



# TLOU ENERGY LIMITED

A.B.N 79 136 739 967

## NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

**Date of Meeting**

Wednesday 6 November 2013

**Time of Meeting**

10.00am (Brisbane Time)

**Place of Meeting**

Royal on the Park  
Corner Alice & Albert Streets  
Brisbane Qld 4000

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

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

# TLOU ENERGY LIMITED

A.B.N 79 136 739 967

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Tlou Energy Limited A.B.N 79 136 739 967 ("the Company") will be held at the Royal on the Park, Corner Alice & Albert Streets, Brisbane Qld 4000 on Wednesday 6 November 2013 at 10.00am (Brisbane time) for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

## AGENDA

### ITEMS OF BUSINESS

#### Financial Statements and Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2013 together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

#### 1. Resolution 1 – Non Binding Resolution to Adopt Remuneration Report

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

*"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2013 be adopted."*

**Note:** The vote on this resolution is advisory only and does not bind the Directors or the Company.

#### For the purposes of Resolution 1:

**Voting Exclusion Statement:** The Company will disregard any votes cast on this resolution by or on behalf of:

- a member of the Key Management Personnel (**KMP**) of the Company; or
- a Closely Related Party of a KMP, whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote if it is cast as a proxy by a KMP, details of whose remuneration are included in the remuneration report for the year ended 30 June 2013, or a Closely Related Party of such a KMP:

- for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with an express authority on the proxy form to vote as the proxy decides, even if the resolution is connected

- directly or indirectly with the remuneration of a KMP; and
- the vote is not cast on behalf of a KMP details of whose remuneration are included in the remuneration report for the year ended 30 June 2013, or a Closely Related Party of a KMP.

Further, the Company will not disregard a vote if it is cast by a KMP, details of whose remuneration are not included in the remuneration report for the year ended 30 June 2013, or a Closely Related Party of such a KMP:

- as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- if it is cast by a person who is chairing the meeting as proxy for a person who is entitled to vote, in accordance with an express authority on the proxy form to vote as the proxy decides, even if the resolution is connected directly or indirectly with the remuneration of a KMP.

**You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.**

#### 2. Resolution 2 – Re-election of Mr Nathan Andrew Mitchell as a Director

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

*"That, Nathan Andrew Mitchell, who retires in accordance with clause 46(c) of the Constitution and, being eligible for re-election, be re-elected as a Director."*

#### 3. Resolution 3 – Approval of 10% Placement Capacity

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

*"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval be given for the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue or the agreement to issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."*

#### For the Purposes of Resolution 3:

**Voting Exclusion Statement:** The Company will disregard any votes cast on this special resolution by any person who may participate in the issue of Equity Securities the subject of this Resolution 3 and a person who might obtain a benefit except a benefit solely in the capacity of a holder of ordinary securities if the resolution is passed (**Participating Party**), and any associate of the Participating Party.

However, the Company will not disregard a vote if:

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

At the date of this Notice, it is not known who will participate in the proposed issue of Equity Securities the subject of this special resolution and the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. Therefore, no existing Shareholder votes will be excluded under the voting exclusion in this Notice.

**You may be liable for breach of the voting restrictions in the Corporations Act if you cast a vote that the Company disregards.**

#### 4. Resolution 4 – Appointment of Auditor

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

*“The members resolve that BDO Audit Pty Ltd be appointed auditor of the Company.”*

#### OTHER BUSINESS

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

For the purposes of this Notice (including each of the Resolutions), the following definitions apply:-

**“Annual Report”** means the annual report of the Company for the year ended 30 June 2013;

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

**“Board”** means the Board of Directors of Tlou Energy Limited;

**“Closely Related Party”**, in relation to a member of the KMP, means the member’s spouse, child or dependant (or a child or dependant of the member’s spouse), anyone else in the member’s family who may be expected to influence or be influenced by the member in the member’s dealings with the Company (or its controlled entities), and any company the member controls;

**“Company”** or **“Tlou Energy”** means Tlou Energy Limited A.B.N. 79 136 739 967;

**“Constitution”** means the Company’s Constitution, as amended from time to time;

**“Corporations Act”** means *Corporations Act 2001* (Cth);

**“Directors”** means the Directors of the Company;

**“Equity Securities”** has the meaning given to that term in the Listing Rules.

**“Explanatory Memorandum”** means the explanatory memorandum accompanying this Notice;

**“Key Management Personnel”** or **“KMP”** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company or its controlled entities, whether directly or indirectly. Members of the KMP include directors (both executive and non-executive) and certain senior executives;

**“Listing Rules”** means the Listing Rules of the ASX;

**“Notice”** means this Notice of Annual General Meeting;

**“Resolution”** means a resolution contained in this Notice; and

**“Shareholder”** means a holder of shares in the Company.

**By order of the Board**



**STEPHEN RODGERS**

Company Secretary

Dated: 26 September 2013

## 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 or by submitting their proxy appointment and voting instructions 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 attendance recorded. Attorneys should bring with them an original or certified copy of the Power of Attorney under which they have been authorised to attend and vote at the meeting.

