option Pricing Model has been calculated as set out below:

Related Party	Number of Options	Total Value using Black Scholes Model Based on Grant Date of 12 November 2014
Mr Russell Henry Krause	2,000,000	\$40,000

The Options have been calculated using the following assumptions:

- (i) Risk free interest rate of 2.98%;
 - (ii) Current Share price of \$0.11 as at valuation date being 25 September 2014;
 - (iii) Dividend yield of 0%;
 - (iv) Forecast volatility of 50%;
 - (v) Option exercise price of \$0.20; and
 - (vi) Option term of three (3) years.
- (h) The relevant interests of Mr Krause in securities of the Company is set out below:

Related Party	Shares (i)	Performance Rights	Options
Mr Russell Henry Krause	Nil	Nil	Nil

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Krause will be issued with 1,000,000 ordinary fully paid Shares in accordance with this Notice and Explanatory Statement.
- (i) The remuneration and emoluments from the Company to Mr Krause for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	2015 Financial Year	2014 Financial Year
<i>Mr Russell Henry Krause</i>		
Salary	\$60,000	\$60,000
Short term cash payments (bonus)	Nil	Nil
Superannuation	Nil	Nil
Shares (non-cash)	\$120,000 (i)	Nil
Options (non-cash)	\$40,000 (ii)	Nil

- (i) The valuation of \$120,000 for Shares is the subject of a separate Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Shares have not been issued and Mr Krause has not yet received this benefit.
- (ii) The valuation of \$40,000 for Options is the subject of this Resolution in accordance with this Notice and Explanatory Statement and is subject to Shareholder approval. The Options have not been issued and Mr Krause has not yet received this benefit.

- (j) If the Options are issued to Mr Krause, the direct and indirect interest of Mr Krause in Shares and Options in the Company will be as follows:

Related Party	Shares (i)	Performance Rights	Options
Mr Russell Henry Krause	Nil	Nil	2,000,000

- (i) As at the date of this Notice, however, subject to Shareholder approval Mr Krause will be issued with 1,000,000 ordinary fully paid Shares in accordance with this Notice and Explanatory Statement.

- (k) If the Options are issued to Mr Krause and exercised, the number of Shares on issue will increase from 296,745,179 to 298,745,179 (assuming that no other options are exercised, no Performance Rights are vested and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Related Party	Issued Shares as at the Date of this Notice of Meeting	Options to be Issued	Dilutionary Effect Upon Issue of Options
Mr Russell Henry Krause	296,745,179	2,000,000	0.67%

- (l) The trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	\$0.12	19 September 2014
Lowest	\$0.04	2 December 2013
Last	\$0.11	24 September 2014

- (m) The purpose of the proposed issue of Options to Mr Krause is in recognition of Mr Krause's commitment and contribution to the Company's development to date in his role as a Non-Executive Director and Chairman and to provide an added incentive to Mr Krause to contribute to increasing Shareholder value. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Options upon the terms proposed.

(E) Australian International Financial Reporting Standards

Under AASB 2 Share Based Payments pursuant to the application of Australian International Financial Reporting Standards (AIFRS), the Company is required to recognise the fair value of Options granted to Directors, employees, consultants and other advisors as an expense on a pro-rata basis over the vesting period of each Option in the Company's Income Statement with a corresponding adjustment to equity on the Company's Balance Sheet. Using the assumed Option value derived from the Black Scholes option pricing calculations set out above in this Explanatory Memorandum the impact of the issue of Options on the Company's Income Statement for the financial year ended 30 June 2015 under Resolution 9 would be as follows:

Related Party	Resolution Number	Assumed Value of Options	30 June 2015 Income Statement
Mr Russell Henry Krause	Resolution 15	\$40,000	\$8,402

It should be noted that the actual expense amounts may differ from those set out above if the assumptions underlying the Black Scholes Pricing Model at the date of the issue of the Options vary from those set out above.

