

Tawana Resources NL  
(Incorporated in Australia)  
(Registration number ACN 085 166 721)  
Share code on the JSE Limited: TAW  
ISIN: AU000000TAW7  
Share code on the Australian Stock Exchange Limited: TAW  
ISIN: AU000000TAW7  
("Tawana" or "the Company")

Tawana Resources NL  
ACN 085 166 721

## Notice of Annual General Meeting

Annual General Meeting of Shareholders to be held at Freemasons Hall, 181 Roberts Road, Subiaco, Western Australia at 12.00pm on Friday, 31 May 2013.

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional adviser prior to voting.

## Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Tawana Resources NL ACN 085 166 721 (**Company**) will be held at Freemasons Hall, 181 Roberts Road, Subiaco, Western Australia commencing at 12.00pm (WST) on Friday, 31 May 2013.

### ORDINARY BUSINESS

#### 1. Annual Report for year ended 31 December 2012

To receive and consider the Annual Report of the Company for the year ended 31 December 2012 which includes the Financial Report of the Company, the Directors' Report, the Remuneration Report and the Auditor's Report.

#### 2. Resolution 1 – Adoption of Remuneration Report

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

*"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 31 December 2012 be adopted."*

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

**Voting exclusion**

The Company will disregard any votes cast on Resolution 1:

- (a) by or on behalf of a member of Key Management Personnel as disclosed in the Remuneration Report;
- (b) by or on behalf of a Closely Related Party of a member of Key Management Personnel; and
- (c) as a proxy by a member of Key Management Personnel or a Closely Related Party,

unless the vote is cast as proxy for a person entitled to vote in accordance with a direction on the proxy form or by the Chairman pursuant to an express authorisation to exercise the proxy.

**3. Resolution 2 – Re-election of Matthew Bowles**

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

*“That Matthew Bowles, who retires by rotation in accordance with clause 59 of the Constitution and who is eligible and offers himself for re-election, be re-elected as a Director.”*

**4. Resolution 3 – Re-election of David Frances**

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

*“That David Frances, who was appointed as a Director on 28 January 2013 and in accordance with clause 57 of the Constitution holds office until this Annual General Meeting and who is eligible and offers himself for re-election, be re-elected as a Director.”*

**5. Resolution 4 – Ratification of prior issue of Options to Employee**

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

*“That, for the purpose of Listing Rule 7.4 and for all other purposes, the issue of 1,500,000 Class B Options to Rockson Coffie as set out in the Explanatory Statement is hereby approved and ratified.”*

**Voting exclusion**

The Company will disregard any votes cast on Resolution 4 by Rockson Coffie and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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 5 – Changes to the terms of Class A Options**

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

*“That, for the purpose of Listing Rule 6.23.4 and for all other purposes, approval is given for the changes to the terms of the Class A Options as set out in the Explanatory Statement.”*

**Voting exclusion**

The Company will disregard any votes cast on Resolution 5 by a person who holds a Class A Option and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman 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 6 – Changes to the terms of Class B Options

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

*“That, for the purpose of Listing Rule 6.23.4 and for all other purposes, approval is given for the changes to the terms of the Class B Options as set out in the Explanatory Statement.”*

### Voting exclusion

The Company will disregard any votes cast on Resolution 6 by a person who holds a Class B Option and any of their associates.

However, the Company will not disregard a vote if:

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

## 8. Resolution 7 – Proposed issue of Options to David Frances

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

*“That, for the purpose of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 5,000,000 New Class A Options and 10,000,000 New Class B Options to David Frances (and/or his nominee) as set out in the Explanatory Statement.”*

### Voting exclusion

The Company will disregard any votes cast on Resolution 7 by David Frances and any of his associates.

However, the Company will not disregard a vote if:

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

## 9. Resolution 8 – Future placement of Shares

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

*“That, for the purpose of Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 500,000,000 Shares at a price that is at least 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is announced to ASX, within 3 months from the date of the Annual General Meeting to such Exempt Investors as the Company may determine and otherwise as set out in the Explanatory Statement.”*

**Voting exclusion**

The Company will disregard any votes cast on Resolution 8 by any person and that person's associates who may participate in the proposed issue of Shares and any person who might obtain a benefit, except a benefit solely in the capacity as a holder of Shares, if Resolution 8 is passed.

However, the Company will not disregard a vote if:

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

**10. Resolution 9 – Approval of 10% Placement Facility**

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

*“That, for the purpose of Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”*

**Voting exclusion**

The Company will disregard any votes cast on Resolution 9 by any person and that person's associates who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity as a holder of Shares, if Resolution 9 is passed.

However, the Company will not disregard a vote if:

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

**11. Other business**

In accordance with section 250S(1) of the Corporations Act, Shareholders are invited to ask questions about or make comments on the management of the Company and to raise any other business which may lawfully be brought before the Annual General Meeting.

**By order of the Board**

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**Winton Willesee**  
Joint Company Secretary  
Tawana Resources NL

26 April 2013

## Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice.

This Explanatory Statement should be read in conjunction with the Notice. Capitalised terms in this Explanatory Statement are defined in the Glossary.

