



**Caeneus Minerals Ltd**  
ACN 082 593 235

**Australian Securities Exchange**  
Code: CAD

**Ordinary shares**  
2,413,226,117

**Unlisted Options**  
19,500,000 (exercise price of \$0.005;  
expiry date of 31 Dec 2016)  
306,150,001 (exercise price of \$0.03;  
expiry date of 28 Feb 2017)  
550,457,309 (exercise price of \$0.003;  
Expiry date of 31 Dec 2020)

**Board of Directors**  
Mr Steven Elliott  
Mr Keith Bowker  
Mr Michael Nottas

**ASX Announcement**  
**30 May 2016**

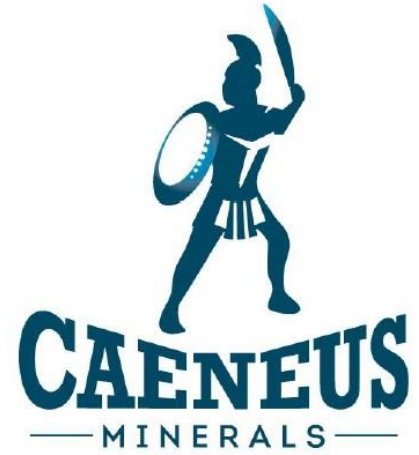
### **NOTICE OF GENERAL MEETING/PROXY FORM**

Caeneus Minerals Ltd ("Caeneus" or "the Company") advises that the attached Notice of General Meeting/Proxy Form has been despatched to shareholders today, 30<sup>th</sup> May 2016.

For and on behalf of the Board

Keith Bowker  
**Company Secretary**

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Caeneus Minerals Limited  
ACN 082 593 235

# NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

**Date of Meeting**

28 June 2016

**Time of Meeting**

10.00am AWST

**Place of Meeting**

Suite 4, Ground Floor, 56 Kings Park Road, West Perth, Western Australia

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

# Caeneus Minerals Limited

## ACN 082 593 235

### NOTICE OF GENERAL MEETING

Notice is given that the general meeting of Shareholders of Caeneus Minerals Limited ACN 082 593 235 will be held at Suite 4, Ground Floor, 56 Kings Park Road, West Perth, Western Australia on 28 June 2016 at 10.00am AWST for the purpose of transacting the following business referred to in this Notice of Meeting.

#### AGENDA

##### 1 Resolution 1 – Change to nature and scale of activities

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

*“That, subject to and conditional on the passing of Resolutions 2 and 3, for the purpose of Listing Rule 11.1.2 and for all other purposes, approval is given for the acquisition by the Company of all of the fully paid ordinary shares in the capital of Nevada Metals Pty Ltd on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 1 by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

##### 2 Resolution 2 – Proposed issue of Securities to Nevada Metals Vendors (or their nominees)

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

*“That, subject to and conditional on the passing of Resolutions 1 and 3, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 600,000,000 Shares at a deemed issue price of \$0.001 per Share and the issue of 300,000,000 free attaching Options exercisable at \$0.003 each on or before 31 December 2020 to the Nevada Metals Vendors (or their nominees) on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 2 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

##### 3 Resolution 3 – Proposed issue of Shares to DG Resources Management Ltd

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

*“That, subject to and conditional on the passing of Resolutions 1 and 2, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 650,000,000 Shares at a deemed issue price of \$0.001 per Share to DG Resources Management Ltd on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

#### 4 Resolution 4 – Ratification of issue of Shares to sophisticated investors

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

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 482,645,223 Shares (at an issue price of \$0.001 each) on 30 March 2016 to sophisticated investors on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 4 by any person who participated in the issue the subject of Resolution 4 and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

#### 5 Resolution 5 – Proposed issue of Options to sophisticated investors

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

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 241,322,612 Options exercisable at \$0.003 each on or before 31 December 2020 to sophisticated investors on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

#### 6 Resolution 6 – Proposed issue of Options to Barclay Wells Limited

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

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 200,000,000 Options exercisable at \$0.003 each on or before 31 December 2020 to Barclay Wells Limited on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

#### 7 Resolution 7 – Proposed issue of Securities to S3 Consortium Pty Limited

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

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 30,000,000 Shares at a deemed issue price of \$0.001 per Share and the issue of 15,000,000 Options exercisable at \$0.003 each on or before 31 December 2020 to S3 Consortium Pty Limited on the terms and conditions set out in the Explanatory Memorandum.”*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 7 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons. However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

**OTHER BUSINESS**

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To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

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Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

**By order of the Board**

**Keith Bowker**

Director / Company Secretary

Dated: 27 May 2016

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## How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, or by facsimile.

### Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for Proxy Forms below.

### Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

### Voting by proxy

- A Shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting. The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair, the secretary or any Director that do not contain a direction how to vote will be used, where

possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice.

- To be effective, proxies must be received by 10.00am (AWST time) on 26 June 2016. Proxies received after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - by returning a completed Proxy Form in person or by post to:  
PO Box 964  
West Perth WA 6872
  - by faxing a completed Proxy Form to:  
+61 8 9481 0655.

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10.00am (AWST) on 26 June 2016. If facsimile transmission is used, the Power of Attorney must be certified.

### Shareholders who are entitled to vote

In accordance with paragraphs 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the Company's register of Shareholders as at 5.00pm (AWST) on 26 June 2016.

# Caeneus Minerals Limited

## ACN 082 593 235

### EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Meeting.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

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## 1 OVERVIEW

### 1.1 Background of Company

The Company was formerly known as Matrix Metals Limited (**Matrix**). Matrix was an Australian resource company that listed on ASX in July 2000. During November 2008, Matrix went into administration and eventually liquidation. Following a deed of company arrangement and recapitalisation, the securities of Matrix were reinstated to official quotation on 11 January 2012.

Following reinstatement in January 2012, Matrix operated as an Australian based mineral exploration and development company with an initial focus on the Wee MacGregor Copper Project in Queensland. Matrix's intention was to pursue further opportunities in the resource sector.

Following shareholder approval on 25 February 2014, Matrix completed the acquisition of the private company, Caeneus Minerals Pty Ltd, which had rights to two resource projects in Western Australia, being:

- (a) the SuperNova Project (east of Norseman), which is prospective for nickel and other minerals; and
- (b) the Mt Davis Project (near Leonora), which is prospective for gold and other minerals.

The shareholder approvals obtained on 25 February 2014 included approval under Listing Rule 11.1.2 to a significant change in the scale of the Company's activities and an approval to a change of name of the Company from Matrix Metals Limited to Caeneus Minerals Limited.

The Company has relinquished all of its eight (8) tenements which formed the Mt Davis Project.

Following shareholder approval on 27 November 2015, the Company completed the acquisition of the private company, Port Exploration Pty Ltd, which is a party to the Pardoo Nickel joint venture with Segue Resources Limited and under which the Company has the right to acquire the Pardoo Nickel Project. The Pardoo Nickel Project is located in the Northern Pilbara and is prospective for nickel and other minerals.

### 1.2 Background of Proposed Transaction

On 30 March 2016, the Company announced to ASX that it had entered into a binding heads of agreement (**HOA**) pursuant to which the Company conditionally agreed to acquire all of the fully paid ordinary shares in the capital of Nevada Metals Pty Ltd ACN 611 082 145 (**Proposed Transaction**). The HOA was entered into by the Company, Nevada Metals, Dina Leigh Le Page (the sole director and company secretary of Nevada Metals) and each of the Nevada Metals Vendors. None of these counterparties are related parties of the Company. Further details of the HOA are set out in section 1.3 of this Explanatory Memorandum.

Nevada Metals is a private company incorporated in Australia. Nevada Metals was incorporated solely for the purpose of introducing the rights to acquire the Lida Valley and Muddy Mountain Projects to the Company. As such, as at the date of this Notice, Nevada Metals has no other assets and liabilities of approximately \$16k (being unpaid legal expenses).

