

# GOLDEN CROSS RESOURCES LTD

## ABN 65 063 075 178

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### NOTICE OF 2015 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of the members of Golden Cross Resources Ltd (the **Company**) will be held at History House, 133 Macquarie St, Sydney, NSW at 2.00 pm Sydney time on 16 December 2015 to consider the following business:

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#### **1 Financial Report**

To receive and consider the Financial Report of the Company and the reports of the Directors and Auditor for the year ended 30 June 2015.

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#### **2 Re-election of Ms Jingmin Qian as a Director**

To consider and, if thought fit, pass as an Ordinary Resolution:

*“To re-elect as a Director of the Company Ms Jingmin Qian, being a Director retiring by rotation in accordance with Rule 17.2 of the Constitution, and who offers herself for re-election.”*

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#### **3 Adoption of Remuneration Report**

To consider and, if thought fit, pass as a non-binding resolution:

*“To adopt the Remuneration Report for the year ended 30 June 2015.”*

Further information in relation to the Resolutions is set out in the Explanatory Notes on the accompanying pages.

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#### **4 Issue of securities to Simulus Group Pty Limited**

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

*“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company to issue up to 5,000,000 fully paid ordinary shares to Simulus Group Pty Limited or its nominee in consideration for services at a deemed issue price of \$0.07 per Share, and otherwise on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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#### **5 Issue of securities to Service Providers and others**

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

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*“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company to issue up to 10,000,000 fully paid ordinary shares to unrelated persons in consideration for services and to meet other project costs for a pre-feasibility study for the Company’s Copper Hill project at a deemed issue price per Share equal to the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before the date of invoicing for services or other project costs, and otherwise on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**6 Issue of securities to Unrelated Third Parties**

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

*“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company to issue up to 20,000,000 fully paid ordinary shares, with 1 free attaching option for every 2 Shares issued, to unrelated investors at an issue price of not less than \$0.07 per Share and otherwise on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**7 Issue of securities to HQ Mining Resources Holding Pty Limited**

To consider, and if thought fit if Resolutions 4 to 6 are approved, to pass the following as an ordinary resolution:

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the Company to issue such number of fully paid ordinary shares, with 1 free attaching option for every 2 Shares issued, to HQ Mining Resources Holding Pty Limited, an entity controlled by Mr Xiaoming Li, a Director, being no more than 9,465,887 Shares, so that its voting power is maintained after issue of the Shares the subject of Resolutions 4 to 7 and 9 to 14, at an issue price of not less than \$0.07 per Share and otherwise on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**8 Pro rata issue of Bonus Options**

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

*“That for all purposes, Shareholder approval is given for the Company to undertake a pro rata bonus issue for the issue of one Bonus Option for every two fully paid ordinary shares held on the date 5 business days after the date of the Meeting and otherwise on the terms set out in the Explanatory Memorandum.”*

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**9 Issue of securities to HQ Mining Resources Holding Pty Ltd upon conversion of a loan**

To consider, and if thought fit if Resolutions 4 to 6 are approved, to pass the following as an ordinary resolution:

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the Company to issue 2,142,857 fully paid ordinary shares to HQ Mining Resources Holding Pty Ltd, an entity controlled by Mr Xiaoming Li, a Director, in consideration of the conversion of a loan at a deemed issue price of \$0.07, being the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were*

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recorded before 12 November 2015 and otherwise on the terms set out in the Explanatory Memorandum.”

A voting exclusion statement is set out below.

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**10 Issue of securities to Mr Ian Buchhorn upon conversion of a loan**

To consider, and if thought fit if Resolutions 4 to 6 are approved, to pass the following as an ordinary resolution:

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the Company to issue 2,142,857 fully paid ordinary shares to Mr Ian Buchhorn, a Director, in consideration of the conversion of a loan at a deemed issue price of \$0.07, being the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before 12 November 2015 and otherwise on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**11 Issue of securities to Mr Neil Fearis in lieu of Director’s fees**

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

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the Company to issue up to 357,143 fully paid ordinary shares to Mr Neil Fearis, a Director, in lieu of directors’ fees at a deemed issue price of \$0.07 per Share, being the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before 12 November 2015 and otherwise on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**12 Issue of securities to Mr Mark Sykes, in lieu of Director’s fees**

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

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the Company to issue up to 357,143 fully paid ordinary shares to Mr Mark Sykes, a Director, in lieu of directors’ fees at a deemed issue price of \$0.07 per Share, being the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before 12 November 2015 and otherwise on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**13 Issue of securities to Mr Ian Buchhorn, in lieu of Director’s fees**

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

*“That for the purposes of Listing Rule 10.11 and for all other purposes, Shareholder approval is given for the Company to issue up to 357,143 fully paid ordinary shares to Mr Ian Buchhorn, a Director, in lieu of directors’ fees at a deemed issue price of \$0.07 per Share, being the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before 12 November 2015 and otherwise on the terms set out in the Explanatory Memorandum.”*

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A voting exclusion statement is set out below.

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**14 Issue of securities to Mr Ken Hellsten**

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

*“That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholder approval is given for the Company to issue 543,734 fully paid ordinary shares to Mr Ken Hellsten or his nominee at a deemed issue price of \$0.07 per Share, being the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before the Last Practicable Date) and otherwise on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**15 Ratification of prior securities issues**

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

*“That for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 488,800 Shares on the terms set out in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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**16 Increase in Remuneration Pool for Non-executive Directors**

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

*“That for the purposes of rule 20.1 of the Constitution and ASX Listing Rule 10.17, the maximum aggregate amount of remuneration that may be paid to non-executive directors of the Company in any year be increased from \$300,000 to \$500,000.”*

A voting exclusion statement is set out below.

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**17 Approval of 10% Placement Facility**

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

*“That, for the purposes of 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 the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.”*

A voting exclusion statement is set out below.

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## VOTING PROHIBITION AND EXCLUSION STATEMENT

The Corporations Act prohibits votes being cast (in any capacity) on the following resolutions by any of the following persons:

Resolution	Persons Excluded from Voting
Resolution 3 – Remuneration Report (Non-Binding)	<p>A vote on this Resolution must not be cast (in any capacity) by or on behalf of the following persons:</p> <p>(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or</p> <p>(b) a Closely Related Party of such member.</p>

However, a person 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:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) 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 this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

### Listing Rule 14.11

Under Listing Rule 14.11, the Company will disregard any votes cast on the following Resolutions by the following persons:

Resolution	Persons excluded from voting
Resolutions 4 to 6 and 14 – Issue of Securities	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
Resolutions 7, 9 to 13 – Issue of Securities to Related Parties	A person who is to receive securities in relation to the Company and any associate of that person.
Resolution 15 – Ratification of prior securities issue	A person who participated in the issue and their associates.
Resolution 16 – Increase in Remuneration Pool for Non-executive Directors	A director of the Company and their associates.

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Resolution 17 – Approval of 10% Placement Facility	A person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
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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.

Under section 250BD of the Corporations Act, the Company will also disregard any votes cast on Resolutions 11 to 14 and 16 by a member of the Key Management Personnel or their Closely Related Parties as proxy for another person where the proxy form does not specify how the proxy is to vote, with the exception that votes cast by the Chairman as proxy appointed in writing, in accordance with a direction on the proxy form to vote as the proxy decides, will not be excluded.

The directors invite shareholders and guests to join them for afternoon tea after the meeting.

by order of the Board.