### 1. Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative.

Members of Key Management Personnel and their Closely Related Parties will not be able to vote as proxy on Resolutions 1 and 7 unless the Shareholder directs them how to vote or, in the case of the Chairman, unless the Shareholders expressly authorise him to do so. If a Shareholder intends to appoint a member of Key Management Personnel or their Closely Related Parties (other than the Chairman) as its proxy, the Shareholder should ensure that they direct the proxy how to vote on Resolutions 1 and 7.

If a Shareholder intends to appoint the Chairman as its proxy on Resolutions 1 and 7, Shareholders can direct the Chairman how to vote by marking one of the boxes for those Resolutions. If a Shareholder does not direct the Chairman how to vote, by submitting the Proxy Form the Shareholders will be expressly authorising the Chairman to exercise the proxy in respect of Resolutions 1 and 7 even though it is connected to the remuneration of members of Key Management Personnel.

To vote by proxy, please complete and sign the Proxy Form enclosed and send by:

- (a) post to the Company's registered office at Suite 25, 145 Stirling Highway, Nedlands, Western Australia 6009; or

- (b) facsimile to the Company on (08) 9389 3199; or
- (c) email to the Company Secretary at winton@azc.com.au,

so that it is received by no later than 12.00pm (WST) on Wednesday, 29 May 2013. Proxy Forms received later than this time will be invalid.

## 2. Voting entitlements

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 12.00pm (WST) on Wednesday, 29 May 2013. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the Annual General Meeting.

## 3. Annual Report for year ended 31 December 2012

The Corporations Act requires the Annual Report of the Company for the year ended 31 December 2012, which includes the Financial Report of the Company, the Directors' Report, the Remuneration Report and the Auditor's Report, to be laid before the Annual General Meeting. The financial statements and reports are contained in the Annual Report. Shareholders who have elected to receive the Annual Report have been provided with a copy. The Annual Report is also available on ASX's website.

While no resolution is required in relation to this item, Shareholders will be given the opportunity to ask questions and make comments on the financial statements and reports.

## 4. Resolution 1 – Approval of Remuneration Report

Section 249L(2) of the Corporations Act requires a company to inform shareholders that a resolution on the Remuneration Report will be put at the Annual General Meeting. However, section 250R(3) of the Corporations Act expressly provides that the vote on this Resolution is advisory only and does not bind the Directors of the Company.

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

If at least 25% of the votes on this Resolution are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2013 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of the Directors (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's 2013 annual general meeting. All of the Directors who were in office when the Company's 2013 Directors' report was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election is approved will be the directors of the Company.

In accordance with section 250SA of the Corporations Act, the Chairman will provide a reasonable opportunity for discussion of the Remuneration Report at the Annual General Meeting.

## **5. Resolution 2 – Re-election of Matthew Bowles**

In accordance with clause 59 of the Constitution, at every annual general meeting, one third of the Directors for the time being must retire from office by rotation and are eligible for re-election. The Directors to retire are those who have been in office for 3 years since their appointment or last re-appointment or who have been longest in office since their appointment or last re-appointment or, if the Directors have been in office for an equal length of time, by agreement.

Mr Bowles retires by rotation at this Annual General Meeting and, being eligible, offers himself for re-election.

Information in respect of Matthew Bowles is set out below:

Mr Bowles has extensive commercial and corporate finance experience within the resource sector, formerly being an Executive Director, Mergers and Acquisitions with global advisory firm Ernst & Young. Prior to joining Ernst & Young in 2004, Mr Bowles spent 8 years with Rio Tinto Limited in a number of senior financial roles and 4 years in London in corporate finance and investment banking.

Mr Bowles is currently the Chief Development Officer for Gryphon Minerals Limited. He is a member of the Australian Society of Certified Practising Accountants and the Financial Services Industry of Australasia. Over the past 3 years, Mr Bowles has held a directorship with one other ASX-listed company being Alicanto Minerals Limited (ASX: AQI).

The Board (excluding Mr Bowles) recommends that Shareholders vote in favour of Resolution 2.

## **6. Resolution 3 – Re-election of David Frances**

In accordance with clause 57 of the Constitution, a Director appointed to fill a casual vacancy must not hold office without re-election past the next annual general meeting of the Company.

David Frances was appointed as a Director on 28 January 2013. Mr Frances retires at this Annual General Meeting and, being eligible, offers himself for re-election.

Mr Frances has been involved in the international mining industry for over 20 years. He was, most recently, President and CEO of Mawson West Ltd (TSX:MWE), a position he held for seven years during which he led Mawson through the transition from a Western Australian gold explorer to an international copper explorer, developer, and producer in the Democratic Republic of Congo.

Mr Frances' experience in funding and developing projects in Africa and his knowledge of international equity capital markets is a useful addition to the skills of the Tawana team. Mr Frances is currently a non-executive director of Orrex Resources Ltd (ASX: ORX).

The Board (excluding Mr Frances) recommends that Shareholders vote in favour of Resolution 3.

## **7. Resolution 4 – Ratification of prior issue of Options to Employee**

### **7.1 Background**

Resolution 4 seeks Shareholder ratification to the prior issue of 1,500,000 Class B Options to Rockson Coffie on 27 June 2012. The Class B Options were issued in consideration of geological consulting services provided by Mr Coffie to the Company and to provide a performance based incentive to Mr Coffie.