(F) Directors' Recommendation

- (a) Mr Russell Henry Krause declines to make a recommendation to Shareholders in relation to Resolution 15 due to his material personal interest in the outcome of the Resolution.
- (b) Mr Andrew James Morgan recommends that Shareholders vote in favour of Resolution 15 on the basis that the Options provide effective consideration to Mr Krause for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director and Chairman of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Krause are reasonable to the Company.
- (c) Mr Anthony Edward Gordon recommends that Shareholders vote in favour of Resolution 15 on the basis that the Options provide effective consideration to Mr Krause for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director and Chairman of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Krause are reasonable to the Company.
- (d) Mr Roland Wayne Nice recommends that Shareholders vote in favour of Resolution 15 on the basis that the Options provide effective consideration to Mr Krause for his ongoing commitment and past and future contribution to the Company as a Non-Executive Director and Chairman of the Company. The Options are an appropriate form of incentive and remuneration to maximise returns to Shareholders and the terms of the proposed issue of Options to Mr Krause are reasonable to the Company.
- (e) The Board (other than Mr Krause) are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

RESOLUTION 16 – APPROVAL OF 10% PLACEMENT FACILITY

ASX Listing Rule 7.1A enables eligible entities to issue “equity securities” up to 10% of its issued Share capital through placements over a 12 month period after the Annual General Meeting (10% Placement Facility). The 10% Placement Facility is in addition to the Company’s 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity as it is not included in the A&P/ASX 300 Index and has a current market capitalisation of approximately \$35.6 million.

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

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

As disclosed in the Company’s previous Annual Reports and Quarterly Activity Reports, the Company continues to actively seek funding to commence work on its Mt Carbine Hard Rock Project and key exploration assets. Should the Company utilise the 10% Placement Facility, the Company may seek to issue the Equity Securities for the following purposes:

- (i) non-cash consideration in relation to costs associated with the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
- (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of resource assets or investments (which may include costs associated with due diligence and engagement of advisors in assessing new resource assets) and/or continued development on the Company’s existing resource assets in Australia (the Mt Carbine Hard Rock Project) or to meet additional working capital requirements.

Resolution 16 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Directors of the Company believe that Resolution 16 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

Description of ASX Listing Rule 7.1A

(a) *Shareholder Approval*

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

(b) *Equity Securities*

Any equity securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of equity securities of the Company.

The Company, as at the date of the Notice, has on issue Shares and Unlisted Options (Convertible Securities).

(c) *Formula for Calculating the 10% Placement Facility*

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

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

A is the number of Shares on issue 12 months before the date of issue or agreement:

- a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- b) plus the number of partly paid Shares that became fully paid in the 12 months;
- c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rule 7.1 or 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- d) less the number of fully paid Shares cancelled in the 12 months.

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

D is 10%

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

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

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

In accordance with Listing Rule 7.1, as at the date of this Notice, the Company currently has on issue 296,745,179 Shares, subject to Shareholder approval being sought and received under Resolutions 3, 4, 5, 6 & 7 to refresh the Company's 15% capacity, the Company will therefore have a new capacity to issue 44,511,776 equity securities.

Subject to Shareholder approval being sought under Resolution 16, under Listing Rule 7.1A the Company requests an additional 10% capacity which will increase the total number of equity securities that can be placed without Shareholder approval to 74,186,293 for the next 12 months.

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

(e) Minimum Issue Price

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

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) if the equity securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the equity securities are issued.

(f) 10% Placement Period

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

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

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

Listing Rule 7.1A

The effect of Resolution 16 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Specific information required by Listing Rule 7.3A

In accordance with Listing Rule 7.3A, information is provided as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 16 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