Carl Hoyer  
**Company Secretary**

13 November 2015

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## **ACTION TO BE TAKEN BY SHAREHOLDERS**

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

## **VOTING ENTITLEMENTS**

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the meeting, Shares will be taken to be held by those persons recorded on the Company's Share register at 7.00pm Sydney time on Monday 14 December 2015. This means that any person not the registered holder of a relevant Share at that time will not be entitled to attend and vote at the meeting.

## **CORPORATE REPRESENTATIVE**

Shareholders who are bodies corporate may appoint a person to act as their corporate representative at the Meeting by providing that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as the body corporate's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

An appointment of corporate representative form is available from the website of the Company's share registry ([www.boardroomlimited.com.au/form.php](http://www.boardroomlimited.com.au/form.php)).

## **PROXIES**

A member entitled to attend and vote is entitled to appoint not more than two persons as his or her proxy to attend and vote instead of the member. A proxy need not be a member of the Company.

If more than one proxy is appointed, the proxy form may specify the proportion or number of the member's votes that each proxy may exercise. If the proxy form does not specify a proportion or number of votes then each proxy may exercise half of the member's votes.

To be effective, proxy forms must be received by the Company at the address or fax number appearing on this notice at least 48 hours before the time for commencement of the meeting.

A Proxy Form may be lodged in the following ways:

By Mail	Golden Cross Resources Ltd 304/66 Berry Street North Sydney NSW 2060
By Facsimile	+ 61 2 9482 8488
By Hand	Golden Cross Resources Ltd 304/66 Berry Street North Sydney NSW 2060
By Email	Scan and email to: <a href="mailto:carolyn.jacobs@goldencross.com.au">carolyn.jacobs@goldencross.com.au</a>

## EXPLANATORY MEMORANDUM

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### 1 Resolutions 1, 2, and 3 – AGM business

#### 1.1 Introduction

Shareholders who elected to receive printed copies of the 2015 Annual Report of the Company (including the Financial Report of the Company and the reports of the Directors and Auditor for the year ended 30 June 2015) will do so simultaneously or will have done so before their receipt of this notice. Those reports are also available on the Company's website at [www.goldencross.com.au](http://www.goldencross.com.au).

Included in the 2015 Annual Report of the Company is the Directors' Report, which includes:

- (a) Details of the qualifications, experience, and special responsibilities of Ms Qian.
- (b) The Remuneration Report of the Company, including remuneration details of Directors and Key Management Personnel.

Shareholders will have a reasonable opportunity for discussion of the Remuneration Report at the meeting. While there is a requirement for a formal resolution on this item under section 250R(2) of the Corporations Act 2001, the resolution is advisory only. It does not bind the Company or Directors, although Directors will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

#### 1.2 Consequences of voting against the Remuneration Report

Under the Corporations Act, if 25% 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 meetings on a resolution to hold a further meeting at which all of the Company's Directors (other than the Managing Director) who were in office at the time the Remuneration Report was approved by the Board must vacate office (but will still be eligible for re-election).

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### 2 Resolutions 4 to 8 – Copper Hill Funding Package

#### 2.1 Introduction

As announced on 16 November 2015, the Board is proposing a funding package for the Company to complete a Pre-feasibility Study (**PFS**) for the Company's Copper Hill copper-gold project in New South Wales. The funding package will raise up to approximately \$3 million (excluding funds raised if the Bonus Options are exercised), consisting of:

- (a) engaging service providers to provide exploration, metallurgical test work, studies and meeting other project costs for Copper Hill, to be paid through the issue of up to 15,000,000 Shares. To date the Company has agreed essential commercial terms with Simulus Group, a well-regarded metallurgical laboratory for services to a value of \$350,000 to be paid through the issue of Shares at an issue price of \$0.07 per Share, subject to formal documentation and Shareholder approval;
- (b) issuing up to 20,000,000 Shares at not less than \$0.07 per Share, with 1 free attaching Option for every 2 Shares issued, to unrelated sophisticated investors (including existing Shareholders) to raise up to \$1,400,000. To date the Company has received commitments for \$511,000;

- (c) an invitation to HQ Mining Resources Holding Pty Limited (an entity controlled by Mr Xiaoming Li, a Director (together with its associates, **HQ Mining**) to subscribe for such number of Shares so that its current voting power (23.4%) is maintained after Shares are issued under Resolutions 4 to 7 and 9 to 14, at an issue price of not less than \$0.07 per Share, with 1 free attaching Option for every 2 Shares issued; and
- (d) a pro rata bonus issue of Options (with an exercise price of \$0.07) through the issue of 1 Bonus Option for every 2 Shares held. The Bonus Options will vest on 24 December 2016 (when it is anticipated that the PFS will be completed for Copper Hill, and its results may be reflected in the Company's then Share price) and expire on 24 March 2017,

(together the **Feasibility Study Funding Package**).

Assuming full subscription under the issues the subject of Resolutions 4 to 7 and all Bonus Options being exercised, up to approximately \$8.5 million will be raised. These funds will partially fund the next stage of development for Copper Hill, whilst minimising dilution for existing Shareholders.

The Board believes that the Feasibility Study Funding Package will allow the Company to build upon the positive Scoping Study completed in April 2015. The PFS will investigate the viability of a 2-3 million tonne per annum mining and processing operation<sup>1</sup> based on the central higher grade mineralisation at Copper Hill and include a review of several optimisation opportunities identified in the scoping study. This program includes metallurgical testwork, mining and closure studies, hydrological evaluation, processing studies, baseline environmental programs, infrastructure requirements, product transport and realisation components, PFS-level engineering, securing infrastructure, determining other project development components necessary such as environmental approvals and mining lease applications, infill drilling, and development of a preliminary project timeline for development should the PFS confirm a potentially viable development. The PFS is expected to be completed within 9 to 12 months from Shareholders approving the Feasibility Study Funding Package.

The Board (other than Messrs Li and Wang) believe that the Feasibility Study Funding Package and progressing the Copper Hill project provide an attractive alternative to the proposed takeover bid by HQ Mining, as set out in a letter to the Company dated 22 October 2015 (announced to ASX on 26 October 2015). Your independent Directors' formal recommendations on the HQ Mining bid, should it materialise, will be contained in a target statement which will be accompanied by an independent expert's report on whether the bid is fair and reasonable to those Shareholders not aligned to HQ Mining. However, at this stage, and based on information presently available to them, your independent Directors believe that the proposed bid price of 7 cents per Share does not represent fair value and would accordingly recommend against acceptance.

Furthermore, the Board believes that the Company's current Share price undervalues the potential of Copper Hill and that the market is yet to properly price the Company's Shares. The Feasibility Study Funding Package has been structured to raise additional capital at a price comparable to HQ Mining's proposed bid price whilst also giving Eligible Shareholders an opportunity to later participate through the exercise of Bonus Options at the same price.

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<sup>1</sup> See announcement to ASX on 24 March 2015 and 15 April 2015. All material assumptions underpinning the production target continue to apply and have not been materially changed. The Company is not aware of any new information or data that materially affects the information included in those announcements.

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Shareholders should note that a possible consequence of approving the Feasibility Study Funding Package would be to trigger a condition in HQ Mining's proposed bid, entitling HQ Mining to discontinue with the bid (if one is to be made).

## 2.2 Proposed issues for contract services and project costs with Simulus and others

The Company has agreed essential commercial terms with Simulus Group to provide metallurgical services to the Company with a value of up to \$700,000, subject to formal documentation and Shareholder approval; with \$350,000 of the contract to be satisfied through the issue of 5 million Shares at \$0.07 per Share. It is proposed that the Shares will be issued two equal tranches; with the first upon the commencement of work and the balance progressively as invoices are presented (subject to ASX waiver with respect to Shares issued outside the period 3 months from the Meeting).