## 7.2 Listing Rule 7.4

Listing Rule 7.1 provides that, subject to certain exceptions (none of which are relevant in the present circumstances), prior approval of shareholders is required for an issue of securities by a company if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

Listing Rule 7.4 provides that where a company ratifies a prior issue of securities, the issue will be treated as having been made with approval for the purpose of Listing Rule 7.1, thereby replenishing the company's 15% capacity and enabling it to issue further securities up to that limit.

Resolution 4 proposes the ratification of the allotment and issue of 1,500,000 Class B Options for the purpose of satisfying the requirements of Listing Rule 7.4. If Resolution 4 is approved, the Class B Options will not be included in the Company's 15% calculation for the purposes of Listing Rule 7.1.

The information required to be provided to shareholders to satisfy Listing Rule 7.4 is specified in Listing Rule 7.5. In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the allotment and issue pursuant to Resolution 4:

(a) **Date of allotment and issue of securities**

27 June 2012.

(b) **Number of securities allotted and issued**

1,500,000.

(c) **Price at which securities were allotted and issued**

The Class B Options were not issued for cash consideration, but were issued in consideration of geological services provided to the Company and to provide a performance based incentive to Mr Coffie.

(d) **The terms of the securities**

The Class B Options have an exercise price of \$0.036 and an expiry date of 30 April 2015. The Class B Options are otherwise issued on the terms and conditions set out in Annexure B.

(e) **The name of the allottee and the basis upon which the allottee will be identified or selected**

The Class B Options were issued to Rockson Coffie. Mr Coffie provides geological services to the Company. The Class B Options were issued in consideration of geological services provided by Mr Coffie to the Company and to provide a performance based incentive to Mr Coffie. Mr Coffie is not a related party of the Company.

(f) **The use of (or intended use of) the funds raised**

No funds were raised from the issue of the Class B Options as they were issued to Mr Coffie in consideration of services provided to the Company. All funds raised in the event that the Class B Options are exercised will be applied towards working



capital. However, there is no guarantee that any of the Class B Options will be exercised at any future time.

## **8. Resolution 5 – Changes to the terms of Class A Options**

### **8.1 Background**

The Class A Options currently provide that the Options will immediately lapse if the Optionholder resigns or is terminated as an employee on or before the first anniversary date of the engagement of the Optionholder with the Company.

Resolution 5 seeks Shareholder approval to amend the terms of the existing Class A Options to provide that, in accordance with a new clause (i)(iii):

- (a) subject to (b), Class A Options will lapse after 30 days if, on or before the first anniversary of the date of the engagement of the Optionholder with the Company, the Optionholder resigns or is terminated as an employee of the Company; and
- (b) Class A Options will not lapse in the event that the Optionholder resigns or is terminated as an employee of the Company during the first year of employment if there has been a change of control of the Company,

**(Class A Amendment).** The terms of the Class A Options incorporating the Class A Amendment are set out in Annexure A.

### **8.2 Listing Rule 6.23.4**

Listing Rule 6.23.4 provides that a company must obtain shareholder approval to make a change to the terms of options which is not prohibited under Listing Rule 6.23.3.

Listing Rule 6.23.3 prohibits a change to the terms of options which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise. Accordingly, the Class A Amendment is not prohibited under Listing Rule 6.23.3.

The effect of Resolution 5 will be to incorporate the Class A Amendment into the terms of the Class A Options to give the New Class A Options.

The Company is seeking to make the Class A Amendment for the purposes of removing the inherent disincentive for the holders of Class A Options to promote a change of control event. In doing so, the Class A Amendment is designed to further align the long term goals of the Company's Directors and management with those of Shareholders. The Company also considers that the Class A Amendment will bring the terms of the Class A Options more in line with those of options issued by similar companies in the industry.

## **9. Resolution 6 – Changes to the terms of Class B Options**

### **9.1 Background**

The Class B Options currently provide that the Options will immediately lapse if the Optionholder resigns as a director or company secretary of the Company, or is removed from the Board for any reason.

Resolution 6 seeks Shareholder approval pursuant to Listing Rule 6.23.4 to amend the terms of the existing Class B Options to provide that, in accordance with a new clause 2.3:

- (a) subject to (b), Class B Options will lapse after 30 days if, on or before the first anniversary of the date of grant of the Options, the Optionholder resigns or is

removed as a director or company secretary of the Company, or the Optionholder's employment or engagement with the Company is terminated; and

- (b) Class B Options will not lapse in the event that the Optionholder resigns or is removed as a director or company secretary of the Company, or the Optionholder's employment or engagement with the Company is terminated, following a change of control of the Company,

**(Class B Amendment).** The terms of the Class B Options incorporating the Class B Amendment are set out in Annexure B.

## **9.2 Listing Rule 6.23.4**

Listing Rule 6.23.4 provides that a company must obtain shareholder approval to make a change to the terms of options which is not prohibited under Listing Rule 6.23.3.

Listing Rule 6.23.3 prohibits a change to the terms of options which has the effect of reducing the exercise price, increasing the period for exercise or increasing the number of securities received on exercise. Accordingly, the Class B Amendment is not prohibited under Listing Rule 6.23.3.