Separately, pursuant to a binding heads of agreement (**Mining Claims Acquisition HOA**), Nevada Metals has conditionally agreed that it or a wholly owned US domiciled subsidiary of Nevada Metals will acquire the 'Lida' (**Lida Valley Project**) and 'Muddy' (**Muddy Mountain Project**) mining claims in Nevada, USA (**Nevada Mining Claims**) from Arizona Lithium Company Ltd, a company which holds the Muddy Mountain Project and Lida Valley Project on trust for DG Resources Management Ltd (Alberta Corporate Access Number 20762137), a company registered in Canada (**DGRM**) (**Mining Claims Acquisition**). The

Company is also a party to this agreement. Further details of the Mining Claims Acquisition HOA are set out in section 1.3(h) of this Explanatory Memorandum. Further details on the Nevada Mining Claims is set out in sections 1.4 and 1.5 of this Explanatory Memorandum and in the Company's announcement to ASX released on 30 March 2016.

Pursuant to the HOA, the Company has agreed to pay consideration to DGRM in respect of the Mining Claims Acquisition. The consideration payable by the Company pursuant to the Proposed Transaction and in relation to the Mining Claims Acquisition is set out in section 1.3 of this Explanatory Memorandum.

Settlement of the Proposed Transaction is conditional upon, among other things, completion of the Mining Claims Acquisition (defined below) occurring and the Company obtaining all necessary shareholder approvals required by the Corporations Act and the Listing Rules on or before 30 June 2016 (or such later date agreed by the parties to the HOA). Further details of the conditions required to be satisfied for settlement of the Proposed Transaction to occur are set out in section 1.3(b) of this Explanatory Memorandum.

The Company entered into a transaction mandate with Barclay Wells Limited on 15 March 2016 to act as the Company's transaction adviser and lead broker in relation to the Capital Raising, which was undertaken for the purpose of satisfying certain conditions of the Proposed Transaction. Further details of the Capital Raising are set out in section 5.1 of this Explanatory Memorandum.

Among other things, this Notice seeks the necessary Shareholder approvals for the Company to proceed with the Proposed Transaction (**Acquisition Resolutions**).

### 1.3 Key terms of the Proposed Transaction

The key terms of the Proposed Transaction are set out in the HOA and are summarised as follows:

#### (a) Consideration

##### **Proposed Transaction**

At Settlement, as consideration for the Proposed Transaction, the Company will issue to the Nevada Metals Vendors (or their nominees) 600,000,000 Shares at a deemed issue price of \$0.001 each and 300,000,000 free attaching Options exercisable at \$0.003 each on or before 31 December 2020. Approval for the issue of these Securities is sought under Resolution 2.

##### **Mining Claims Acquisition**

The Company will satisfy the consideration payable to DGRM under the Mining Claims Acquisition as follows:

##### *Lida Valley Project*

- (i) a non-refundable cash payment of C\$32,500 which was paid on 1 April 2016;
- (ii) a further cash payment of C\$32,500 payable within 14 days of receipt of the Shareholder approvals the subject of Resolutions 1 to 3 (inclusive);
- (iii) the issue of 100,000,000 Shares at a deemed issue price of \$0.001 each. These Shares are to be issued within 30 days of receipt of the Shareholder approvals the subject of Resolutions 1 to 3 (inclusive);
- (iv) the issue of 100,000,000 Shares at a deemed issue price of \$0.001 each on the date that is 12 months after the date of receipt of the Shareholder approvals the subject of Resolutions 1 to 3 (inclusive);
- (v) the issue of 75,000,000 Shares at a deemed issue price of \$0.001 each on the date that is 24 months after the date of receipt of the Shareholder approvals the subject of Resolutions 1 to 3 (inclusive),  
  
(items (iv) and (v) together being the **Lida Valley Deferred Consideration**); and
- (vi) the grant of a 2% net smelter royalty to DGRM on revenue generated by the Lida Valley Project, on terms to be agreed in a separate formal agreement.



## Muddy Mountain Project

- (i) a non-refundable cash payment of C\$37,500 which was paid on 1 April 2016;
- (ii) a further cash payment of C\$37,500 payable within 14 days of receipt of the Shareholder approvals the subject of Resolutions 1 to 3 (inclusive);
- (iii) the issue of 125,000,000 Shares at a deemed issue price of \$0.001 each. These Shares are to be issued within 14 days of receipt of the Shareholder approvals the subject of Resolutions 1 to 3 (inclusive);
- (iv) a cash payment of C\$75,000 payable on the date that is 12 months after the date of Settlement;
- (v) the issue of 125,000,000 Shares at a deemed issue price of \$0.001 each on the date that is 12 months after the date of Settlement; and
- (vi) the issue of 125,000,000 Shares at a deemed issue price of A\$0.001 each on the date that is 24 months after the date of Settlement,

(the Share based consideration the subject of items (v) and (vi) together being the **Muddy Mountain Deferred Consideration**).

Approval for the issue of the Securities referred to above, including the approval for the issue of the Lida Valley Deferred Consideration and Muddy Mountain Deferred Consideration, is sought under Resolution 3.

### Reorganisation

If a Reorganisation occurs between the date of the HOA and Settlement, then the Securities to be issued to DGRM and the Nevada Metals Vendors (or their nominees) as referred to in section 1.3(a) of this Explanatory Memorandum shall be adjusted in a manner consistent with the Corporations Act and the Listing Rules at the time of the Reorganisation so that such Securities represent the same percentage of the issued ordinary share capital of the Company as the percentage the Securities represented immediately before the relevant Reorganisation.

### (b) Conditions Precedent

Settlement of the Proposed Transaction is conditional upon the satisfaction of the following conditions precedent:

- (i) the Company completing technical, financial and legal due diligence on the business, assets and operations of Nevada Metals and the Nevada Mining Claims to its sole and absolute satisfaction;
- (ii) Dina Leigh Le Page completing technical, financial and legal due diligence on the business, assets and operations of the Company to its sole and absolute satisfaction;
- (iii) the Company raising a minimum amount of \$400,000 via a placement involving the issue of Shares at \$0.001 each, together with free attaching Options issued on a one for two basis exercisable at \$0.003 each on or before 31 December 2020 to professional, sophisticated and other investors that are not required to be issued a prospectus;
- (iv) ASX confirming that Listing Rule 11.1.3 will not apply to the Proposed Transaction or the Mining Claims Acquisition;
- (v) the Company obtaining all required third party, regulatory and governmental approvals and consents to give effect to the Proposed Transaction and the Mining Claims Acquisition (including under the Corporations Act and the Listing Rules). Other than pursuant to this Notice, no such approvals or consents are required to be obtained; and
- (vi) completion of the Mining Claims Acquisition occurring,

### (Conditions Precedent).

The Conditions Precedent referred to in items (i) to (iv) (inclusive) above have been and remain satisfied as at the date of this Notice. If the Conditions Precedent are not satisfied (or waived by agreement) on or before 5:00pm (AWST) on 30 June 2016, or such later date as is agreed between the parties, either party may terminate the HOA.

If the Conditions Precedent are not satisfied or waived, the Proposed Transaction will not proceed and the Company will seek alternative investment opportunities to build Shareholder value.

(c) **Settlement**

Settlement of the Proposed Transaction will occur on the date which is 5 business days after the satisfaction (or waiver by the Company or Dina Leigh Le Page, whomever the Condition Precedent is for the benefit of, or if for the benefit of both, then by waiver of both) of the Conditions Precedent.

Among other things, Dina Leigh Le Page and any other directors or officeholders of Nevada Metals (if any) shall resign from their offices on Settlement.

(d) **Warranties**

The Company and Dina Leigh Le Page have provided warranties under the HOA in relation to issued capital and other material issues relating to Nevada Metals that are customary for an agreement of that nature.

DGRM has also provided warranties under the Mining Claims Acquisition HOA in relation to the Nevada Mining Claims and DGRM that are customary for an agreement of that nature.