The Company is seeking arrangements with other service providers (unrelated), who are prepared to provide services for the PFS paid through the issue of Shares at an issue price equal to the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before the date of invoicing for contract services.

## 2.3 Unrelated Party Placement to raise up to \$1.4 million

The Company is seeking to raise up to \$1.4 million through the issue of up to 20 million Shares at \$0.07 per Share from unrelated investors (**Unrelated Party Placement**). As at the date of this Notice the Company has entered into placing agreements for the issue of 7.3 million Shares, raising \$511,000.

No person may increase their voting power in the Company to 20% or more as a result of the Unrelated Party Placement.

## 2.4 Placement to HQ Mining

HQ Mining currently has a voting power of 23.43% in the Company, and with its associates is the Company's largest Shareholder.

To avoid dilution, the Company has proposed to HQ Mining that, subject to Shareholder approval, it subscribe for such number of Shares so that it is not diluted as a result of the issue of Shares under the Feasibility Study Funding Package with such Shares to be issued within one month of the Meeting. If accepted, Shares would be on the same terms as under the Unrelated Party Placement, namely at an issue price of not less than \$0.07 per Share with 1 free attaching Option for every 2 Shares issued.

By limiting HQ Mining's participation in the Feasibility Study Funding Package, the Board seeks to balance the interests of HQ Mining (by avoiding dilution) and the interests of other Shareholders to prevent HQ Mining increasing its voting power in the Company at the current Share price. As at the date of this Notice of Meeting HQ Mining is yet to respond to the proposal and the independent Directors have decided to put the Resolution to Shareholders in the event HQ Mining wishes to take up the proposal and informs the Company of its intention prior to the Meeting. There is a risk that HQ Mining may not participate in the Feasibility Study Funding Package.

Schedule 3 of this Explanatory Memorandum sets out the capital structure under various scenarios following completion of the Feasibility Study Funding Package (assuming Shares are issued within 1 month of the Meeting). The precise number of any Shares to be issued to HQ Mining will depend upon the extent to which the Company is able to place Shares approved

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under Resolutions 4 to 6 and 10 to 14. Following are indicative worked examples under certain scenarios where HQ Mining elects to fully participate in the Feasibility Study Funding Package:

Scenarios, assuming Resolutions 4 to 7 and 9 to 14 are approved	Number of Shares issued to HQ Mining
Maximum number of Shares are issued under those Resolutions	9,465,887
Minimum number of Shares are issued under those Resolutions	4,052,991
Maximum number of Shares are issued under Resolutions 4 and 5, and the minimum number of Shares are issued under the remaining Resolutions (being 16,630,915 Shares in total)	5,572,895
Minimum number of Shares are issued under Resolutions 4 and 5, and the maximum number of Shares are issued under the remaining Resolutions (being 31,688,708 Shares in total)	7,930,688

The Board (other than Messrs Li and Wang) considers that the placement to HQ Mining falls within the arm's length exception to seeking Chapter 2E approval, as the terms of the placement are the same as the Unrelated Party Placement so that Shareholder approval is not required under Chapter 2E of the Corporations Act. Messrs Li and Wang have not participated in Board deliberations on the proposed placement.

## 2.5 Pro rata issue of Bonus Options

The final component of the Feasibility Study Funding Package is a pro-rata bonus issue of Bonus Options to shareholders on the Record Date with a registered address in Australia or New Zealand (**Eligible Shareholders**), on the basis of 1 Bonus Option for every 2 Shares held on the record date of 23 December 2015.

The Bonus Options will be issued for nil consideration and have an exercise price of \$0.07 per Bonus Option. The Bonus Options will vest (i.e. can be exercised) on 24 December 2016 and have a term of 3 months. The full terms of the Bonus Options are set out in schedule 2 to this Notice of Meeting, and are the same as the free attaching Options to be issued under the Unrelated Party Placement and to HQ Mining.

The intention of the pro rata Bonus Options issue is to allow existing Shareholders to participate in the Feasibility Study Funding Package whilst also giving them an opportunity to first assess the success of the PFS. Shareholders will benefit if the PFS is successful and the Company's Share price increases, as the Bonus Options will "be in the money".

The Company has determined that it would be unreasonable to extend the issue to Shareholders with a registered address outside Australia or New Zealand, and Shareholders outside these countries will not be issued Bonus Options.

The proposed timetable for the Bonus Issue will be as follows:

Ex-date for Bonus Options entitlements and deferred settlement trading commences	21 December 2015
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Record Date to determine entitlements	23 December 2015
Bonus Options issued	24 December 2015
Bonus Options vest	24 December 2016
Bonus Options expire	24 March 2017

The above timetable is indicative only and may change, subject to the Corporations Act and Listing Rules.

The Bonus Issue will be made under a prospectus that will be lodged and sent to all Eligible Shareholders as soon as practicable (**Prospectus**). The Company will rely upon ASIC Class Order 00/1092 so that Eligible Shareholders do not have to complete an application form and ASIC Class Order 00/843 so the Company may issue Bonus Options during the exposure period following lodgment of the Prospectus.

The issue of Bonus Options is a pro rata issue made to all Eligible Shareholders, and the Company will rely upon exception 1 of Listing Rule 7.2 and exception 1 of Listing Rule 10.12 to make the issue. Nevertheless and as a matter of good corporate governance, the Company seeks Shareholder approval for the issue.

## 2.6 Effect of approving Resolutions 4 to 8 on HQ Mining's indicative bid

As noted above, HQ Mining has given the Company a letter setting out the terms of an indicative non-binding. Those terms include the absence of any "prescribed occurrence". A "prescribed occurrence" includes the issue of securities by a target company.

HQ Mining's proposal was received immediately following the extraordinary general meeting of Shareholders held on 22 October 2015 which appointed 3 new independent Directors. As at the date of this Notice, no bidder's statement has been received from HQ Mining and the Company does not know if or when any bid will be made by HQ Mining.

If Shareholders approve Resolutions 4 and 6, the Company will be contractually obliged to issue securities, and in doing so a "prescribed occurrence" will occur. HQ Mining may, if it makes a bid, rely upon this to discontinue with the bid (if one were to be made between this notice and the Meeting).

## 2.7 Effect of the proposed transaction on the Company, including capital structure and use of funds

An indicative capital structure and pro forma statement of financial position for the Company following the security issues contemplated by Resolutions 4 to 14 is set out in schedule 3 and 4 to this Notice of Meeting respectively.

Existing Shareholders will be diluted from 54.8% of the Company to 35.8%, assuming the maximum number of Shares the subject of Resolutions 4 to 14 are issued, and all free attaching and Bonus Options are exercised.

## 2.8 The Board's recommendations

The Board (other than Ms Jingmin Qian and Messrs Li and Wang) recommends that Shareholders vote in favour of Resolutions 4 to 8, as they will allow the Company to advance

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Copper Hill and, through the Bonus Issue allow Eligible Shareholders an opportunity to participate in any Share price appreciation as a result of that work.

Ms Qian does not support Resolutions 6 and 7 in so far as the proposed placements include the issue of 1 free attaching Option for every 2 Shares issued to unrelated parties and HQ Mining. Messrs Li and Wang do not recommend that Shareholders vote in favour of Resolutions 4 to 6 and 8 because they consider those Resolutions are unnecessarily dilutive to existing Shareholders, in particular when alternative capital raising structures could have been undertaken, and appear designed to frustrate HQ Mining's proposed takeover bid.