The effect of Resolution 6 will be to incorporate the Class B Amendment into the terms of the Class B Options to give the New Class B Options.

The Company is seeking to make the Class B Amendment in order to remove the inherent disincentive for the holders of Class B Options to promote a change of control event. In doing so, the Class B Amendment is designed to further align the long term goals of the Company's Directors and management with those of Shareholders. The Company also considers that the Class B Amendment will bring the terms of the Class B Options more in line with those of options issued by similar companies in the industry.

## **10. Resolution 7 – Proposed issue of Options to David Frances**

### **10.1 Background**

Pursuant to an employment agreement dated 28 January 2013 (**Employment Agreement**), the Company appointed David Frances as Executive Chairman of the Company. Under the Employment Agreement, the Company has agreed to issue 5,000,000 New Class A Options and 10,000,000 New Class B Options to David Frances (and/or his nominee) as part of Mr Frances' remuneration package. The Company is seeking Shareholder approval to the issue of the New Class A Options and the New Class B Options in accordance with section 208 of the Corporations Act and Listing Rule 10.11.

The Options under Resolution 7 will be issued to Mr Frances to align the long term goals of Mr Frances, as a Director, with those of Shareholders and to establish an incentive for Mr Frances in the ongoing provision of his services to the Company. These Options are intended to provide remuneration to Mr Frances that is linked to the performance of the Company. The benefit from the Options will only be received if the Company's Share price exceeds the exercise price of the Options and therefore warrant exercise.

The Company proposes that the 5,000,000 New Class A Options will have an exercise price of \$0.05 each and an expiry date of 9 September 2014. The New Class A Options will be exercisable immediately upon being issued. The full terms of the New Class A Options are set out in Annexure A.

The Company further proposes that the 10,000,000 New Class B Options will have an exercise price of \$0.036 each and an expiry date of 30 April 2015. The New Class B

Options will also be exercisable immediately upon being issued. The full terms of the New Class B Options are set out in Annexure B.

Under the Company's current circumstances, the Directors consider that the incentives noted above, represented by the issue of the New Class A Options and the New Class B Options, are a cost effective and efficient reward and incentive to provide to Mr Frances, as opposed to alternative forms of incentive such as the payment of cash compensation only. In addition, the Directors consider it prudent to remunerate by way of Options so as to preserve the cash reserves of the Company.

## **10.2 Section 208 of the Corporations Act**

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of shares and options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

As a Director, David Frances is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the New Class A Options and the New Class B Options constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Options under Resolution 7 to Mr Frances (and/or his nominee) as a related party of the Company.

The following information is provided in accordance with section 219 of the Corporations Act to enable Shareholders to assess the merits of Resolution 7:

(a) **The related party to whom the financial benefit is to be given**

David Frances (and/or his nominee).

(b) **The nature of the financial benefit**

The nature of the financial benefit is the proposed issue of 5,000,000 New Class A Options and 10,000,000 New Class B Options to David Frances (and/or his nominee). The Options are issued for no cash consideration and will be issued on the terms set out in this Explanatory Statement and in Annexures A and B.

(c) **Black-Scholes valuation of Options**

The Company has engaged Stantons International to prepare independent valuations of the New Class A Options and the New Class B Options. The Black-Scholes option pricing model (**B&S Model**) has been applied in providing valuation information in respect to the Options to be issued to Mr Frances.

Stantons International has determined that each New Class A Option is valued at \$0.0011 and each New Class B Option is valued at \$0.0026. These values have been calculated using the B&S Model based on the following assumptions and variables:

Assumptions:

- (i) The New Class A Options and the New Class B Options can be exercised at any time during the period after the issue date.
- (ii) There are no transaction costs, options and shares are infinitely divisible, and information is available to all without cost.

- (iii) Short selling is allowed without restriction or penalty.
- (iv) The risk free interest rate is known and constant throughout the duration of the option contract.
- (v) The underlying Shares do not currently pay a dividend.
- (vi) Share prices behave in a manner consistent with a random walk in continuous time.

Variables:

- (vii) Share price of \$0.009 (assumed closing price on the day of the Annual General Meeting).
- (viii) A risk free interest rate of 2.75% assumed on the day of the Annual General Meeting.
- (ix) An expiry date of 9 September 2014 for the New Class A Options and an expiry date of 30 April 2015 for the New Class B Options.
- (x) An exercise price of \$0.05 for the New Class A Options and an exercise price of \$0.036 for the New Class B Options.
- (xi) Volatility of 115%.
- (xii) Discount for non-transferability of 0%.

The aggregate values of the New Class A Options and the New Class B Options to be issued to David Frances are set out below:

Option type	Expiry date	Exercise price	Number	Value
New Class A Options	9 September 2014	\$0.05	5,000,000	\$5,480
New Class B Options	30 April 2015	\$0.036	10,000,000	\$26,140
<b>Total</b>				<b>\$31,620</b>

**Note:** Any change in the variables applied in the B&S Model between the date of the valuation and the date that the New Class A Options and New Class B Options are issued would have an impact on their value.