### 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 unless previously given to the Company's Share Registry.

### Voting by Proxy

- A Shareholder entitled to attend and vote is permitted to appoint not more than two (2) 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 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 do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, 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.
- To be effective, proxies must be lodged by 10.00am (Brisbane time) on Monday 4 November 2013. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:-
  1. by returning a completed proxy form in person or by post using the pre-addressed envelope provided with this Notice to:-

The Share Registry  
Tlou Energy Limited  
c/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia

or
  2. by faxing a completed proxy form to:-

Tlou Energy Limited, on  
02 9287 0309 (within Australia); or  
+ 61 2 9287 0309 (outside Australia)

or
  3. by visiting:-

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) and logging in using the control number found on the front of your accompanying proxy form.

- 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 (Brisbane Time), Monday 4 November 2013. If facsimile transmission is used, the Power of Attorney must be certified.

**Shareholders who are entitled to vote**

- In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 7.00pm (Sydney time) on Monday 4 November 2013.

# TLOU ENERGY LIMITED

A.B.N 79 136 739 967

## 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 Annual General Meeting of Tlou Energy Limited ("Tlou Energy" or the "Company").

### FINANCIAL STATEMENTS AND REPORTS

The first item of the Notice of Annual General Meeting deals with the presentation of the consolidated annual financial statements of the Company for the financial year ended 30 June 2013 together with the Directors' Declaration and Report in relation to that financial year and the Auditor's Report on those financial statements. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the business, operations and management of the Company.

The Chairman will also provide Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Audit Report;
- the accounting policies adopted by the Company in relation to the preparation of accounts; *and*
- the independence of the Auditor in relation to the conduct of the audit.

### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

In accordance with Section 250R(2) of the Corporations Act the Company is required to present to its Shareholders the Remuneration Report as disclosed in the Company's 2013 Annual Report. The Remuneration Report is contained in the Annual Report and is also available on the Company's website: [www.tlouenergy.com](http://www.tlouenergy.com)

This Resolution is advisory only and does not bind the Directors or the Company. However, if at least 25% of the votes cast on the resolution at the Annual General Meeting are against adoption of the report, then:

- if comments are made on the report at the Annual General Meeting, the Company's remuneration report for the financial year ending 30 June 2013 will be required to include an explanation of the board's proposed action in response or, if no action is proposed, the board's reasons for this; and
- if, at the Company's 2013 Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the remuneration report for the relevant financial year are against its adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of directors of the Company (**Spill Resolution**). For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the directors (other than any managing director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

### **Recommendation**

The Remuneration Report forms part of the Directors' Report, made in accordance with a unanimous resolution of the Directors. Each of the Directors recommends the report to Shareholders for adoption.

### **RESOLUTION 2 – RE-ELECTION OF MR NATHAN ANDREW MITCHELL AS A DIRECTOR**

The Company's Constitution provides that a director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years, following that director's last election or appointment. Mr Nathan Mitchell therefore, retires from office in accordance with this requirement and submits himself for re-election.

Mr Mitchell was appointed a Director on 23 April 2009 and made Non –Executive Chairman of the Board on 11 August 2009. Mr Mitchell has over 23 years' experience with the drilling and resource exploration industry.

Mr Mitchell brings to Tlou a strong commercial background, with sound business management and CBM industry expertise. He has been involved in the

establishment and development of a number of businesses.

He is also a Director of Westside Corporation Limited – an ASX-listed company with interests in CBM projects in Queensland, and a number of other unlisted private companies.

#### **Recommendation**

The Directors (with Mr Mitchell abstaining) recommend that you vote in favour of the resolution.

### **RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY**

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1. An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a Special Resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, which is detailed below.

#### **Description of ASX Listing Rule 7.1A**

##### *a) Shareholder approval*

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an Annual General Meeting.

##### *b) Equity Securities*

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

The Company, as at the date of the Notice, has on issue only one type of Equity Securities being ordinary shares.

#### *Formula for calculating 10% Placement Facility*

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

$(A \times D) - E$

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

- i. plus the number of fully paid shares issued in the 12 months under an exception in ASX Listing Rule 7.2;
- ii. plus the number of partly paid shares that became fully paid in the 12 months;
- iii. plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 and 7.4;
- iv. less the number of fully paid shares cancelled in the 12 months.

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

D is 10%.

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

#### **ASX Listing Rules 7.1 and 7.1A**

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

At the date of this Notice, the Company has on issue 103,003,758 ordinary shares and therefore has a capacity to issue:

- 1) 15,450,564 Equity Securities under ASX Listing Rule 7.1; and
- 2) subject to Shareholder approval being sought under Resolution 3, 10,300,376 Equity Securities under ASX Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, which is detailed above.

#### **Minimum Issue Price**

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the Volume Weighted Average Price of Equity Securities in the same class calculated over the 15 Trading Days immediately before:

- 1) the date on which the price at which the Equity Securities are to be issued is agreed; or

- 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.

#### 10% Placement Period

Shareholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- 1) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- 2) the date of the approval by shareholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

#### ASX Listing Rule 7.1A

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities in any existing quoted class, under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Resolution 3 is a Special Resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) are cast in favour of the resolution.