## 2.9 Listing Rule disclosures

Listing Rule 7.1 limits the number of securities a company can issue in a 12 month period to 15% of its issued share capital, except for certain issues, including pro rata issues or with prior shareholder approval. Furthermore, Listing Rule 7.9 requires an entity to obtain shareholder approval prior to issuing securities within 3 months of receiving a takeover proposal. The effect of passing Resolutions 4 to 8 will be to allow the Directors to issue securities in accordance with the Resolutions without those securities being included in the 15% limit (if required) and to also comply with Listing Rule 7.9.

## 2.10 Resolutions 4, 5 and 6 (issue of securities to Simulus, service providers and unrelated parties)

For the purposes of Listing Rule 7.3, the following information is provided about the issues the subject of Resolutions 4, 5 and 6:

- (a) The maximum number of securities to be issued is:
  - (i) Simulus – up to 5 million Shares.
  - (ii) service providers and others for PFS costs under Resolution 5 – up to 10 million Shares.
  - (iii) placement to unrelated investors under Resolution 6 – up to 20 million Shares with one free attaching Option for every two Shares issued.
- (b) The date by which the securities will be issued as follows:
  - (i) Simulus – commercial terms have been agreed that 50% of the Shares will be issued upon the later of Shareholder approval and work commencing, and the balance progressively as invoices are presented within 3 months following the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
  - (ii) Service providers and others – the Shares will be issued progressively as invoices are presented within 3 months following the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). Securities issued as consideration for other project costs will be issued within 3 months from the date of Shareholder approval.
  - (iii) Placement to unrelated investors – as soon as practicable following the Meeting, and by no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.

- (c) The issue price is as follows:
- (i) Simulus – \$0.07.
  - (ii) Service Providers and others – the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before the date of the invoice to be satisfied through the issue of Shares.
  - (iii) Placement to unrelated investors – no less than \$0.07.
- (d) Funds raised under the issue of Shares will be used to repay the loans announced on 23 September 2015 (if Resolutions 9 and/or 10 are not passed, or if HQ Mining does not agree to be issued Shares in repayment of the \$150,000 loan made by HQ Mining to the Company) and to fund the PFS for Copper Hill. Funds raised upon exercise of the Bonus Options will be used to advance the Copper Hill project, including a Feasibility Study.
- (e) It is intended that the securities will be issued to:
- (i) service providers and others –metallurgical contractors for up to 5 million Shares and other service providers as consideration for other PFS costs for up to 10 million Shares; and
  - (ii) placement to unrelated investors – unrelated investors identified by the Directors;
- (f) The terms of the securities issued are fully paid ordinary shares which rank equally with Shares on issue. The terms of the Options are the same as the Bonus Options and are set out in schedule 2 to this explanatory memorandum.
- (g) A voting exclusion statement is included in the Notice of Meeting.

## **2.11 Resolution 7 – issue of securities to HQ Mining under same terms as under the Unrelated Party Placement**

Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party. If shareholder approval is obtained under Listing Rule 10.11, shareholder approval is not required under Listing Rule 7.1 and the proposed issue will not be included in 15% annual limit permitted by Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided about the issues the subject of Resolution 7:

- (a) It is intended that the securities will be issued to HQ Mining or its nominee;
- (b) HQ Mining is a related party of the Company as it is an entity controlled by Mr Xiaoming Li, a Director of the Company;
- (c) The maximum number of Shares that may be issued under the placement to HQ Mining is 9,465,887 Shares, being the maximum number of Shares that can be issued to HQ Mining so that it's voting power does not change as a result of the Feasibility Study Funding Package (excluding the issue of Shares upon exercise of the Bonus Options), with one free attaching Option for every two Shares issued.

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- (d) The securities will be issued as soon as practicable following the Meeting, and by no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (e) The issue price is no less than \$0.07 per Share with 1 free attaching Option for every 2 Shares issued.
- (f) The Shares are fully paid ordinary shares and rank equally with Shares on issue. The terms of the free attaching Options are the same as the Bonus Options set out at schedule 2 to this explanatory memorandum.
- (g) Funds raised from the issue of Shares will be used to repay the loans announced on 23 September 2015 (if Resolutions 9 and/or 10 are not passed, or if HQ Mining does not agree to be issued Shares in repayment of the \$150,000 loan made by HQ Mining to the Company) and, if warranted, to fund the PFS for Copper Hill and working capital. Funds raised upon exercise of the Bonus Options will be used to advance the Copper Hill project, including a Feasibility Study.

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### **3 Resolution 9 and 10 – Issue of Shares to HQ Mining and Mr Buchhorn upon conversion of loan**

#### **3.1 Introduction**

On 23 September 2015 the Company announced that it had borrowed \$150,000 from each of HQ Mining and Mr Buchhorn. The loans were interest-free and repayable upon the earlier of 30 June 2016 and the Company raising in aggregate \$500,000 through the issue of Shares.

Should Resolutions 4 to 6 be approved, the Feasibility Study Funding Package will raise more than \$500,000 through the issue of Shares, and the obligation under the HQ Mining and Buchhorn loans to repay the loans triggered. Rather than receiving cash and subject to the Listing Rules, Mr Buchhorn has agreed to be repaid through the issue of Shares, and Resolution 10 seeks Shareholder approval for this. The Company has invited HQ Mining to also be issued Shares in repayment of its loan, although HQ Mining is yet to respond. Resolution 9 will be put to Shareholders unless HQ Mining advises the Company prior to the Meeting that it is not prepared to accept Shares in satisfaction of its loan.

The Board (other Messrs Li, Wang and Buchhorn):

- (a) consider that the placement to HQ Mining and Mr Buchhorn fall within the arm's length exception to seeking Chapter 2E approval on the basis that the issue price under Resolutions 9 and 10 is inferior to the placements the subject of Resolution 6; and
- (b) recommend that Shareholders vote in favour of Resolutions 9 and 10 as the loans will be repaid whilst conserving the Company's cash for use on the Copper Hill Project and for working capital.

Messrs Li and Wang do not support Resolution 9 as they consider the proposed issue to Mr Buchhorn to be an unreasonably dilutive issue of shares to a related party. Messrs Li and Wang have not participated in Board deliberations on Resolution 9.

#### **3.2 Information required by Listing Rule 10.13**

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

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- (a) The securities will be issued to HQ Mining (an entity controlled by Mr Xiaoming Li, a Director) and Ian Buchhorn, a Director, both related parties of the Company, or their nominees.
- (b) The maximum number of Shares to be issued to each of HQ Mining and Mr Buchhorn is 2,142,857,287 Shares.
- (c) The Shares will be issued as soon as practicable and no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (d) The Shares will be issued for a deemed issue price of \$0.07, being the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before the Latest Practicable Date. The Shares to be issued are fully paid ordinary shares in the capital of the Company.
- (e) A voting exclusion statement is included in the Notice of Meeting.
- (f) The issue is in satisfaction of loans by HQ Mining and Ian Buchhorn to the Company and no funds will be raised.

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#### **4 Resolutions 11 to 13 –Directors remuneration**

The Board has agreed that the Company's Interim Chairman and each other Director would receive director's fees of \$75,000 and \$50,000 respectively.

In order to conserve the Company's funds, Messrs Neil Fearis, Mark Sykes and Ian Buchhorn (together **Relevant Directors**) have agreed to accept up to 50% of their director's fees as fully paid ordinary Shares in the Company in lieu of full-cash directors' fees in respect of the period from 16 December 2015 to 30 June 2016.

The value of the Shares to be issued to each of the Relevant Directors pursuant to Resolutions 11 to 13 will be \$25,000.