(d) **Current remuneration and interests**

Details of Mr Frances' current annualised pro-rata remuneration, as well as his interests (both direct and indirect) in the Company as at the date of the Notice are outlined below:

Director	Salary/fees p.a. (incl. superannuation)	Share interests	Option interests
David Frances	\$300,000	250,000	Nil

(e) **Dilution**

If all of the New Class A Options and the New Class B Options under Resolution 7 were exercised, and no other Shares were issued by the Company (including

Shares pursuant to the exercise of existing Options or under Resolutions 8 or 9), the shareholding of existing Shareholders would, based on the current issued capital of the Company, be diluted by approximately 1.62%.

(f) **Exercise**

The market price of the Company's Shares during the exercise period of the New Class A Options and the New Class B Options will normally determine whether or not Mr Frances (and/or his nominee) will exercise those Options. At the time any Options are exercised and Shares are issued pursuant to the exercise of those Options, the Company's Shares may be trading on the ASX at a price which is higher than the exercise price of the Options.

(g) **Accounting**

The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods means that, under AASB2 Share-based Payment, equity-based compensation (such as the New Class A Options and the New Class B Options under Resolution 7) will be recognised as an expense in respect of the services received.

(h) **Trading history**

As at the date of the Notice, the Company had 926,629,043 Shares on issue. The highest and lowest market sale price of the Shares in the Company during the twelve months immediately preceding the date of the Notice was \$0.038 on 30 April 2012 and \$0.009 on 15, 16 and 17 April 2013. The closing market sale price of the Company's Shares on the ASX on 17 April 2013 (the date before the lodgement date of the Notice with ASIC) was \$0.009.

As at the date of the Notice, the Company had the following unlisted Options on issue.

Grant Date	Expiry date	Exercise price	Number
17 Jan 2009	17 Jan 2014	\$0.10	6,750,000
9 Sep 2010	30 Jul 2013	\$0.01	50,000,000
9 Sep 2010	9 Sep 2014	\$0.05	5,000,000
8 Mar 2011	8 Mar 2014	\$0.01	25,000,000
10 Nov 2011	10 Nov 2013	\$0.03	1,250,000
28 May and 27 June 2012	30 April 2015	\$0.036	28,500,000
10 Nov 2011	10 Nov 2015	\$0.05	1,250,000
			<b>117,750,000</b>

(i) **Terms of Options**

The New Class A Options have an exercise price of \$0.05 and an expiry date of 9 September 2014 and are otherwise on the terms set out in Annexure A. The New Class B Options have an exercise price of \$0.036 and an expiry date of 30 April 2015 and are otherwise on the terms set out in Annexure B.

(j) **Opportunity costs to the Company**

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in issuing the New Class A Options and the New Class B Options.

(k) **Funds raised**

No funds will be raised from the issue of the New Class A Options and the New Class B Options. All funds raised in the event of exercise of these Options will be applied towards working capital. However, there is no guarantee that any of these Options will be exercised at any future time.

(l) **Directors' interests**

David Frances has a direct material interest in the outcome of Resolution 7 as the recipient of the New Class A Options and the New Class B Options. No other Director has a material interest in the outcome of Resolution 7.

(m) **Directors' recommendations or reasons for declining to make recommendations**

David Frances expresses no opinion and makes no recommendation in respect of the issue of the New Class A Options and the New Class B Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 7.

Each of the other Directors recommend that Shareholders vote in favour of the issue of the New Class A Options and the New Class B Options to Mr Frances (and/or his nominee) for the reasons set out in the Explanatory Statement and on the basis that, in their opinion, the proposed issue of Options:

- (i) provides a long-term incentive to Mr Frances linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment of Director's fees; and
- (iii) is necessary to reflect remuneration benefits payable to directors of other companies operating in the Company's industry and in an international business environment.

(n) **Other information that is reasonably required by the members**

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolution 7.

### **10.3 Listing Rule 10.11**

Listing Rule 10.11 provides that a company must not issue Equity Securities to a "related party" without the approval of holders of ordinary securities, or to a person whose relationship with the company or a related party of the company is, in ASX's opinion, such that approval should be obtained. Further, Listing Rule 7.2 (Exception 14) states that approval pursuant to Listing Rule 7.1 is not required if shareholder approval is obtained under Listing Rule 10.11.

David Frances is a related party of the Company within the definition specified in Listing Rule 19.12. Accordingly, Shareholder approval is sought under Listing Rule 10.11 to permit the issue of 5,000,000 New Class A Options and 10,000,000 New Class B Options to Mr Frances (and/or his nominee) as a related party of the Company on the terms set out in this Explanatory Statement and Annexures A and B.

The issue of the New Class A Options and the New Class B Options under Resolution 7 will not affect the capacity of the Company to issue securities in the next 12 months under Listing Rule 7.1, as those Options (once issued) will be excluded from the calculations under Listing Rule 7.1.

Listing Rule 10.13 requires that the following information be provided to Shareholders in relation to obtaining approval of Resolution 7:

(a) **The name of the allottee of the securities**

David Frances (and/or his nominee).

(b) **The maximum number of securities to be allotted and issued**

A total of 5,000,000 New Class A Options and 10,000,000 New Class B Options are to be issued to Mr Frances (and/or his nominee).