(e) **Capital raising**

As referred to in section 1.3(b)(iii) of this Explanatory Memorandum, it is a Condition Precedent that the Company raise a minimum amount of \$400,000 via a placement involving the issue of Shares at \$0.001 each, together with free attaching Options issued on a one for two basis exercisable at \$0.003 each on or before 31 December 2020 to professional, sophisticated and other investors that are not required to be issued a prospectus. This capital raising was undertaken and announced simultaneously with the announcement of the Proposed Transaction and is the subject of Resolutions 4 to 6 (inclusive).

(f) **Governing Law**

The HOA is governed by the law of Western Australia. The parties have agreed to submit to the non-exclusive jurisdiction of the Courts of Western Australia.

(g) **Nature of the HOA**

The HOA is legally binding however if one party requests a formal share sale agreement to more fully document the terms of the Proposed Transaction on terms consistent with the HOA the other party agrees to enter into such agreement.

(h) **Mining Claims Acquisition HOA**

As referred to in section 1.3(b)(vi) of this Explanatory Memorandum, it is a Condition Precedent that completion of the Mining Claims Acquisition occurs.

Under the Mining Claims Acquisition HOA, settlement of the Mining Claims Acquisition is conditional upon the satisfaction or waiver of the following conditions precedent:

- (i) Nevada Metals and the Company completing technical, financial and legal due diligence on the Nevada Mining Claims to their sole and absolute satisfaction;
- (ii) DGRM completing technical, financial and legal due diligence on the business, assets and operations of Nevada Metals and the Company to its sole and absolute satisfaction;
- (iii) the Company obtaining all required third party, regulatory and governmental approvals and consents to give effect to the Mining Claims Acquisition (including under the Corporations Act and the Listing Rules). Other than pursuant to this Notice, no such approvals or consents are required to be obtained;
- (iv) ASX confirming that Listing Rule 11.1.3 will not apply to the Mining Claims Acquisition;
- (v) DGRM obtaining all required third party, regulatory and governmental approvals and consents and/or waivers to give effect to the Mining Claims Acquisition (including any necessary shareholder approvals);
- (vi) the execution of a formal agreement between DGRM and Nevada Metals in respect of the Call Option (see section 1.6 of this Explanatory Memorandum for further details);
- (vii) the execution of a formal deed of assignment and assumption by DGRM and Nevada Metals in connection with the assignment of DGRM's rights and obligations in relation to various assets relating to the Nevada Mining Claims to Nevada Metals (or a wholly owned US domiciled subsidiary of Nevada Metals, as appropriate);

- (viii) the Company and Nevada Metals being satisfied as at settlement of the Nevada Mining Claims Acquisition that:
- (A) there has been no material adverse change in relation to various assets relating to the Nevada Mining Claims (or any part of such assets);
  - (B) the Nevada Mining Claims are in good standing;
  - (C) all Nevada Mining Claim expenditure exemption applications have been or will be granted; and
- (ix) completion of the Proposed Transaction occurring,
- (Mining Claims Acquisition Conditions Precedent).**

The Mining Claims Acquisition Conditions Precedent referred to in items (h)(i) – (vii) (inclusive) above have been and remain satisfied as at the date of this Notice. If the Mining Claims Acquisition Conditions Precedent are not satisfied (or waived by agreement) on or before 5:00pm (AWST) on 30 June 2016, or such later date as is agreed between the parties, any party to the Mining Claims Acquisition HOA may terminate the Mining Claims Acquisition HOA.

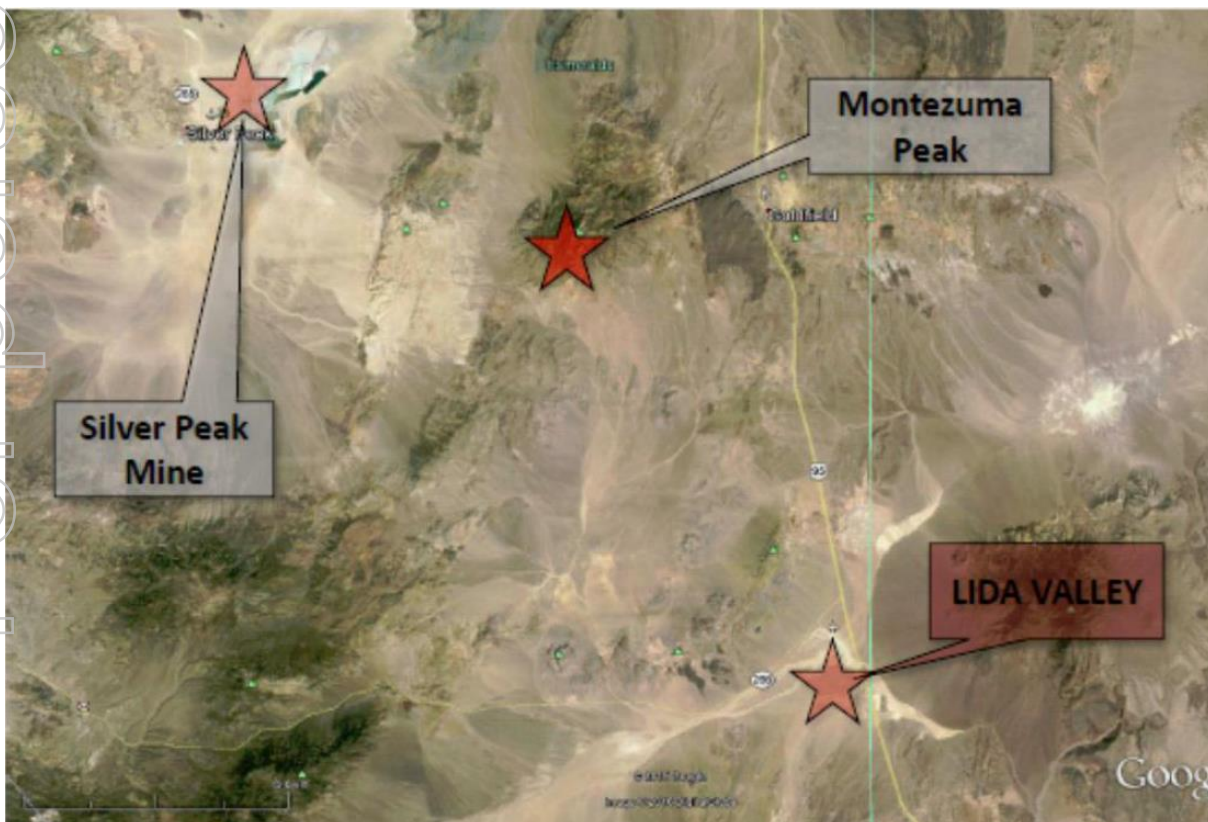
If the Mining Claims Acquisition Conditions Precedent are not satisfied or waived, the Mining Claims Acquisition will not proceed.

#### 1.4 Lida Valley Project

The Lida Valley Project encompasses approximately 2,620 acres located in west-central Nevada, within 40km of the Silver Peak Lithium Mine of Albermarle Corporation (NYSE: ALB), the only producing lithium mine located within North America.