##### **4.1 Information required by Listing Rule 10.13**

For the purposes of Listing Rule 10.13, the following information is provided about the proposed issue:

- (a) The securities will be issued to the Relevant Directors.
- (b) The maximum number of Shares to be issued to each of the Relevant Directors is 357,143 Shares each.
- (c) The Shares will be issued no later than 1 month after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (d) The Shares will be issued for a deemed issue price of \$0.07, being the volume weighted average market price (as defined in the Listing Rules) over the last 5 days on which sales of Shares were recorded before the Latest Practicable Date. The Shares to be issued are fully paid ordinary shares in the capital of the Company.

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- (e) All Shares allotted pursuant to Resolutions 11 to 13 shall rank equally in all respects (including rights in respect of dividends) with existing ordinary Shares.
- (f) A voting exclusion statement is included in the Notice.
- (g) The issue is in lieu of full cash directors' fees. Accordingly, no funds will be raised by the issue.

Mr Robert Thomson considers the proposed issue to be reasonable remuneration in the Company's and Relevant Directors' circumstances so that Shareholder approval is not required under Chapter 2E of the Corporations Act.

#### **4.2 Directors' recommendation**

Mr Thomson recommends that Shareholders vote in favour of Resolutions 11 to 13, as the issue will conserve the Company's cash for use on the Copper Hill Project and for working capital. Ms Qian declines to make a recommendation. Messrs Li and Wang do not support the Resolutions (in relation to the issue of securities to Messrs Fearis and Sykes in lieu of directors' fees) as they did not consider that it was appropriate to cause the previously approved rights issue to give way to appointing Messrs Fearis and Sykes to the Board, their appointment has increased the amount required to be paid to Directors by \$150,000 per annum (when taking into account the appointment of Mr Thomson) and the effect of the Resolution will be unreasonably dilutive to existing Shareholders.

Messrs Fearis, Sykes and Buchhorn have an interest in the Resolutions and decline to give a recommendation.

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### **5 Resolution 14 – Issue of Shares to Mr Hellsten in part payment under employment contract**

#### **5.1 Introduction**

Under his employment contract, the Company's interim Chief Executive Officer, Mr Ken Hellsten, is entitled to be paid a daily rate of \$1,400 (less taxation) in cash and \$400 through the issue of Shares at an issue price equal to the five day volume weighted average price at the time the Shares are issued; being at the end of each month.

As at the date of this Notice of Meeting, the Company is obliged to issue Mr Hellsten 543,734 Shares under his employment contract.

#### **5.2 Information required by Listing Rule 7.3**

For the purposes of Listing Rule 7.3, the following information is provided about the proposed issue:

- (a) The maximum number of securities to be issued is 543,734 Shares.
- (b) The Shares will be issued as soon as practicable following the Meeting and by no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue will occur on the same date.
- (c) The deemed issue price is \$0.07.

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- (d) The Shares are being issued in part payment under Mr Hellsten's employment contract and no funds will be raised by the issue.
- (e) The Shares will be issued to Mr Ken Hellsten, the Company's Interim Chief executive officer. Mr Hellsten is not a related party of the Company.
- (f) The Shares are fully paid ordinary Shares and rank equally with all other Shares on issue.
- (g) A voting exclusion statement is included in the Notice of Meeting.

### **5.3 Directors' recommendation**

The Board unanimously recommends that Shareholders vote in favour of Resolution 14. This will allow the Company to fulfil its obligations under the employment contract with Mr Hellsten.

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## **6 Resolution 15 – Ratification of prior Share issue**

### **6.1 Introduction**

On 3 June 2015 the Company issued a total of 488,800 Shares to staff in lieu of cash pursuant to their employment agreements.

These securities were issued to unrelated parties of the Company and within the 15% annual limit permitted by Listing Rule 7.1; and therefore without the need for Shareholder approval. The effect of Shareholders passing Resolution 15 and ratifying the issue will be to restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months.

### **6.2 Information required by Listing Rule 7.5**

For the purposes of Listing Rule 7.5, the following information is provided about the issue:

- (a) The number of securities issued by the Company was 488,800 Shares
- (b) Of the Shares issued, 37,676 Shares were issued at a deemed price of \$0.056 per Shares and 451,124 Shares were issued at deemed price of \$0.066 per Share.
- (c) The Shares are fully paid ordinary shares and rank equally with all other Shares on issue.
- (d) The securities were issued to the Company's staff in lieu of cash pursuant to their employment agreements.
- (e) No funds were raised by the issue.
- (f) A voting exclusion statement is included in the Notice.

### **6.3 Directors' recommendation**

The Board (other than Messrs Li and Wang) recommend that Shareholders vote in favour of Resolution 15. This will restore the 15% annual limit permitted by Listing Rule 7.1 and allow the Company to issue further securities without Shareholder approval. Messrs Li and Wang do not support the Resolution as they do not consider it appropriate to provide the Board with the power to undertake further dilutive placements, which the Resolution would enable.

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## 7 Resolution 16 – Increase in Non-executive Directors' fees cap

### 7.1 Introduction

Clause 20.1 of the Company's Constitution provides that the remuneration of the non-executive Directors will not be more than the aggregate fixed sum which is determined by a general meeting, or until so determined, such sum as determined by the Directors.

The Company last increased the fee pool in November 2014 prior to the appointment of three new non-executive Directors on 22 October 2015. The non-executive director's fee has not changed since 2004. The Chairman's remuneration has not changed since 2012. A majority of Directors believes an increased fee pool has allowed the Company to attract highly qualified Directors as may continue to be required in future as the Company's projects increasingly require additional Director skill sets.

The non-executive Director fee pool includes the cash value of any Shares issued under Resolutions 11 to 13. The pool is merely a cap and the current level of fees paid to non-executive Directors is significantly below this cap and will remain at that level for the foreseeable future.

### 7.2 Information required by Listing Rule 10.17

The maximum aggregate amount of Directors' fees that may be paid to all of the Company's non-executive Directors (including the value of any shares issued to Directors in lieu of cash fees, as contemplated by Resolutions 11-13) is currently \$300,000. Resolution 16 seeks to increase that fee pool from \$300,000 to \$500,000, being an increase of \$200,000.

Details of all securities issued to non-executive Directors under Listing Rule 10.11 or 10.14 with Shareholder approval within the preceding 3 years is as follows:

Name of Non-Executive Director	Number of securities issued in last 3 years	
	Shares	Options
Ian Buchhorn	157,457	250,000
Xiaoming Li	Nil	Nil
Yuanheng Wang	Nil	Nil
Jingmin Qian	Nil	250,000
Neil Fearis	Nil	Nil
Rob Thomson	Nil	Nil
Mark Sykes	Nil	Nil

A voting exclusion statement is included in the Notice of Meeting.

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### 7.3 Directors' recommendation

The Board (other than Messrs Li and Wang) decline to make a recommendation. Messrs Li and Wang do not support the Resolution as they consider that the proposed remuneration pool is too large given the situation of the company.

## 8 Resolution 17 – Approval of 10% Placement Facility

### 8.1 Introduction

ASX Listing Rule 7.1 provides that ASX listed companies may only issue securities up to 15% of the issued capital of the Company in any subsequent twelve month period without shareholder approval, except in certain circumstances (such as a pro rata rights issue under Listing Rule 7.2).

Listing Rule 7.1A allows eligible entities (including the Company) to seek shareholder approval by special resolution at an annual general meeting to increase that 15% capacity by 10% to a total of 25%. A special resolution requires the approval of seventy-five percent of the shareholders present and able to vote.