(c) **The date of allotment and issue of the securities**

The New Class A Options and New Class B Options will be issued as soon as possible after the Annual General Meeting and, in any event, no later than 1 month after the Annual General Meeting (or such later date to the extent permitted by any waiver of the Listing Rules).

(d) **The relationship that requires Shareholder approval**

Mr Frances is a related party of the Company by virtue of being a Director of the Company.

(e) **The issue price of the securities**

The New Class A Options and the New Class B Options are issued for no cash consideration.

(f) **The terms of the securities**

The key terms of the New Class A Options and the New Class B Options to be issued under Resolution 7 are set out in the following table:

	<b>New Class A Options</b>	<b>New Class B Options</b>
Expiry date	9 September 2014	30 April 2015
Exercise price	\$0.05	\$0.036
Shares issued	Fully paid ordinary shares which rank equally with existing Shares on issue	Fully paid ordinary shares which rank equally with existing Shares on issue
Vesting criteria	Immediately upon issue	Immediately upon issue

Full terms of the New Class A Options are set out in Annexure A and full terms of the New Class B Options are set out in Annexure B.

(g) **The intended use of the funds**

No funds will be raised from the issue of the New Class A Options and the New Class B Options under Resolution 7. The funds raised on exercise of these Options will be applied to working capital requirements of the Company. However, there is no guarantee that any of these Options will be exercised at any future time.

**11. Resolution 8 – Future placement of Shares**

Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant in the present circumstances) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of shares on issue at the commencement of that 12 month period.

For the purposes of Listing Rule 7.3, the following information is provided in relation to Resolution 8 to allow Shareholders to assess the proposed placement for the future issue of up to 500,000,000 Shares:

(a) **The names of the allottees of the securities**

The allottees in respect of Resolution 8 are not, as yet, identifiable but will be such persons or entities who are Exempt Investors as determined by the Company or any stock brokers that may be appointed by the Company to manage the placement. The allottees will not be related parties of the Company.

(b) **The maximum number of securities to be issued**

The maximum number of securities to be issued pursuant to Resolution 8 is 500,000,000 Shares. The number of securities to be issued and allotted is a maximum number only and under no circumstances will the Company issue and allot securities such that any person would trigger the takeover prohibition in section 606 of the Corporations Act.

(c) **The date of allotment and issue of securities**

The Shares to be issued pursuant to Resolution 8 will be allotted progressively as allottees are identified, however no Shares will be issued or allotted after the date which is 3 months after the date of the Annual General Meeting (or such later date to the extent permitted by any waiver of the Listing Rules).

(d) **The issue price of the securities**

The issue price of the Shares proposed to be allotted and issued under Resolution 8 will be at a price that is at least 80% of the volume weighted average market price of the Shares calculated over the last 5 days on which sales in the Shares were recorded before the date on which the issue is announced to ASX.

(e) **The terms of the securities**

The Shares to be issued will rank equally in all respects with the existing Shares of the Company.

(f) **Intended use of the funds raised**

The Company intends to apply the funds raised by the issue of Shares under Resolution 8 to its existing explorations programs at its Mofe Creek iron ore project in Liberia and elsewhere.



## **12. Resolution 9 – Approval of 10% Placement Facility**

### **12.1 Background**

Listing Rule 7.1A enables eligible entities to issue Equity Securities totalling up to 10% of its issued share capital through placements over a 12 month period after the entity's annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of 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 Listing Rule 7.1A.2 (please refer to Section 12.2(c) below).

The Directors believe that Resolution 9 is in the best interests of the Company and unanimously recommend that Shareholders vote in favour of this Resolution.

### **12.2 Description of 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.

As at the date of the Notice, the Company has the following Equity Securities on issue:

- (i) 926,629,043 Shares; and
- (ii) 117,750,000 Options.

#### **(c) Formula for calculating 10% Placement Facility**

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

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

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

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

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

**D** is 10%.

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

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

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

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (please refer to Section 12.2(c) above).

**(e) 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 market price of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in Section 12.2(e)(i), the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

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

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

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

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

In accordance with Listing Rule 7.3A, the following information is provided to Shareholders in relation to 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 market price for the Company's Equity Securities over the 15 trading days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 trading days of the date in Section 12.3(a)(i), the date on which the Equity Securities are issued.
- (b) If Resolution 9 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table (in the case of Options, only if the Options are exercised). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

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

The below 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 Listing Rule 7.1A.2 as at the date of the Notice.