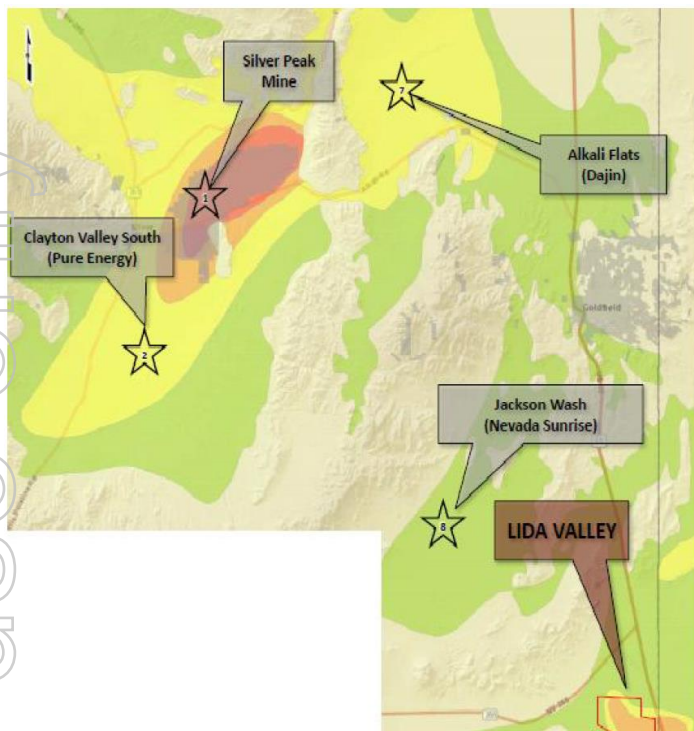
The Lida Valley Project, like Silver Peaks Clayton Valley, is a significant regional Intermontane Basin with a drainage area of approximately 150km<sup>2</sup>, and is considered by the Company to be an ideal location for the development of lithium rich brine deposits. About two-thirds of the world's lithium resources are within brines/salts. Capital and mining costs are typically far less in a brine deposit given that the lithium can be extracted from a liquid.

Montezuma Peak lies midway between Silver Peak Mine and the Lida Valley Project (Figure 1), and represents a potential source of the lithium within the region. Here, tertiary Rhyolites show strong lithium enrichment. At Lida Valley, the Playa Floor contains significant erosional remnants of a lithium-rich rhyolitic tuff.



**Figure 1:** Lida Valley Project in West Nevada showing proximity to Montezuma Peak and the Silver Peak Mine.

Historic exploration at Lida Valley identified gravity and resistivity anomaly(s) consistent with lithium rich brine deposits, including a gravity defined closed basin and conductive brine targets identified by resistivity survey(s) (Figure 2). Further ground gravity details significant depth of basin and mapping, indicating both a stratigraphic and structural setting favourable for lithium brine deposits.



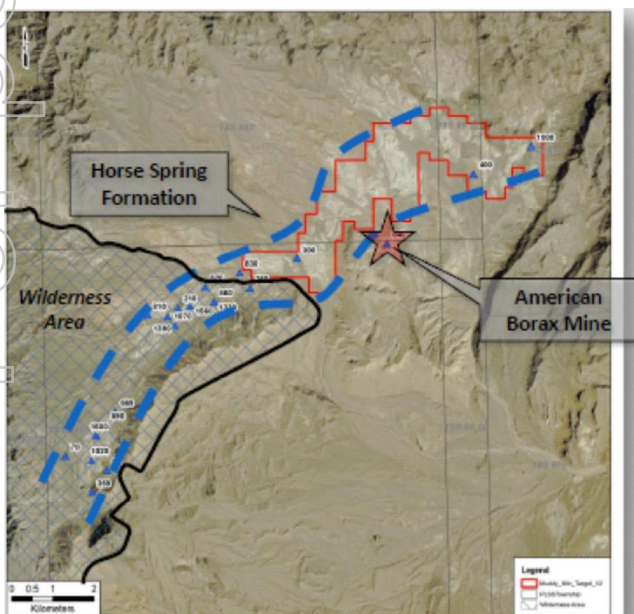
**Figure 2:** Lida Valley showing gravity targets and proximity to Jackson Walsh and Clayton Valley South.

The Lida Valley Project is now potentially drill ready, with work scheduled to commence on the project immediately following settlement of the Mining Claims Acquisition.

### 1.5 Muddy Mountain Project

The Muddy Mountain Project encompasses approximately 2,542 acres located in southeast Nevada, about 50km northeast of Las Vegas. The Muddy Mountain Project is a potential high impact, district-scale, lithium clay project. Lithium clay deposits (hectorites) display potentially cheaper operating costs compared to other hard rock projects such as pegmatites. Lithium clays are generally amenable to simple open-pit mining methods.

The several kilometre trend within the Muddy Mountain Project (Figure 3) represents a world class exploration target, with strongly anomalous lithium and boron encountered from previous sampling.



**Figure 3:** Muddy Mountain Project showing channel outline and sample locations.

An analogy to the Muddy Mountain Project may include the nearby Kings Valley Project of Western Lithium Corporation (TSX: WLC); and the Sonora Lithium Project of Bacanora Minerals Ltd.

The association of boron at the Muddy Mountain Project also suggests potential similarities to the world class Jadar Project, Serbia of Rio Tinto Group.

Both projects are located within close proximity to the US\$5 Billion Tesla Motors Inc (Nasdaq: TSLA) (**Tesla**) Gigafactory., which is currently under construction and proposed to go into large scale production of lithium-ion battery cells in 2017, as well as Faraday Future Corporation's electric car plant, north of Las Vegas, with the US\$1 Billion first stage currently awaiting final approvals.

#### **1.6 Call Option to Arizona Lithium Company Ltd**

Nevada Metals and Arizona Lithium Company Ltd (Alberta Corporate Access Number 20762137) (as bare trustee for DGRM) (**Grantee**) have entered into a call option deed (**Option Deed**) whereby Nevada Metals has granted an option in favour of the Grantee for the transfer of the Nevada Mining Claims by Nevada Metals (or a wholly owned US domiciled subsidiary of Nevada Metals, as appropriate) to the Grantee (**Call Option**). The Call Option may be exercised by the Grantee where the Company fails to pay the Deferred Consideration to DGRM in accordance with and by the dates set out in the HOA (or such later dates as are agreed between Nevada Metals and DGRM).

The Call Option restricts the Company from disposing or otherwise dealing with the Muddy Mountain Project and Lida Valley Project at any time during the exercise period of the Call Option (which is essentially the earlier of the date which is two weeks following the Company's failure to pay the Deferred Consideration on agreed dates; and the date upon which all of the Deferred Consideration is paid).

#### **1.7 Board, senior management and business model**

The Board and senior management of the Company will remain unchanged as a result of the Proposed Transaction. No representatives of the Nevada Metals Vendors will be appointed to the Board or management of the Company as a result of the Proposed Transaction.

During the first half of the 2016/2017 financial year, the Company intends to commence an exploration and drilling program in relation to the Nevada Mining Claims in an effort to intersect lithium-bearing brines. The majority of the drill holes will be shallower than 300 metres. Details of the funds intended to be applied towards that program are set out in section 1.10 of this Explanatory Memorandum.

As a result of the Proposed Transaction, other than as disclosed elsewhere in this Explanatory Memorandum, the Company:

- (a) does not currently intend to make any significant changes to the existing business or business model of the Company;
- (b) does not have any present intention to raise further capital, however significant future funding will be required by the Company to develop the Nevada Mining Claims and the Company may seek to raise additional funds as needed;
- (c) does not currently intend to increase its number of employees or alter the future employment status of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (d) does not currently intend for any property to be transferred by the Company;
- (e) does not currently intend to redeploy the fixed assets of the Company; and
- (f) does not currently intend to change the Company's existing financial or dividend policies.

The Company's intentions mentioned in this Explanatory Memorandum are based on the facts and information regarding the Company and the general business environment which is known to it as at the date of this Notice. Any future decisions will, of course, be reached by the Company based on all material information and circumstances at the relevant time. Accordingly, if circumstances change or new information becomes available in the future, the Company's intentions could change.

#### **1.8 Competent Persons Statement**

The information in this Notice that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Steven Elliott, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Elliott is a director of the Company. Mr Elliott is a full time employee of the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of

Exploration Results, Minerals Resources and Ore Reserves'. Mr Elliott consents to the inclusion in the Notice of the matters based on his information in the form and context in which it appears.