### 8.2 Information required by Listing Rule 7.3A

The issue price of any shares issued pursuant to the additional capacity must be no less than 75% of the volume weighted average price of the Company's shares during the 15 trading days on which trades in that class were recorded immediately before:

- (a) the date on which the issue price is agreed, or
- (b) if the shares are not issued within 5 trading days of that date, the date on which the shares are issued.

In considering whether to approve the motion, Shareholders should consider the risk of economic and voting dilution of existing Shareholders that may result from an issue of Shares pursuant to the additional capacity, including the risk that the market price of the Company's Shares may be significantly lower on the issue date than on the date of the annual general meeting considering the resolution (16 December 2015), and that the Shares may be issued at a price that is a discount to the market price for the Company's Shares on the issue date.

The following table sets out the dilution in voting power for existing Shareholders resulting from the issue of an additional 10% of Shares and the funds raised in certain hypothetical circumstances. As at the date of this notice, the Company has 101,078,493 Shares on issue. The most recent closing price of the Company's Shares before the preparation of this notice was \$0.07 per Share.

Variable in Listing Rule 7.1		Issue Price		
		\$0.035 (50% decrease)	\$0.070 (price at notice date)	\$0.140 (100% increase)
101,078,493 (current issued Shares)	10% of Shares: 10,107,849			
	Funds Raised	\$353,775	\$707,549	\$1,415,099

151,617,740 (current plus 50%)	10% of Shares: 15,161,774			
	Funds Raised	\$530,662	\$1,061,324	\$2,122,648
202,156,986 (current plus 100%)	10% of Shares: 20,215,699			
	Funds Raised	\$707,549	\$1,415,099	\$2,830,198

The table has been prepared on the following assumptions:

- (a) no listed Options (including any listed Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities; and
- (b) the issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes listed Options, it is assumed that those Listed Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.

The number of Shares on issue could rise because of share issues that do not require Shareholder approval, such as under a pro rata rights issue, or with Shareholder approval under ASX Listing Rule 7.1. Furthermore, the calculations above assume that the Company issues the maximum possible number of equity securities under the 10% placement capacity. They show the aggregate percentage dilutionary effect against the issued share capital at the time of issue but not the dilution to which any one particular Shareholder will be subject. Shareholders should have regard to their particular circumstances.

The additional capacity, if approved by Shareholders, expires on the first to occur of 16 December 2016 and the date of any Shareholder resolution pursuant to Listing Rule 11.1.2 or 11.2 being passed. The purposes of any issue of Shares pursuant to the additional capacity would be funding exploration, feasibility studies, working capital, or the acquisition of new exploration tenements or other resources assets. The Company may issue the Shares for non-cash consideration. In such events, the Company would obtain a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Shares pursuant to the additional capacity. The Company policy in allocating Shares pursuant to the additional capacity will depend upon market conditions at the time. It will have regard to factors including, but not only, the financial situation of the Company at that time and the effect of any issue upon the control of the Company. The recipients of any Shares pursuant to the additional capacity may include substantial Shareholders of the Company and new shareholders, but not related parties.

The Company previously sought and obtained approval under Listing Rule 7.1A at its annual general meeting on 28 November 2014. It has not allotted any other equity securities 10% Placement Facility since the date 12 months preceding the date of this meeting 16 December 2015.

The information required by Listing Rule 7.3A.6 is set out in schedule 1 to this explanatory memorandum.

### 8.3 Directors' recommendation

The Board (other than Messrs Li and Wang) recommend that Shareholders vote in favour of Resolution 17. This will allow the Company to place an additional 10% of its issued share capital of Australia the Company to issue further securities without Shareholder approval. Messrs Li and Wang do not support the Resolution as they do not consider is appropriate to provide the Board with the power to undertake further dilutive placements, which the Resolution would enable.

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## 9 Definitions

In this Notice of Meeting, unless the context otherwise requires:

<b>ASX</b>	means ASX Limited or the Australian Securities Exchange operated by ASX Limited, as the context requires.
<b>Board</b>	means the board of Directors.
<b>Bonus Issue</b>	means the offer to issue Bonus Options to Eligible Shareholders as set out in the Explanatory Memorandum..
<b>Bonus Option</b>	means a bonus issue of Options on the terms set out in in this Notice of Meeting.
<b>Constitution</b>	means the constitution of the Company as amended.
<b>Copper Hill Project</b>	means the Company's Copper Hill Project in New South Wales.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth) as amended.
<b>Director</b>	means a director of the Company.
<b>Eligible Shareholder</b>	has the meaning given to it in section 2.5.
<b>Equity Securities</b>	has the same meaning given in the Listing Rules.
<b>Feasibility Study Funding Package</b>	means the funding package consisting of the issues of securities the subject of Resolutions 4 to 8 to raise money for a PFS at the Company's Copper Hill Project.
<b>HQ Mining</b>	means HQ Mining Resources Holding Pty Limited and, where the context requires, its associates.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
<b>Latest Practicable Date</b>	means 12 November 2015.
<b>Listing Rules</b>	means the listing rules of the ASX.

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<b>Meeting</b>		means the meeting of Shareholders to be held on 16 December 2015
<b>Notice of Meeting or Notice</b>	or	means this notice of meeting dated 13 November 2015.
<b>Option</b>		means an option to be issued a Share.
<b>PFS</b>		means a pre-feasibility study for the Copper Hill Project.
<b>Proxy Form</b>		means the proxy form attached to this Notice.
<b>Record Date</b>		means the date to determine entitlements under the Bonus Issue, 23 December 2015.
<b>Relevant Directors</b>		means Neil Fearis, Mark Sykes and Ian Buchhorn.
<b>Remuneration Report</b>		means the remuneration report of the Company included in the Directors' Report section of the Company's Annual Report.
<b>Resolution</b>		means a resolution set out in the Notice.
<b>Share</b>		means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>		means a holder of a Share.
<b>Trading Days</b>		means a day determined by ASX to be a trading day in accordance with the Listing Rules.
<b>Unrelated Placement</b>	<b>Party</b>	the Share placement the subject of Resolution 6.

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**SCHEDULE 1 INFORMATION REQUIRED BY LISTING RULE 7.1A.3**

	<b>Issue 1</b>	<b>Issue 2</b>	<b>Issue 3</b>	<b>Issue 4</b>
Date of issue:	28/11/2014	1/12/2014	09/04/2015	03/06/15
Number issued:	500,000	307,457	5,791,949	488,800
Class/Type of equity security:	Unlisted employee options exercisable at \$0.14 on or before 28/11/2017	Fully paid ordinary shares	Fully paid ordinary shares	Fully paid ordinary shares
Summary of terms:	Any shares issued upon exercise of the employee options will rank equally with existing fully paid ordinary Shares	Shares rank equally with existing fully paid ordinary Shares	Shares rank equally with existing fully paid ordinary Shares	Shares rank equally with existing fully paid ordinary Shares
Names of persons who received securities or basis on which those persons was determined:	Ian Buchhorn Jingmin Qian	Ian Buchhorn David Timms Kerry McHugh	Eligible shareholders pursuant to the Company's Share Purchase Plan	Staff in lieu of cash pursuant to their employment agreements
Price:	Nil cash consideration	Nil cash consideration	\$0.06 per Share	Nil cash consideration
Discount to market price (if any):	N/A	N/A	15%	N/A
<b><u>For cash issues</u></b>				
Total cash consideration received:	N/A	N/A	\$347,518 (before costs)	N/A
Amount of cash consideration spent:	N/A	N/A	All	N/A
Use of cash consideration:	N/A	N/A	Working capital	N/A
Intended use for remaining	N/A	N/A	N/A	N/A