The table also shows:

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

Variable A in Listing Rule 7.1A.2		Dilution		
		\$0.0045 50% decrease in market price	\$0.009 current market price	\$0.018 100% increase in market price
Current variable "A" 926,629,043	10% voting dilution	92,662,904 Shares	92,662,904 Shares	92,662,904 Shares
	Funds raised	\$416,983	\$833,966	\$1,667,932

<b>50% increase in current variable "A"</b> <b>1,389,943,564</b>	<b>10% voting dilution</b>	138,994,356 Shares	138,994,356 Shares	138,994,356 Shares
	<b>Funds raised</b>	\$625,475	\$1,250,949	\$2,501,898
<b>100% increase in current variable "A"</b> <b>1,853,258,086</b>	<b>10% voting dilution</b>	185,325,809 Shares	185,325,809 Shares	185,325,809 Shares
	<b>Funds raised</b>	\$833,966	\$1,667,932	\$3,335,865

**Notes and assumptions:**

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  2. No Options (including any Options issued under the 10% Placement Facility) are exercised into Shares before the date of the issue of the Equity Securities;
  3. 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%.
  4. 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.
  5. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  6. The issue of Equity Securities under the 10% Placement Facility consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  7. The issue price is \$0.009, being the closing price of the Shares on ASX on 17 April 2013.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 9 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities under the 10% Placement Facility to raise funds for the development of its Mofe Creek iron ore project in Liberia, including resource definition work, further prospect identification and feasibility studies.
- The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon any issue of 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 factors which include the following:
- (i) the purpose of the issue;
  - (ii) the methods of raising funds that are available to the Company including, but not limited to, rights issue or other issues in which existing Shareholders can participate;
  - (iii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iv) the financial situation and solvency of the Company;
  - (v) prevailing market conditions; and
  - (vi) 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 the Notice but are likely to be Exempt Investors.

If the Company is successful in acquiring new resource assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resource assets or investments.

- (f) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (g) 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.

## Glossary

In this Notice and Explanatory Statement, the following terms have the following meanings:

<b>10% Placement Facility</b>	has the meaning given in Section 12.1.
<b>10% Placement Period</b>	has the meaning given in Section 12.2(f).
<b>Annual Report</b>	the annual report of the Company for the financial year ended 31 December 2012.
<b>Annexure</b>	an annexure to the Explanatory Statement.
<b>Annual General Meeting</b>	the annual general meeting convened by this Notice.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context requires.
<b>Board</b>	the board of Directors.
<b>Chairman</b>	the chairman of the Annual General Meeting.
<b>Class A Amendment</b>	has the meaning given in Section 8.1.
<b>Class B Amendment</b>	has the meaning given in Section 9.1.
<b>Class A Options</b>	Options previously issued to parties on the terms set out in Annexure A except for in relation to the Class A Amendment.
<b>Class B Options</b>	Options previously issued to parties on the terms set out in Annexure B except for in relation to the Class B Amendment.
<b>Closely Related Party</b>	a closely related party of a member of Key Management Personnel as defined in the Corporations Act, being:  (a) a spouse or child of the member;  (b) a child of that member's spouse;  (c) a dependant of that member or of that member's spouse;  (d) anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;  (e) a company that is controlled by that member; or  (f) any other person prescribed by the regulations.
<b>Company Secretary</b>	a company secretary of the Company.
<b>Constitution</b>	the constitution of the Company.

<b>Company</b>	Tawana Resources NL ACN 085 166 721.
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth).
<b>Director</b>	a director of the Company.
<b>Equity Securities</b>	has the meaning given in the Listing Rules.
<b>Exempt Investor</b>	an investor to whom securities may be offered by the Company without disclosure under sections 708(8), 708(10) (sophisticated investors) or 708(11) (professional investors) of the Corporations Act.
<b>Explanatory Statement</b>	the explanatory statement incorporated in the Notice.
<b>Key Management Personnel</b>	the key management personnel of the Company as defined in the Corporations Act and Australian Accounting Standards Board accounting standard 124, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).
<b>Listing Rules</b>	the ASX Listing Rules published and distributed by ASX.
<b>New Class A Options</b>	Options on the terms set out in Annexure A.
<b>New Class B Options</b>	Options on the terms set out in Annexure B.
<b>Notice</b>	the notice of annual general meeting incorporating the Explanatory Statement.
<b>Proxy Form</b>	the proxy form attached to the Notice.
<b>Option</b>	an option to acquire a Share.
<b>Optionholder</b>	a holder of Options.
<b>Remuneration Report</b>	the section of the Annual Report titled “Remuneration Report”.
<b>Resolution</b>	a resolution contained in the Notice.
<b>Section</b>	a section contained in the Explanatory Statement.
<b>Share</b>	a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	a holder of Shares.
<b>WST</b>	Western Standard Time, being the time in Perth, Western Australia.

## Annexure A – New Class A Options

- (a) Each Option entitles the holder to subscribe for a Share in the Company at the exercise price of \$0.05 per Option.
- (b) The Options are exercisable on and from the date of issue and expire at 5.00pm (Eastern Standard Time) on or before the expiry date of 9 September 2014. Any Options not exercised on or before the expiry date will automatically lapse.
- (c) All Shares in the Company allotted on the exercise of Options will rank equally in all respects with the then existing Shares.
- (d) The Options are not transferable and it is not intended that application will be made to ASX for quotation of the Options. The Company must apply for quotation of all Shares allotted pursuant to the exercise of Options not later than 10 business days after the date of allotment.
- (e) Optionholders may only participate in new issues of securities to holders of Shares in the Company if the Options have been exercised and Shares allotted in respect of the Options before the record date for determining entitlements to the issue. The Company must give to Optionholders at least 7 business days notice of any new issue before the record date for determining entitlements to the issue in accordance with the Listing Rules.
- (f) There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
- (g) If there is a bonus issue (**Bonus Issue**) to the holders of Shares in the Company, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue will rank equally in all respects with the other Shares on issue at the date of issue of the Bonus Shares.
- (h) If prior to the expiry date, there is a reorganisation of the issued capital of the Company, the Options are to be treated in the manner set out in the Listing Rules.
- (i) The Options will lapse after 30 days if the employee resigns or is terminated as an employee on or before the first anniversary of the date of engagement of the employee with the Company unless either of the following change of control events occurs subsequent to the grant of the Options but prior to the cessation of employment (in which case the expiry date of 9 September 2014 applies):
  - (i) a party acquired a relevant interest in more than 50% of the Shares in the Company under a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
  - (ii) a party acquired a relevant interest in more than 50% of the Company's ordinary Shares pursuant to a takeover bid; or
  - (iii) a person or a group of associated persons became entitled to sufficient Shares to give it or them the ability, in general meeting, to replace all or a majority of the Board and such changes to the Board were implemented.