### 1.9 Pro-forma capital structure

The pro-forma capital structure of the Company following Settlement is set out below:

	Shares	Options
Currently on issue	2,413,226,117	876,107,310 <sup>1</sup>
Securities to be issued to Nevada Metals Vendors (or their nominees) pursuant to the Proposed Transaction	600,000,000	300,000,000 <sup>2</sup>
Securities to be issued to DGRM pursuant to the Mining Claims Acquisition	650,000,000	-
Securities to be issued pursuant to Capital Raising	- <sup>3</sup>	241,322,611 <sup>2</sup>
Costs associated with Capital Raising	-	200,000,000 <sup>2</sup>
Securities to be issued to S3 Consortium Pty Limited pursuant to media and marketing services agreement	30,000,000	15,000,000 <sup>2</sup>
<b>Total following Settlement</b>	<b>3,693,226,117</b>	<b>1,632,429,921</b>

- 19,500,000 unlisted options exercisable at \$0.005 on or before 31 December 2016; 306,150,001 unlisted options exercisable at \$0.03 on or before 27 February 2017 and 550,457,309 unlisted options exercisable at \$0.003 on or before 31 December 2020.
- Unlisted options exercisable at \$0.003 on or before 31 December 2020.
- 482,645,223 Shares were issued pursuant to the Capital Raising on 30 March 2016.
- This table assumes that no other securities are issued or converted other than pursuant to the Proposed Transaction, Mining Claims Acquisition and the Company's media and marketing services agreement with S3 Consortium Pty Limited.
- If all Shares and Options listed in the table above are issued, the total number of Securities issued will represent 38.24% of the total issued capital of the Company on a fully diluted basis (or 55.14% on an undiluted basis, assuming none of the Options referred to above are exercised). Accordingly, the Proposed Transaction will result in a dilution of the holdings of existing Shareholders of 48.20%.

### 1.10 Indicative use of funds

The Company intends to use most of its existing cash reserves of approximately \$514,000 over the first year following Settlement as follows:

Use of funds	\$
Cash consideration payable under Proposed Transaction	145,000
Exploration and drilling program for Nevada Mining Claims	175,000
Working capital and corporate administration	194,000
<b>Total</b>	<b>514,000</b>

The above table is a statement of current intentions as at the date of this Notice. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 1.11 Pro-forma balance sheet

The audit reviewed balance sheet and the unaudited pro-forma balance sheet of the Company as at 31 December 2015 are set out below and have been prepared using the accounting policies normally adopted by the Company to reflect the changes to its financial position as a result of the Proposed Transaction, Mining Claims Acquisition, Capital Raising and the Company's media and marketing services agreement with S3 Consortium Pty Limited. The historical and pro-forma financial information is presented in abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to financial reports. They have been prepared on the assumption that all of the Securities proposed to be issued in relation to the Proposed Transaction, Mining Claims Acquisition, Capital Raising and the Company's media and marketing services agreement with S3 Consortium Pty Limited are issued.

	Note	Audited Actual	Unaudited Pro Forma
		31 Dec 2015 \$	31 Dec 2015 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1	177,173	367,860
Trade and other receivables		172,992	172,992
<b>TOTAL CURRENT ASSETS</b>		<b>350,165</b>	<b>540,852</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation		1,194,453	1,194,453
Lida Valley Project		-	1,210,000
Muddy Mountain Project		-	525,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,194,453</b>	<b>2,929,453</b>
<b>TOTAL ASSETS</b>		<b>1,544,618</b>	<b>3,470,305</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		197,337	197,337
<b>TOTAL CURRENT LIABILITIES</b>		<b>197,337</b>	<b>197,337</b>
<b>TOTAL LIABILITIES</b>		<b>197,337</b>	<b>197,337</b>
<b>NET ASSETS</b>		<b>1,347,281</b>	<b>3,272,968</b>
<b>EQUITY</b>			
Issued capital	2	75,219,254	76,902,941
Reserves		339,943	611,943
Accumulated losses		(74,211,916)	(74,241,916)
<b>TOTAL EQUITY</b>		<b>1,347,281</b>	<b>3,272,968</b>

**Notes:**

	Audited Actual	Unaudited Pro Forma
	31 Dec 2015 \$	31 Dec 2015 \$
<b>1. Cash and cash equivalents</b>		
Cash at bank – 31 December 2015	177,173	177,173
Acquisition of Lida Valley Project	-	(65,000)
Acquisition of Muddy Mountain Project	-	(150,000)
Capital Raising (net of costs)	-	405,687
	<b>177,173</b>	<b>367,860</b>
<b>2. Issued capital</b>		
Balance – 31 December 2015	75,219,254	75,219,254
Acquisition of Lida Valley Project	-	275,000
Acquisition of Muddy Mountain Project	-	375,000
Capital Raising (net of costs)	-	403,687
Issue to Nevada Metals shareholders	-	600,000
Issue to S3 Consortium Pty Limited	-	30,000
	<b>75,219,254</b>	<b>76,902,941</b>

## 1.12 Indicative timetable

Event	Indicative Timing*
Despatch of this Notice of Meeting	31 May 2016
Meeting to approve Proposed Transaction	28 June 2016
Settlement of Proposed Transaction	5 July 2016

\*The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Shareholders or Optionholders.

## 1.13 Advantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) the Proposed Transaction represents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in the Company's Shares;
- (b) the Proposed Transaction provides an opportunity for the Company to diversify its business to include overseas exploration;
- (c) should the Company be successful with its exploration of the Nevada Mining Claims, there is an opportunity to build substantial value for investors;
- (d) the Company's enlarged size following settlement of the Proposed Transaction should improve access to future equity funding. It is anticipated to also provide the flexibility to support project funding initiatives and accelerate proposed exploration activities; and
- (e) the Proposed Transaction provides the Company with exposure to lithium exploration assets and a commodity focus that is particularly relevant and attractive to investment markets against the backdrop of alternative energy and developments in battery powered technologies.

## 1.14 Disadvantages of the Proposed Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Acquisition Resolutions:

- (a) the Proposed Transaction will result in the issue of additional Shares and Options to DGRM and the Nevada Metals Vendors (or their nominee(s)) which will have a dilutionary effect on the holdings of existing Shareholders (as set out in section 1.9 of this Explanatory Memorandum);
- (b) the Company will be changing the scale of its activities, which may not be consistent with the objectives of all Shareholders;
- (c) the Company will be changing the nature of its activities to include specialisation in the exploration and potentially development of prospective lithium assets, which may not be consistent with the objectives of all Shareholders;
- (d) there are a number of risk factors associated with the change in nature of the Company's activities and with the Nevada Mining Claims. Some of these risks are set out in section 1.16 of this Explanatory Memorandum below;
- (e) a significant future outlay of funds and issue of Shares the subject of the Deferred Consideration will be required in order to acquire the Nevada Mining Claims and to fund further exploration of the Nevada Mining Claims, which will increase funding pressure on the Company; and
- (f) there is no guarantee that the exploration activities proposed to be conducted in respect of the Nevada Mining Claims by the Company will result in a positive economic outcome. If the Nevada Mining Claims are not commercially viable, losses will be incurred by the Company.



## 1.15 Restriction agreements

The Nevada Metals Vendors have agreed to enter into restriction agreements in relation to the Shares to be issued to them upon Settlement. Under the restriction agreements, each of the Nevada Metals Vendors will be restricted from disposing or agreeing to the disposal of such Shares for a period of six months from the date of their issue.

## 1.16 Risk factors

Shareholders should be aware that if the Acquisition Resolutions are approved and the Proposed Transaction and Mining Claims Acquisition are completed, the Company will be changing the nature and scale of its activities. Based on the information available, a non-exhaustive list of risk factors in relation to the Nevada Mining Claims and Proposed Transaction, the Company's operations and the general risks of holding Shares in the Company are as follows:

### **Risks associated with the Nevada Mining Claims and the Proposed Transaction**

#### **(a) Forfeiture of Nevada Mining Claims if Deferred Consideration is not paid**

As noted in section 1.6 of this Explanatory Memorandum, Nevada Metals and the Grantee have entered into an Option Deed whereby Nevada Metals has granted an option in favour of the Grantee for the transfer of the Nevada Mining Claims by Nevada Metals (or a wholly owned US domiciled subsidiary of Nevada Metals, as appropriate) to the Grantee. The Call Option may be exercised by the Grantee where the Company fails to pay the Deferred Consideration to DGRM in accordance with and by the dates set out in the HOA (or such later dates as are agreed between Nevada Metals and DGRM).