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amount of cash (if any):				
<b><u>For non-cash issues</u></b>				
Non-cash consideration paid:	500,000 options	307,457 Shares	N/A	488,800 Shares
Current value of that non-cash consideration:	\$10,500	\$21,829	N/A	\$34,705

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**SCHEDULE 2 TERMS OF BONUS OPTIONS AND FREE ATTACHING OPTIONS**

- 2.1 Each Option entitles the holder to be issued one fully paid ordinary share upon exercise.
- 2.2 The exercise price of the Options is \$0.07 each.
- 2.3 The Options will vest on 24 December 2016 and will expire on 24 March 2017 (**Expiry Date**) allowing exercise from the period 24 December 2016 to 24 March 2017. The Options may be exercised at any time prior to the expiry date, in whole or in part, upon payment of the exercise price per Option.
- 2.4 The Options will not be quoted and are not transferable.
- 2.5 The Company will provide to each Option holder a notice that is to be completed when exercising the Options (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise and forwarding the same to the Secretary of the Company to be received prior to the expiry date. The Notice of Exercise must state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of the exercise price per Share.
- 2.6 All Shares issued upon the exercise of the Bonus Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX for quotation of all Shares issued upon exercise of Options.
- 2.7 There are no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues or pro-rata issues of capital to Shareholders during the term of the Options. The Company will ensure, for the purposes of determining entitlements to any issue, that Option holder will be notified of a proposed issue in accordance with the Listing Rules. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in such issues.
- 2.8 If from time to time on or prior to the Expiry Date the Company makes a bonus issue of securities to holders of Shares in the Company, then upon exercise of his or her Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that bonus issue if the Options had been exercised before the record date for the bonus issue.
- 2.9 In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

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**SCHEDULE 3 INDICATIVE CAPITAL STRUCTURE AND PRO FORMA STATEMENT OF FINANCIAL POSITION****Capital structure on the basis that HQ Mining agree to a placement under Resolution 7<sup>1</sup>**

('000)	Current		Shares issued prior to the Record Date	Options issued	Shares issued after Record Date	Fully diluted	
	Shares	%				Shares	%
Existing Shareholders (excluding HQ Mining and Heron Resources Limited)	55,434,350	54.84	-	27,717,175	-	83,151,525	35.77
HQ Mining and Mr Li	23,687,033	23.43	9,465,887 <sup>2</sup>	21,309,404	-	54,462,324	23.43
Heron Resources Limited	19,048,529	18.85	-	9,524,265	-	28,572,794	12.29
Ian Buchhorn	2,457,457	2.43	2,500,000 <sup>3</sup>	2,478,729	-	7,436,186	3.20
Simulus Group Pty Limited	-	0.00	2,500,000 <sup>4</sup>	1,250,000	2,500,000	6,250,000	2.69
PFS services	-	0.00	-	-	10,000,000	10,000,000	4.30
Unrelated Party Placement	-	0.00	20,000,000	20,000,000	-	40,000,000	17.21
Relevant Directors other than Messrs Li and Buchhorn (excludes Shares currently held)	-	0.00	714,286	357,143	-	1,071,429	0.46
Issue to Ken Hellsten	451,124	0.45	543,734	497,429	-	1,492,287	0.64
<b>Total</b>	<b>101,078,493</b>	<b>100.00</b>	<b>35,723,907</b>	<b>83,134,144</b>	<b>12,500,000</b>	<b>232,436,544</b>	<b>100.00</b>

<sup>1</sup> The above table assumes that no Shares are issued other than as disclosed above, and that all shareholder approvals are obtained and the issues occur promptly and in accordance with the terms of the relevant agreements.

<sup>2</sup> Approximately 7,323,030 issued pursuant to Resolution 7 (placement) and 2,142,857 Shares issued pursuant to Resolution 9 (debt for equity swap).

<sup>3</sup> 2,142,857 Shares issued pursuant to Resolution 10 and 357,143 issued pursuant to Resolution 13.

<sup>4</sup> 50% issued on the later of Shareholder approval being obtained for Resolution 4 (Simulus) and the balance progressively

**Capital structure on the basis that HQ Mining does not agree to be issued Shares under Resolutions 7 and 9<sup>1</sup>**

('000)	Current		Shares issued prior to the Record Date	Options issued	Shares issued after Record Date	Fully diluted	
	Shares	%				Shares	%
Existing Shareholders (excluding HQ Mining and Heron Resources Limited)	55,434,350	54.84	-	27,717,175	-	83,151,525	38.95
HQ Mining and Mr Li	23,687,033	23.43	-	11,843,517	-	35,530,550	16.64
Heron Resources Limited	19,048,529	18.85	-	9,524,265	-	28,572,794	13.38
Ian Buchhorn	2,457,457	2.43	2,500,000 <sup>2</sup>	2,478,729	-	7,436,186	3.48
Simulus Group Pty Limited	-	0.00	2,500,000 <sup>3</sup>	1,250,000	2,500,000	6,250,000	2.93
PFS services	-	0.00	-	-	10,000,000	10,000,000	4.68
Unrelated Party Placement	-	0.00	20,000,000	20,000,000	-	40,000,000	18.73
Relevant Directors other than Messrs Li and Buchhorn (excludes Shares currently held)	-	0.00	714,286	357,143	-	1,071,429	0.50
Issue to Ken Hellsten	451,124	0.45	543,734	497,429	-	1,492,287	0.70
<b>Total</b>	<b>101,078,493</b>	<b>100.00</b>	<b>26,258,020</b>	<b>73,668,257</b>	<b>12,500,000</b>	<b>213,504,770</b>	<b>100.00</b>

<sup>1</sup> The above table assumes that no Shares are issued other than as disclosed above, and that all shareholder approvals are obtained and the issues occur promptly and in accordance with the terms of the relevant agreements.

<sup>2</sup> 2,142,857 Shares issued pursuant to Resolution 10 and 357,143 issued pursuant to Resolution 13.

<sup>3</sup> 50% issued on the later of Shareholder approval being obtained for Resolution 4 (Simulus) and the balance progressively

**Capital structure on the basis that HQ Mining agrees to be issued Shares under Resolutions 7 and 9, and no further Shares are placed under the Unrelated Party Placement<sup>1</sup>**

('000)	Current		Shares issued prior to the Record Date	Options issued	Shares issued after Record Date	Fully diluted	
	Shares	%				Shares	%
Existing Shareholders (excluding HQ Mining and Heron Resources Limited)	55,434,350	54.84	-	27,717,175	-	83,151,525	41.73
HQ Mining and Mr Li	23,687,033	23.4343	5,574,532 <sup>2</sup>	17,418,048	-	46,679,613	23.43
Heron Resources Limited	19,048,529	18.85	-	9,524,265	-	28,572,794	14.34
Ian Buchhorn	2,457,457	2.43	2,500,000 <sup>3</sup>	2,478,729	-	7,436,186	3.73
Simulus Group Pty Limited	-	0.00	2,500,000 <sup>4</sup>	1,250,000	2,500,000	6,250,000	3.14
PFS services	-	0.00	-	-	10,000,000	10,000,000	5.02
Unrelated Party Placement	-	0.00	7,300,000	7,300,000	-	14,600,000	7.33
Relevant Directors other than Messrs Li and Buchhorn (excludes Shares currently held)	-	0.00	714,286	357,143	-	1,071,429	0.54
Issue to Ken Hellsten	451,124	0.45	543,734	497,429	-	1,492,287	0.75
<b>Total</b>	<b>101,078,493</b>	<b>100.00</b>	<b>19,132,552</b>	<b>66,542,788</b>	<b>12,500,000</b>	<b>199,253,833</b>	<b>100.00</b>

<sup>1</sup> The above table assumes that no Shares are issued other than as disclosed above, and that all shareholder approvals are obtained and the issues occur promptly and in accordance with the terms of the relevant agreements.