#### Specific information required by ASX Listing Rule 7.3A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- a) The Equity Securities will be issued at an issue price of not less than 75% of the Volume Weighted Average Price for the Company's Equity Securities over the 15 Trading Days immediately before:
  - 1) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - 2) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (1) above, the date on which the Equity Securities are issued.
- b) If Resolution 3 is passed by Shareholders as a Special Resolution and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of unlisted options, only if the unlisted options are exercised). There is a risk that:
  - 1) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and

#### ASX Listing Rule 7.3A.2 – Dilution Table

Variable "A" in ASX Listing Rule 7.1A.2		\$0.175 Issue Price (50% decrease in Deemed Price)	\$0.35 Issue Price (Deemed Price)	\$0.70 Issue Price (100% increase in Deemed Price)
103,003,758 being the current Variable A Shares.	10% Voting Dilution	10,300,376	10,300,376	10,300,376
	Funds Raised	\$1,802,566	\$3,605,132	\$7,210,263
154,505,637 being a 50% increase in Variable A Shares	10% Voting Dilution	15,450,564	15,450,564	15,450,564
	Funds Raised	\$2,703,849	\$5,407,697	\$10,815,395
206,007,516 being a 100% increase in Variable A Shares	10% Voting Dilution	20,600,752	20,600,752	20,600,752
	Funds Raised	\$3,605,132	\$7,210,263	\$14,420,526

\*The Deemed Price was the closing price of the Shares on the ASX on 25 September 2013.

- 2) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

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

The table also shows:

- 1) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer under Chapter 6 of the Corporations Act) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- 2) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

The table has been prepared on the following assumptions:

- i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- ii) No unlisted options are exercised into Shares before the date of the issue of the Equity Securities under ASX Listing Rule 7.1A. The Company has 15,720,055 unlisted options on issue at the date of this Notice. The Company has no Performance Rights on issue under the PRP and CPRP as at the date of this Notice.
- i) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- ii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under

the 10% Placement Facility, based on that Shareholder's holding at the date of the Annual General Meeting.

- iii) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and does not consider issues under the 15% placement capacity under ASX Listing Rule 7.1.
- iv) The issue of Equity Securities under the 10% Placement Facility consists only of ordinary shares in the Company. The table does not demonstrate the effect of listed or unlisted options being issued under ASX Listing Rule 7.1A.
- v) The issue price for ordinary shares in the Company is deemed for the purposes of the table to be \$0.35 (**Deemed Price**), being the closing price of these shares on ASX on 25 September 2013. This price is indicative only and does not consider the 25% discount to market that these shares may be issued at.
- vi) 'A' is the current number of fully paid ordinary shares on issue, and assumes full placement capacity available.
- c) The Company will only issue and allot the Equity Securities pursuant to the 10% Placement Capacity within 12 months of the date of this Annual General Meeting. Further the approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- d) The Company may seek to issue the Equity Securities for the following purposes:
  - 1) non-cash consideration for the acquisition of the new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3; or
  - 2) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expense associated with such acquisition), continued exploration and feasibility study expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

e) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- 1) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- 2) the effect of the issue of the Equity Securities on the control of the Company;
- 3) the financial situation and solvency of the Company; and
- 4) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company were to pursue an acquisition and were it to be successful in acquiring new resource assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new resource assets or investments.

- e) The Company has not previously obtained Shareholder approval under ASX Listing Rule 7.1A.
- f) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

#### **Recommendation**

The Directors consider that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should such an issue be required. Accordingly, each of the Directors recommends that Shareholders vote in favour of Resolution 3.

#### **RESOLUTION 4 – APPOINTMENT OF AUDITOR**

The Company's auditors PKF East Coast Practice has recently integrated its business with BDO and changed its name to BDO East Coast Partnership. The Brisbane office of BDO East Coast Partnership was later transferred to the Brisbane office of the BDO Queensland practice and the audit partners became directors of BDO Audit Pty Ltd.

In accordance with 328A of the Corporations Act 2001 BDO Audit Pty Ltd has consented to its appointment as auditor and in accordance with section 328B(1) of the Act, nomination of BDO Audit Pty Ltd as auditor has been given to the company by a shareholder. A copy of this notice accompanies this notice of meeting.

The Company's current auditor, BDO East Coast Partnership, has tendered its resignation as auditor to the Company and has advised the Company that it has applied to ASIC for consent to resign at the Annual General Meeting on 6 November 2013 in accordance with section 329(5) of the Corporations Act 2001. It is anticipated that BDO East Coast Partnership's resignation will take effect from the later of the date of the AGM and the day on which ASIC gives its consent. The Company's expectation is that ASIC's consent will be forthcoming prior to this Annual General Meeting.

Accordingly, subject to shareholder approval of this resolution, it is expected that the appointment of BDO Audit Pty Ltd will be effective from the conclusion of the Annual General Meeting on 6 November 2013.

#### **Recommendation**

The Directors unanimously recommend that you vote in favour of Resolution 4.