The Company is confident that it will be able to pay the Deferred Consideration to DGRM in accordance with and by the dates set out in the HOA, however if the Company fails to do so, the Company may forfeit its interest in the Nevada Mining Claims.

#### **(b) Lithium price volatility risk**

Following Settlement, if the Nevada Mining Claims achieve exploration success leading to commencement of commercial mining operations, it is anticipated that any revenues from mining will primarily be derived from the sale of lithium. Consequently, any future earnings are likely to be closely related to the price of lithium. Lithium prices fluctuate and are affected by numerous factors beyond the control of the Company.

#### **(c) General project risks**

The Nevada Mining Claims are located in Nevada, USA. The Company will be subject to the risks associated with operating in Nevada. Such risks can include economic instability or change, changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of income or return of capital, environmental protection, mine safety, labour relations as well as government control over mining claims or government regulations. Should there be a material change in the political, legal and social environments in the USA, the Company's operations and profitability may be adversely affected.

#### **(d) Exploration success**

Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the Nevada Mining Claims, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient capital, being able to maintain title to the Nevada Mining Claims and obtaining all required approvals for its activities. In the event that exploration and drilling programmes prove to be unsuccessful this could lead to a diminution in the value of the Nevada Mining Claims, a reduction in the cash reserves of the Company and possible relinquishment of the Nevada Mining Claims.

#### **(e) Resource and reserve estimates**

Future resource estimates will be expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove

to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans that may, in turn, adversely affect the Nevada Mining Claims.

### **Risks relating to the Company's operations**

#### **(f) Future capital requirements**

Significant future funding will be required by the Company to develop the Nevada Mining Claims. There can be no assurance that such funding will be available on satisfactory terms or at all. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration and project development program as the case may be, which may adversely affect the business and financial condition of the Company and its performance.

#### **(g) Operating risks**

The current and future operations of the Company, including exploration, development appraisal, and possible production activities may be affected by a range of factors.

A summary of further factors that may affect the operations of the Company, include:

- (i) geological conditions;
- (ii) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (iii) mechanical failure of operating plant and equipment, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- (iv) industrial action, disputation or disruptions;
- (v) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (vi) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment;
- (vii) current exploration operations and future mine development of the tenements are subject to the Company's ability to obtain a wide range of permits, licences, and approvals and there is no guarantee that such permits, licences and approvals will be granted or will be granted in a timely matter; and
- (viii) advancement of the operations to mine development can be a lengthy process taking a number of years where the Company's projects may be subject to new laws, regulations, and taxes which may have a material impact on the Company.

#### **(h) Contractors and contractual disputes**

The Company will be subject to a variety of contracts including contracts with contractors. The Directors are unable to predict the risk of:

- (i) financial failure or default by a participant in any joint venture to which the Company is a party;
- (ii) insolvency or other managerial failure by any of the operators and contractors used by the Company in its exploration activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company or operators for any activity.

#### **(i) Foreign exchange risks**

The Company will be exposed to the volatility and fluctuations of the exchange rate between the American dollar, the Canadian dollar and the Australian dollar.

Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

(j) **Environmental risks**

The operations and proposed activities of the Nevada Mining Claims are subject to US laws and regulation concerning the environment. As with most resource development projects, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(k) **Potential acquisitions**

As part of its business strategy, the Company intends to make acquisitions of, or significant investments in, complementary companies or projects. Any such future transactions would be accompanied by the risks commonly encountered in making such acquisitions.

**General risks**

(l) **General economic and political risks**

Changes in the general economic and political climate in Australia, the USA, and on a global basis could impact on economic growth, lithium prices, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any mining development activity that may be conducted by the Company.

(m) **Market risk**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism and other hostilities.

(n) **Government**

Government action or policy change, both in Australia and in the USA, particularly in relation to lands and infrastructure, compliance with environmental regulations, taxation and royalties, may adversely affect the Company's operations and financial performance.

(o) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(p) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

**Investment speculative**

The above list of risk factors should not be considered exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

**1.17 Directors' recommendation**

The Directors do not have any material personal interests in the outcome of the Acquisition Resolutions and unanimously recommend that Shareholders vote in favour of the Acquisition Resolutions as they consider the Proposed Transaction to be in the best interests of Shareholders as after assessment of the advantages and disadvantages referred to in sections 1.13 and 1.14 of this Explanatory Memorandum, the Directors are of the view that the advantages outweigh the disadvantages.

Each of the Directors intends to vote their Shares in favour of each of the Acquisition Resolutions.

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**2 RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES**

The main undertaking of the Company is currently:

- (a) pursuing nickel and other mineral exploration programs at the Pardoo Nickel Project and the Supernova Project; and
- (b) the pursuit of other mineral project investment opportunities.

The Proposed Transaction, if approved by Shareholders at the Meeting and successfully completed, will result in a change in nature and scale of the activities undertaken by the Company to include the exploration for and potential development of lithium assets in the USA.

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable. Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

The ASX has advised the Company that it must seek shareholder approval for this change in nature and scale. Accordingly, Resolution 1 seeks Shareholder approval for the Proposed Transaction under Listing Rule 11.1.2.

The ASX has advised the Company that the change in the nature and scale of the Company's activities does not require the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

The Company intends to continue to explore, and if exploration results warrant it, seek to develop, or otherwise realise value from, the Pardoo Nickel Project and Supernova Project if the Proposed Transaction proceeds.

Resolution 1 is conditional on Resolutions 2 and 3 being approved.

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**3 RESOLUTION 2 – PROPOSED ISSUE OF SECURITIES TO NEVADA METALS VENDORS (OR THEIR NOMINEES)**

**3.1 General**

As outlined in section 1.3(a) of this Explanatory Memorandum, on Settlement of the Proposed Transaction, the Company will issue:

- (a) 600,000,000 Shares; and
- (b) 300,000,000 free attaching Options each exercisable into one Share at an exercise price of \$0.003 each on or before 31 December 2020,

(together, the **Consideration Securities**) to the Nevada Metals Vendors (or their respective nominees) as consideration for the Proposed Transaction.

### 3.2 Listing Rule 7.1

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

The effect of Resolution 2 will be to allow the Company to issue the Consideration Securities on Settlement of the Proposed Transaction during the period of 3 months after the Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules), without diminishing the Company's 15% annual placement capacity.

Resolution 2 is conditional on Resolutions 1 and 3 being approved.

### 3.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Securities for the purpose of the Proposed Transaction:

- (a) the maximum number of Consideration Securities to be issued is:
  - (i) 600,000,000 Shares; and
  - (ii) 300,000,000 Options;
- (b) it is intended that issue of the Consideration Securities will occur on the same date, being the date of Settlement of the Proposed Transaction which, subject to the satisfaction of all Conditions Precedent referred to in section 1.3(b) of this Explanatory Memorandum, will be no later than 3 months after the date of this Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Consideration Securities will be issued for nil cash consideration as they are being issued for consideration for the Proposed Transaction. Accordingly, no funds will be raised from the issue. The Shares will be issued at a deemed issue price of \$0.001 each and the Options are free attaching;
- (d) the Consideration Securities will be issued to the Nevada Metals Vendors, none of whom are related parties of the Company, as follows:

Shareholders (Nevada Metals Pty Ltd)	Shares	Options
Rosemount Capital Partners Pte Ltd	100,000,000	50,000,000
Charles Michael Clifton Ryan	100,000,000	50,000,000
Venex Capital Corp Ltd	100,000,000	50,000,000
Midas Corporate Solutions Pty Ltd	100,000,000	50,000,000
BT Global Holdings Pty Ltd	100,000,000	50,000,000
Tirumi Pty Ltd <ATF Tirumi Super Fund>	100,000,000	50,000,000
<b>TOTAL</b>	<b>600,000,000</b>	<b>300,000,000</b>

- (e) the Shares issued 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 on issue and will rank equally in all respects with the Company's existing Shares on issue; and
- (f) the Options will be issued on the terms and conditions set out in Schedule 2 of this Notice.