<sup>2</sup> Approximately 3,431,675 issued pursuant to Resolution 7 (placement) and 2,142,857 Shares issued pursuant to Resolution 9 (debt for equity swap).

<sup>3</sup> 2,142,857 Shares issued pursuant to Resolution 10 and 357,143 issued pursuant to Resolution 13.

<sup>4</sup> 50% issued on the later of Shareholder approval being obtained for Resolution 4 (Simulus) and the balance progressively

**SCHEDULE 4 PRO FORMA STATEMENT OF FINANCIAL POSITION**

## Proforma Balance Sheet assuming total take-up of shares ('000)

	As at 30th June 2015	Adjustment	Balance Sheet As at 31st Oct 2015	Res 6 Issue of 20,000,000 @ 7 cents	Proforma Balance Sheet after Res 6	Res 7 Issue 9,500,000 Shares to HQ	Proforma Balance Sheet after Res 7	Res 7 Issue of to HQ & Res 9 Conversion of Loan to shares	Proforma Balance Sheet after Res 7 & Res 9	Res 10 only Conversion of Loan to Shares	Proforma Balance Sheet after Res 10	Proforma Balance Sheet after All Share Issued Res 6, 7, 9 and 10
<b>Current Assets</b>												
Cash at Bank	438	112	550	1,400	1,950	665	1,215	829	1,379	0	550	2,779
Receivables -	278	0	278		278		278		278		278	278
			0		0		0		0		0	0
<b>Other Current Assets</b>	716	112	828	1,400	2,228	665	1,493	829	1,657	0	828	3,057
			0		0		0		0		0	0
Investments	-2,990	0	-2,990		-2,990		-2,990		-2,990		-2,990	-2,990
Provision for Diminution of Investment	2,990	0	2,990		2,990		2,990		2,990		2,990	2,990
Exploration Expenditure	11,970	-330	11,640		11,640		11,640		11,640		11,640	11,640
PPE (net)	423	-3	420		420		420		420		420	420
Non Current Receivable - Argent Minerals	198	0	198		198		198		198		198	198
			0		0		0		0		0	0
	12,591	-333	12,258	0	12,258	0	12,258	0	12,258	0	12,258	12,258
			0		0		0		0		0	0
<b>TOTAL ASSETS</b>	13,307	-221	13,086		14,486	665	13,751	829	13,915	0	13,086	15,315
			0		0		0		0		0	0
<b>Current Liabilities</b>												
Creditors and Borrowings	185	-94	91		91		91		91		91	91
Loans from Directors		300	300		300		300	150	150	150	150	0
<b>Total Current Liabilities</b>	185	206	391		391		391	150	241	150	241	91
			0		0		0		0		0	0
<b>Deferred Liabilities</b>												
Provision for Long Service Leave	2	0	2		2		2		2		2	2
			0		0		0		0		0	0
<b>NET ASSETS</b>	13,120	-427	12,693		14,093		13,358	679	13,672	-150	12,843	15,221
			0		0		0		0		0	0
<b>Shareholders Equity</b>												
Share Capital	58,214	0	58,214	1,400	59,614	665	58,879	979	59,193	150	58,364	60,743
			0		0		0		0		0	0
<b>Reserves</b>												
Share Equity Reserve	0		0		0		0		0		0	0
Share based Compensation Reserve bought fwd	909	0	909		909		909		909		909	909
This yr Share based Compensation Reserve	13	0	13		13		13		13		13	13
Accumulated Losses Pr Yr bought fwd	-40,673		-46,016		-46,016		-46,016		-46,016		-46,016	-46,016
Current Year Loss	-5,343	-427	-427		-427		-427		-427		-427	-427
Total Accumulated Losses	-46,016	-427	-46,443		-46,443		-46,443		-46,443		-46,443	-46,443
	13,120	-427	12,693	1,400	14,093	665	13,358	979	13,672	150	12,843	15,221

## Assumptions:

1. Cash at bank 31<sup>st</sup> October 2015
2. Net Adjustment Exploration Expenditure after taking into account the R+D refund and estimated capitalised exploration expenditure up to 31<sup>st</sup> October.
3. Loans for directors and subsequent issue of Shares (assuming Resolutions 4 to 14 are passed)
4. Minor adjustment to creditor etc.



#### All Correspondence to:

- ✉ **By Mail** Golden Cross Resources Ltd  
304/66 Berry Street  
North Sydney 2060
- 📠 **By Fax:** +61 2 9482 8488
- 💻 **Online:** carolyn@goldencross.com.au
- ☎ **By Phone:** +61 2 9472 3500

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2:00pm (AEDT) on Monday, 14 December 2015**

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

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

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the security holder.

**Joint Holding:** where the holding is in more than one name, all the security holders should sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2:00pm (AEDT) on Monday, 14 December 2015**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

#### Proxy forms may be lodged:

- 📠 **By Fax** + 61 2 9482 8488
- ✉ **By Mail** Golden Cross Resources Ltd  
304/66 Berry Street  
North Sydney 2060
- 👤 **In Person** Golden Cross Resources Ltd  
304/66 Berry Street  
North Sydney 2060
- 💻 **By email** carolyn.jacobs@goldencross.com.au

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

**Your Address**  
 This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Golden Cross Resources Ltd** and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at **History House, 133 Macquarie Street, Sydney, NSW on Wednesday, 16 December 2015 at 2:00pm (AEDT)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 3, 11 to 13, 14 & 16 I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 3 & 11 to 13, 14 and 16 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 3, 11 to 13, 14 & 16). If you wish to appoint the Chair of the Meeting as your proxy (or the Chair is appointed as your proxy by default) with a direction to vote against, or to abstain from voting on, an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

**STEP 2 VOTING DIRECTIONS**

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

		FOR	AGAINST	ABSTAIN*			FOR	AGAINST	ABSTAIN*
<b>Res 2</b>	Re-election of Ms Jingmin Qian as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 10</b>	Issue of securities to Mr Ian Buchhorn upon conversion of a loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 3</b>	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 11</b>	Issue of securities to Mr Neil Fearis in lieu of Director's fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 4</b>	Issue of securities to Simulus Group Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 12</b>	Issue of securities to Mr Mark Sykes in lieu of Director's fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 5</b>	Issue of securities to Service Providers and others	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 13</b>	Issue of securities to Mr Buchhorn in lieu of Director's fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 6</b>	Issue of securities to Unrelated Third Parties	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 14</b>	Issue of securities to Mr Ken Hellsten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 7</b>	Issue of securities to HQ Mining Resources Holding Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 15</b>	Ratification of prior securities issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 8</b>	Pro rata issue of Bonus Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 16</b>	Increase in Remuneration Pool for Non-executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Res 9</b>	Issue of securities to HQ Mining Resources Holding Pty Ltd upon conversion of a loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Res 17</b>	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**STEP 3 SIGNATURE OF SHAREHOLDERS**

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1 <input style="width: 100%; height: 30px;" type="text"/>	Securityholder 2 <input style="width: 100%; height: 30px;" type="text"/>	Securityholder 3 <input style="width: 100%; height: 30px;" type="text"/>
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Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2015