## Annexure B – New Class B Options

### 1. General

- 1.1 No monies will be payable for the issue of the Options.
- 1.2 A certificate will be issued for the Options.
- 1.3 The Options shall expire at 5pm WST on 30 April 2015.
- 1.4 Each Option shall carry the right, subject to any Shareholder approval required under the Corporations Act or the Listing Rules, to subscribe for one fully paid ordinary share in the Company.
- 1.5 Options may be exercised in whole or in part in parcels. An exercise of only some Options shall not affect the rights of the party holding the option, to the balance of the Options held by the Optionholder.
- 1.6 The Options have an exercise price \$0.036.
- 1.7 The exercise price for the Options shall be payable in full on exercise of those Options.
- 1.8 Subject to clause 2.2, the Options may be exercised by the Optionholder at any time after their grant and before the expiry date.
- 1.9 Options are only exercisable by the delivery to the registered office of the Company of a notice in writing. The notice must specify the number of Options being exercised and must be accompanied by:
  - (a) the option certificate for those Options, for cancellation by the Company; and
  - (b) payment of the exercise price for each Share to be issued on exercise of the Options specified in the notice.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the exercise price (for example, if the exercise price is paid by cheque, by clearance of that cheque) by the expiry date.

- 1.10 The Company shall allot the resultant Shares and deliver the holding statements within 10 business days of the exercise of the Options.
- 1.11 Options may be exercised into Shares to be held in the name of the Optionholder's nominee.
- 1.12 The Options are not transferable and it is not intended that an application will be made to ASX for the quotation of the Options.
- 1.13 Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.
- 1.14 The Company shall, in accordance with the Listing Rules, make application to have Shares allotted pursuant to an exercise of Options listed for official quotation on the ASX, if the Company is listed on the ASX at the time.
- 1.15 The Optionholder is not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless the Optionholder exercises the Options before the record date for the determination of entitlements to the new

issue of securities and participates as a result of being holders of Shares. The Company must give the Optionholder, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

- 1.16 If there is a bonus share issue (**Bonus Issue**) to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Option had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of the profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue will rank pari passu in all respects with the other shares of that class on issue at the date of issue of the Bonus Shares.
- 1.17 If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the exercise price of an Option and the number of Shares over which the Options are exercisable will not be adjusted.
- 1.18 If, prior to the expiry of any Options, there is a reorganisation of the issued capital of the Company, then the rights of the Optionholder (including the number of Options to which each a Optionholder is entitled and the exercise price) is changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- 1.19 The Options will not give any right to participate in dividends until Shares are allotted pursuant to the exercise of the relevant Options.

## 2. Lapse of Options

- 2.1 Options not validly exercised on or before the expiry date will automatically lapse.
- 2.2 If at any time prior to the expiry date an Optionholder dies, the deceased Optionholder's legal personal representative may:
  - (a) elect to be registered as the new holder of the deceased Optionholder's Options;
  - (b) whether or not he or she becomes so registered, exercise those Options in accordance with and subject to these terms as if he were the Optionholder of them; and
  - (c) if the deceased Optionholder had already given the Company a notice of exercise of his or her Options, pay the exercise price in respect of those Options.
- 2.3 The Options will lapse after 30 days if for any reason, on or before the first anniversary of the date of grant of the Options, the Optionholder resigns as a director or company secretary of the Company, or is removed as a director or company secretary of the Company, or the Optionholder's employment or engagement with the Company terminates, except if either of the following change of control events occurs subsequent to the grant of the Options but prior to the cessation of the Optionholder's position as director or company secretary of the Company, or the Optionholder's employment or engagement with the Company (in which case the expiry date of 30 April 2015 applies):
  - (a) a party acquired a relevant interest in more than 50% of the Shares in the Company under a scheme of arrangement between the Company and its

creditors or members or any class thereof pursuant to section 411 of the Corporations Act;

- (b) a party acquired a relevant interest in more than 50% of the Company's ordinary Shares pursuant to a takeover bid; or
- (c) a person or a group of associated persons became entitled to sufficient Shares to give it or them the ability, in general meeting, to replace all or a majority of the Board and such changes to the Board were implemented.

30 April 2013

Sponsor

PricewaterhouseCoopers Corporate Finance ( Pty) Ltd