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## 4 RESOLUTION 3 – PROPOSED ISSUE OF SHARES TO DG RESOURCES MANAGEMENT LTD

### 4.1 General

As outlined in section 1.3(a) of this Explanatory Memorandum, the Company will satisfy part of the consideration payable under the Mining Claims Acquisition by issuing Shares to DGRM as follows:

#### *Lida Valley Project*

- (i) the issue of 100,000,000 Shares to DGRM at a deemed issue price of \$0.001 each. These Shares are to be issued within 30 days of receipt of the Shareholder approval the subject of Resolutions 1 to 3 (inclusive);
  - (ii) the issue of 100,000,000 Shares to DGRM at a deemed issue price of \$0.001 each on the date that is 12 months after the date of receipt of Shareholder approval the subject of Resolutions 1 to 3 (inclusive); and
  - (iii) the issue of 75,000,000 Shares to DGRM at a deemed issue price of \$0.001 each on the date that is 24 months after the date of receipt of the Shareholder approval the subject of Resolutions 1 to 3 (inclusive),
- (together, **Lida Valley Consideration Shares**).

#### *Muddy Mountain Project*

- (i) the issue of 125,000,000 Shares to DGRM at a deemed issue price of \$0.001 each. These Shares are to be issued within 14 days of receipt of the Shareholder approvals the subject of Resolutions 1 to 3 (inclusive);
  - (ii) the issue of 125,000,000 Shares to DGRM at a deemed issue price of \$0.001 each on the date that is 12 months after the date of Settlement; and
  - (iii) the issue of 125,000,000 Shares to DGRM at a deemed issue price of A\$0.001 each on the date that is 24 months after the date of Settlement,
- (together, **Muddy Mountain Consideration Shares**).

Resolution 3 seeks Shareholder approval for the issue of the Lida Valley Consideration Shares and the Muddy Mountain Consideration Shares (**DGRM Shares**).

The Company has applied for a waiver from Listing Rule 7.3.2 from the ASX to the extent necessary to permit the DGRM Shares the subject of the Deferred Consideration to be issued at a date more than 3 months after the date of the Meeting (**Waiver**). In the event that the Waiver is not granted, subject to the agreement by each counterparty to the HOA and the Listing Rules, the Company will not issue any DGRM Shares which are required to be issued greater than 3 months after the Meeting unless and until it obtains shareholder approval for the issue of such DGRM Shares (which will be sought by the Company within 3 months of the date of their issue).

### 4.2 Listing Rule 7.1

A summary of Listing Rule 7.1 is set out in section 3.2 of this Explanatory Memorandum above.

The effect of Resolution 3 will be to allow the Company to issue the DGRM Shares on Settlement of the Proposed Transaction during the period of 3 months after the Meeting (or such later date(s) as may be permitted by the Waiver), without diminishing the Company's 15% annual placement capacity.

Resolution 3 is conditional on Resolutions 1 and 2 being approved.

### 4.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the DGRM Shares for the purpose of the Mining Claims Acquisition:

- (a) the maximum number of DGRM Shares to be issued is:
  - (i) 275,000,000 Lida Valley Consideration Shares; and
  - (ii) 375,000,000 Muddy Mountain Consideration Shares;

- (b) subject to the satisfaction of all Conditions Precedent referred to in section 1.3(b) of this Explanatory Memorandum and paragraph 4.3(c), it is intended that issue of the DGRM Shares will occur no later than 3 months after the date of this Meeting (or such later date(s) as may be permitted by the Waiver);
- (c) In the event that the Waiver is not granted, subject to the agreement by each counterparty to the HOA and the Listing Rules, the Company will not issue any DGRM Shares which are required to be issued greater than 3 months after the Meeting unless and until it obtains shareholder approval for the issue of such DGRM Shares (which will be sought by the Company within 3 months of the date of their issue);
- (d) the DGRM Shares will be issued for nil cash consideration as they are being issued for consideration for the Mining Claims Acquisition. Accordingly, no funds will be raised from the issue. The Shares will be issued at a deemed issue price of \$0.001 each;
- (e) the DGRM Shares will be issued to DGRM. DGRM is not a related party of the Company; and
- (f) the DGRM Shares issued 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 on issue and will rank equally in all respects with the Company's existing Shares on issue.

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## 5 RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES TO SOPHISTICATED INVESTORS

### 5.1 General

Resolution 4 seeks the approval of Shareholders pursuant to Listing Rule 7.4 for the issue of 482,645,223 Shares (at an issue price of \$0.001 each) on 30 March 2016 to sophisticated investors. The Shares were issued upon the announcement of a capital raising announced simultaneously with the Proposed Transaction to raise \$482,645 (before costs) via the issue of 482,645,223 Shares at \$0.001 per Share, together with free attaching Options issued on a one for two basis exercisable at \$0.003 each on or before 31 December 2020 to sophisticated investors (**Capital Raising**).

The Capital Raising fulfilled the Company's obligation under the HOA to raise a minimum of \$400,000 by way of an offer that did not require disclosure to investors.

193,058,089 Shares were issued pursuant to the Company's capacity under Listing Rule 7.1A while 289,587,134 Shares were issued pursuant to the Company's capacity under Listing Rule 7.1.

Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares under the Capital Raising.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1. By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Where an eligible entity obtains shareholder approval to increase its placement capacity under Listing Rule 7.1A, any equity securities issued under that additional placement capacity will not be counted in the variable upon which the 10% placement capacity is based until that issue has been ratified under Listing Rule 7.4 (or 12 months has passed since their issue). In addition, any equity securities issued under that additional placement capacity will reduce the balance of equity securities able to be issued under that additional capacity without prior shareholder approval until that issue has been ratified under Listing Rule 7.4 (or 12 months has passed since their issue).

By ratifying this issue, the Company will increase the variable upon which the 10% placement capacity is based and retain the flexibility to issue equity securities in the future up to the 10% placement capacity set out in Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

### 5.2 Technical information required by Listing Rule 7.4

The following information in relation to the Shares is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 482,645,223 Shares were issued;
- (b) the Shares were issued at an issue price of \$0.001 each;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue and rank equally in all respects with the Company's existing Shares on issue;

- (d) the Shares were issued to sophisticated investors, all of whom are unrelated parties of the Company; and
- (e) funds raised from the issue are to be used for exploration and drilling work programs for the Nevada Mining Claims, to partly fund the cash consideration payable under the Proposed Transaction and the Company's working capital requirements.

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## 6 RESOLUTION 5 – PROPOSED ISSUE OF OPTIONS TO SOPHISTICATED INVESTORS

### 6.1 General

Resolution 5 seeks Shareholder approval for the issue of 241,322,612 Options exercisable at \$0.003 each on or before 31 December 2020 to sophisticated investors. The Options were issued as free attaching options on the basis of one Option for every two Shares issued under the Capital Raising.

A summary of Listing Rule 7.1 is set out in section 3.2 of this Explanatory Memorandum above.

The effect of Resolution 5 will be to allow the Company to issue the Options under the Capital Raising during the period of 3 months after the Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules), without using the Company's 15% annual placement capacity.

### 6.2 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Options pursuant to the Capital Raising:

- (a) the maximum number of Options to be issued is 214,322,612;
- (b) the Options will be issued no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue will occur on the same date;
- (c) the Options will be issued for nil cash consideration as they are being issued as free options attaching to the issue of Shares under the Capital Raising on the basis of one Option for every two Shares. Accordingly, no funds will be raised from the issue;
- (d) the Options will be issued to sophisticated investors that participated in the Capital Raising, none of whom are related parties of the Company; and
- (e) the Options will be issued on the terms and conditions set out in Schedule 2 of this Notice.