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

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

Number of Shares on issue	Dilution			
	Issue Price (per Share)	\$0.055 (50% decrease in current issue price)	\$0.11 (Current issue price)	\$0.165 (50% increase in current issue price)
296,745,179 Current	Shares issued (10% Dilution)	29,674,518 Shares	29,674,518 Shares	29,674,518 Shares
	Funds raised	\$1,632,098	\$3,264,197	\$4,896,295
445,117,769 (50% Increase)*	Shares issued (10% Dilution)	44,511,776 Shares	44,511,776 Shares	44,511,776 Shares
	Funds raised	\$2,448,147	\$4,896,295	\$7,344,442
593,490,358 (100% Increase)*	Shares issued (10% Dilution)	59,349,036 Shares	59,349,036 Shares	59,349,036 Shares
	Funds raised	\$3,264,197	\$6,528,394	\$9,792,591

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the Equity Securities;
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder’s holding at the date of the Meeting.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) The issue price is \$0.11 being the closing price of Shares on the ASX on 25 September 2014.
- (e) The Company will only issue the Equity Securities during the 10% Placement Period. The approval of Resolution 16 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change of the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
 - (f) The Company may seek to issue the Equity Securities for the following purposes:
 - (i) non-cash consideration in relation to costs associated with the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of resource assets or investments (which may include costs associated with due diligence and engagement of advisors in assessing new resource assets) and/or continued development on the Company’s existing resource assets in Australia (the Mt Carbine Hard Rock Project) or to meet additional working capital requirements.

- (g) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (h) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
 - (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from corporate, financial and broking advisers (if applicable).
- (i) The allottees under the 10% Placement Facility have not been determined as at the date of the Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an associate of a related party of the Company. Further, if the Company is successful in acquiring new resources assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.
- (j) The Company has not previously sought or obtained Shareholder approval under Listing Rule 7.1A.
- (k) A voting exclusion statement is included in the Notice.
- (l) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

SCHEDULE 1 – DEFINITIONS

AGM or **Annual General Meeting** means the Annual General Meeting to be held at 11:00am on 12 November 2014 and notified to Shareholders by this Notice.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited or the Australian Securities Exchange, as the context requires.

Board means the Board of Directors.

Chairman means the Chairman of the Board.

Company means Carbine Tungsten Limited (ABN 77 115 009 106).

Constitution means the constitution of the Company as amended from time to time.

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

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

Director means a director of the Company.

Employee Share Plan or ESP means the proposed Carbine Tungsten Employee Share Plan, described in the Explanatory Memorandum.

Explanatory Notes means the explanatory notes incorporated in this Notice.

Group or **Group Company** mean the Company and a body corporate that is a subsidiary of the Company within the meaning of Section 9 of the Corporations Act.

Key Management Personnel has the same meaning given in the accounting standards. Broadly speaking this includes the Directors and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The 2014 Annual Financial Report identifies the Key Management Personnel for the financial year ended 30 June 2014.

Melbourne Time means the time in Melbourne, Victoria, Australia.

Notice means this notice, incorporating the Explanatory Notes.

Resolution means a resolution set out in the Notice.

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

Shareholder means the holder of a Share.

SCHEDULE 2 – GENERAL TERMS AND CONDITIONS OF UNLISTED OPTIONS

Each Option (**Option**) shall entitle the holder of the Option (**Option Holder**) to subscribe for and be issued one fully paid ordinary Share (**Share**) in Carbine Tungsten Limited ACN 115 009 106 (the **Company**) on the terms and conditions set out below:

1. Each Option is exercisable at any time after the date of granting of the Option to a date up to and including 12 November 2017 (**Option Period**) and if the Option is not exercised on or prior to the expiry of the Option Period, the Option shall lapse and any consideration payable shall be forfeited.
2. The Options may be exercised wholly or in part by giving notice in writing (**Notice of Exercise**) to the B0oard at any time during the Option Period.
3. Options shall only be exercisable in multiples of 100. Within 10 business days of the exercise of the Option the Company shall apply for the Shares to be admitted for quotation on the Official List of Australian Securities Exchange Limited.
4. The exercise price for each Option, being **AUD \$0.20 (Exercise Price)** is payable immediately on exercise.
5. On receipt by the Company of the Notice of Exercise and payment of the relevant Exercise Price, the Company must, within 14 days, issue to the Option Holder the number of Shares in respect of which the and dispatch the relevant Share certificate or other appropriate acknowledgment as soon as reasonably practicable thereafter.
6. Shares issued on the exercise of any Options will rank equally in all respects with the then existing issued ordinary fully paid Shares in the Company and will be subject to the provisions of the Constitution of the Company.
7. An Option does not confer rights to participate in new issues of securities of the Company, unless the Option Holder has first exercised the Option.
8. Adjustments to the number of Shares over which Options are exercisable and/or the Exercise Price will be made to take account of changes to the capital structure of the Company by way of pro rata bonus and cash issues as follows:

(a) Pro-Rata Cash issues

Where a pro-rata issue is made (except a bonus issue) to the holders of underlying securities, the Exercise Price of an Option may be reduced according to the following formula:

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

where:

X = the new exercise price of the Option.

Y = the old exercise price of the Option.

E = the number of underlying securities into which one Option is Exercisable.

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

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

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

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

(b) Pro-Rata Bonus Issues

If there is a bonus issue to the holders of the underlying securities, on the exercise of any Options, the number of Shares received will include the number of bonus Shares that would have been issued if the Options had been exercised prior to the record date for bonus issues. The Exercise Price will not change.

9. In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company the rights of an Option Holder will be changed to the extent necessary to comply with the listing rules applying to a reorganisation of capital at the time of the reorganisation, in a manner which will not result in any benefits being conferred on Option Holders which are not conferred on Shareholders.
10. If during the currency of any Options and prior to their exercise a takeover offer or a takeover announcement (within the meaning of the *Corporations Act 2001, as amended*) is made to holders of Shares then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying the Option Holder of the offer and from the date of such notification the Option Holder has 60 days within which to exercise the Options notwithstanding any other terms and conditions applicable to the Options of arrangement. If the Options are not exercised within 60 days after the notification of the offer, the Options may be exercised at any other time according to their terms of issue. If an offer for the Shares is made to Shareholders of the Company pursuant to a scheme of arrangement which has been approved in accordance with the *Corporations Act 2001, as amended*, the Option Holder will be entitled to exercise Options held by them within the period notified by the Company.
11. Notices may be given by the Company to the Option Holder in the manner prescribed by the Constitution of the Company for the giving of notices to the Shareholders of the Company and the relevant provisions of the Constitution of the Company will apply with all necessary modification to notices to be given to the Option Holder.
12. The Option Holder will be sent all reports and accounts required to be laid before Shareholders in general meeting and all notices of general meeting of Shareholders, but will not have any right to attend or vote at these meetings.



CARBINE TUNGSTEN

ABN 77 115 009 106

┌ 000001 000 CNQ
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

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

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

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

For all enquiries call:

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

Proxy Form

For your vote to be effective it must be received by 11:00am (Melbourne time) Monday, 10 November 2014

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions

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

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

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

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

Attending the Meeting

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

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

Turn over to complete the form →



View the annual report or update your securityholding, 24 hours a day, 7 days a week:

<http://www.investorcentre.com>

- Access the annual report
- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



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

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Carbine Tungsten Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Carbine Tungsten Limited to be held at Presidents Room at the Rendezvous Grand Hotel, 328 Flinders Street, Melbourne, Victoria on Wednesday, 12 November 2014 at 11:00am (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 1,8,9,10,11,12,13,14 &15 (except where I/we have indicated a different voting intention below) even though Items 1,8,9,10,11,12,13,14 &15 connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 1,8,9,10,11,12,13,14 &15 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

		For	Against	Abstain		For	Against	Abstain
1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To re-elect a Director – Mr Anthony Edward Gordon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Approval of prior issue of ordinary shares – Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval of prior issue of ordinary shares – Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	Approval of prior issue of options - Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	Approval of prior issue of ordinary shares – Historical Employment Contracts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	Approval of prior issue of ordinary shares – Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	Approval of proposed issue of ordinary shares to related party – Mr Andrew James Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
9	Approval of proposed issue of options to related party – Mr Andrew James Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____