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## 7 RESOLUTION 6 – PROPOSED ISSUE OF OPTIONS TO BARCLAY WELLS LIMITED

### 7.1 General

Resolution 6 seeks Shareholder approval for the issue of 200,000,000 Options exercisable at \$0.003 each on or before 31 December 2020 to Barclay Wells Limited (**Barclay Wells**). Barclay Wells entered into a transaction mandate with the Company on 15 March 2016 to act as the Company's transaction adviser and lead broker in relation to the Capital Raising (**Mandate**).

Pursuant to the terms of the Mandate, the Company agreed to pay Barclay Wells for the provision of its services as follows:

- (a) in respect of the Capital Raising, a fee of 6% (plus GST) of the total funds raised; and
- (b) 200,000,000 Options exercisable at \$0.003 each on or before 31 December 2020.

A summary of Listing Rule 7.1 is set out in section 3.2 of this Explanatory Memorandum above.

The effect of Resolution 6 will be to allow the Company to issue the Options to Barclay Wells pursuant to the Mandate during the period of 3 months after the Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules), without diminishing the Company's 15% annual placement capacity.

### 7.2 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Options to be issued to Barclay Wells:

- (a) the maximum number of Options to be issued is 200,000,000;



- (b) the Options will be issued no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue will occur on the same date;
- (c) the Options will be issued at \$0.00001 pursuant to the Mandate. Accordingly, \$2,000 will be raised from the issue;
- (d) the Options will be issued to Barclay Wells Limited, which is not a related party of the Company; and
- (e) the Options will be issued on the terms and conditions set out in Schedule 2 of this Notice.

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## **8 RESOLUTION 7 – PROPOSED ISSUE OF SECURITIES TO S3 CONSORTIUM PTY LIMITED**

### **8.1 General**

Resolution 7 seeks Shareholder approval for the issue of 30,000,000 Shares and 15,000,000 Options exercisable at \$0.003 each on or before 31 December 2020 to S3 Consortium Pty Limited (**StocksDigital**) for digital media and marketing services provided to the Company since 29 March 2016. The Securities proposed to be issued to StocksDigital are being provided in lieu of cash consideration for these services.

A summary of Listing Rule 7.1 is set out in section 3.2 of this Explanatory Memorandum above.

The effect of Resolution 7 will be to allow the Company to issue the Shares and Options to StocksDigital during the period of 3 months after the Meeting (or such later date as may be permitted by an ASX waiver of the Listing Rules), without diminishing the Company's 15% annual placement capacity.

### **8.2 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of Securities to be issued to StocksDigital:

- (a) the maximum number of Shares to be issued is 30,000,000;
- (b) the maximum number of Options to be issued is 15,000,000;
- (c) the Securities will be issued no later than 3 months after the date of the Meeting (or a later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that the issue will occur on the same date;
- (d) the Securities will be issued for nil cash consideration as payment for services provided by StocksDigital to the Company. Accordingly, no funds will be raised from the issue. The Shares will be issued at a deemed issue price of \$0.001 each;
- (e) the Securities will be issued to StocksDigital, which is not a related party of the Company;
- (f) the Shares issued 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 on issue and will rank equally in all respects with the Company's existing Shares on issue; and
- (g) the Options will be issued on the terms and conditions set out in Schedule 2 of this Notice.

## GLOSSARY

**\$** means Australian dollars.

**Associate** has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**AWST** means western standard time as recognised in Perth, Western Australia.

**Board** means the Directors.

**Business Day** means a day on which banks are open for business in Perth, Western Australia, other than a Saturday, Sunday or public holiday in Perth, Western Australia.

**C\$** means Canadian dollars.

**Capital Raising** means the capital raising undertaken by the Company on 30 May 2016, details of which have been provided in section 5.1 of the Explanatory Memorandum.

**Chair** means the individual elected to chair any meeting of the Company from time to time.

**Child Entity** has the meaning given to that term in the Listing Rules.

**Company** means Caeneus Minerals Limited ACN 082 593 235.

**Constitution** means the Company's constitution, as amended from time to time.

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

**Deferred Consideration** means the Lida Valley Deferred Consideration and the Muddy Mountain Deferred Consideration, the meanings of which are given to those terms in section 1.3 of this Explanatory Memorandum.

**DGRM** means DG Resources Management Ltd (Alberta Corporate Access Number 20762137), a company registered in Canada.

**Directors** means the directors of the Company.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Listing Rules** means the ASX Listing Rules.

**Meeting** means the general meeting convened by the Notice.

**Nevada Metals** means Nevada Metals Pty Limited ACN 611 082 145.

**Nevada Metals Vendors** means the shareholders of Nevada Metals, details of which are set out in Schedule 1.

**Notice** means this Notice of General Meeting.

**Notice of Meeting** means this Notice of General Meeting.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Proxy Form** means the proxy form accompanying the Notice.

**Reorganisation** means, in relation to the Company:

- (a) every issue by way of capitalisation of profits or reserves or by way of rights;
- (b) every consolidation or subdivision or reduction of capital;
- (c) every pro rata bonus issue of shares (not including an issue for cash or consideration);
- (d) every other reconstruction or adjustment relating to the share capital of the Company as the case may be (or to any shares, stock or securities derived from that share capital); and
- (e) any amalgamation, reconstruction or other reorganisation affecting the share capital of the Company as the case may be (or any shares, stock or securities derived from that share capital).

**Resolution** means a resolution contained in the Notice.

**Securities** means Shares and Options.

**Settlement** means settlement of the Proposed Transaction.

**Shareholder** means a member of the Company from time to time.

**Shares** means fully paid ordinary shares in the capital of the Company.

## Schedule 1 – Nevada Metals Vendors

Shareholder
Rosemount Capital Partners Pte Ltd
Charles Michael Clifton Ryan
Venex Capital Corp Ltd
Midas Corporate Solutions Pty Ltd
BT Global Holdings Pty Ltd
Tirumi Pty Ltd <ATF Tirumi Super Fund>

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## Schedule 2 – Option Terms and Conditions

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) Each Option will expire at 5.00pm (AWST) on 31 December 2020 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) Subject to paragraph (k), the amount payable upon exercise of each Option is \$0.003 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
- (i) a written notice of exercise of Options specifying the number of Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice)**.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- (h) Subject to the Listing Rules, all applicable laws and any restriction or escrow arrangements, the Options may be transferred at any time prior to the Expiry Date.
- (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares then on issue.
- (j) The Company will not apply for quotation of the Options on ASX. However, if admitted to the official list of ASX at the time, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (k) If at any time the issued capital of the Company is reconstructed or reorganised, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction or reorganisation.
- (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (m) Subject to paragraph (k), an Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

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**GENERAL MEETING**

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR:

the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 10.00 am (AWST), on 28 June 2016 at Suite 4, 56 Kings Park Road, WEST PERTH WA 6005, and at any adjournment thereof.

**CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES**

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

**Voting on business of the Meeting**

	FOR	AGAINST	ABSTAIN
Resolution 1 : Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 : Proposed issue of Securities to Nevada Metals Vendors (or their nominees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 : Proposed issue of Shares to DG Resources Management Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 : Ratification of Shares to sophisticated investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 : Proposed issue of Options to sophisticated investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 : Proposed issue of Options to Barclay Wells Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 : Proposed issue of Securities to S3 Consortium Pty Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: \_\_\_\_\_ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date: \_\_\_\_\_

Contact name: \_\_\_\_\_

Contact ph (daytime): \_\_\_\_\_

E-mail address: \_\_\_\_\_

Consent for contact by e-mail in relation to this Proxy Form:

YES  NO

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. **(Signing instructions):**

- **(Individual):** Where the holding is in one name, the Shareholder must sign.
- **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
- **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
- **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to the Company, PO Box 964 WEST PERTH WA 6872; or
- (b) facsimile to the Company on facsimile number +61 8 9481 0655;

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**