

Syndicated Metals Limited

ABN 61 115 768 986

Notice of Annual General Meeting

Notice is hereby given that the 2014 Annual General Meeting of Syndicated Metals Limited ABN 61 115 768 986 (**Company**) will be held at 10am (Perth time) on Wednesday 8 October 2014 at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia.

The enclosed Explanatory Memorandum accompanies and forms part of this Notice of Annual General Meeting.

Please note terms used in this Notice of Annual General Meeting have the same meaning as set out in the Glossary of the Explanatory Memorandum accompanying this Notice of Annual General Meeting.

AGENDA

Financial Reports

To receive and consider the financial statements of the Company for the year ended 30 June 2014, 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, pass the following resolution as a **non-binding resolution**:

"That the Remuneration Report as set out in the Annual Report for the year ended 30 June 2014 be adopted."

Note: The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1.

Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting. If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

2. Resolution 2 – Re-election of Director – Peter Langworthy

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

"That Mr Langworthy, who retires in accordance with clause 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."

3. Resolution 3 – Ratification of issue of 2,000,000 Shares and 5,000,000 Options

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue on 9 January 2014 of 2,000,000 Shares and 5,000,000 Options exercisable at \$0.064 each with an expiry date of 9 January 2017, to Pershing Australia Nominees Pty Ltd <Blue Ocean Equities A/C> (as nominee for Blue Ocean Equities Pty Ltd) on the terms and conditions set out in the Explanatory Memorandum".

The Company will disregard any votes cast on Resolution 3 by any person who participated in the issue the subject of Resolution 3 and any Associate of those persons. However, the Company need not disregard a vote if the vote is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Resolution 4 – Ratification of issue of 490,000 Shares

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

"That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the issue of 490,000 Shares on 10 February 2014 to CopperChem Limited on the terms and conditions set out in the Explanatory Memorandum".

The Company will disregard any votes cast on Resolution 4 by CopperChem Limited and any Associate of CopperChem Limited. However, the Company need not disregard a vote if the vote is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

5. Resolution 5 – Approval of Performance Rights Plan

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

"That, for the purpose of Listing Rule 7.2 Exception 9(b) and for all other purposes, Shareholders approve the issue of securities under the Company's Performance Rights Plan, as an exception to Listing Rule 7.1."

The Company will disregard any votes cast on Resolution 5 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any Associate of those persons. However, the Company need not disregard a vote if the vote 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 the vote 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.

6. Resolution 6 – Approval for issue of Performance Rights to Andrew Munckton

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

“That, for the purpose of section 208 of the Corporations Act and Listing Rule 10.14 and for all other purposes, the Company approves the issue of \$85,265 worth of Performance Rights to Andrew Munckton or his nominee(s) for no consideration, and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

The Company will disregard any votes cast on Resolution 6 by any Director who is eligible to participate in the Performance Rights Plan in respect of which the approval is sought and any of their Associates. However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of Andrew Munckton or an Associate of Andrew Munckton.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 6 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 6; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 6.

Shareholders may also choose to direct the Chair to vote against Resolution 6 or to abstain from voting. If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

7. Resolution 7 – Additional 10% Placement Capacity

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

“That, for the purposes of Listing Rule 7.1A and for all other purposes, the Company approves the issue of Equity Securities up to 10% of the Company’s issued capital (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Memorandum.”

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

By Order of the Board

Paul Bridson
Company Secretary
13 August 2014

NOTES

These notes form part of the Notice of Annual General Meeting and should be read in conjunction with the accompanying Explanatory Memorandum. Capitalised words and phrases used in this Notice of Annual General Meeting are defined in the Glossary contained in the accompanying Explanatory Memorandum.

How to vote

Shareholders can vote by either:

- Attending the Meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- Appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice of Annual General Meeting and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. A properly executed original (or certified copy) of the power of attorney under which an attorney has been authorised to attend and vote at the Meeting must be lodged with the Company's share registry before 10am (Perth time) on 6 October 2014 (48 hours before the commencement of the Meeting). If facsimile transmission is used, the power of attorney must be certified.

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 entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (ie. 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 the 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 before 10am (Perth time) on 6 October 2014. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:

By Post:

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

By Fax:

(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

Electronically:

Submit proxy voting instructions online at www.investorvote.com.au
Please refer to the enclosed Proxy Form for more information about submitting proxy voting instructions online.

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

For all enquiries call:

(within Australia) 1300 763 574
(outside Australia) +61 3 9415 4862

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 at the above address, or by facsimile, and by 10am (Perth time) on 6 October 2014. 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, the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5pm (Perth time) 6 October 2014.

SYNDICATED METALS LIMITED

ABN 61 115 768 986

EXPLANATORY MEMORANDUM

INTRODUCTION

This Explanatory Memorandum has been prepared for the information of the shareholders of Syndicated Metals Limited (**Company**), in connection with the business to be conducted at the Annual General Meeting of the Company to be held on Wednesday 8 October 2014 at 10am (Perth time) at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia 6008.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Shareholders are specifically referred to the Glossary in this Explanatory Memorandum which contains definitions of capitalised terms used in the Notice of Annual General Meeting and this Explanatory Memorandum.

FINANCIAL REPORTS

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2014 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 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.

The Chairman will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

1. 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 2014 Annual Report. The Remuneration Report is set out in the Company's 2014 Annual Report and is also available on the Company's website (www.syndicatedmetals.com.au).

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

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at an AGM, and then again at the following AGM (**Following AGM**), the Company will be required to put a resolution to the Following AGM, to approve calling a general meeting (**Spill Resolution**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a general meeting (**Spill Meeting**) within 90 days of the Following AGM. All of the Directors who were in office when the Directors' Report (as included in the Company's annual financial report for the financial year ended immediately before the Following AGM) was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.

The Remuneration Report for the year ended 30 June 2013 did not receive a vote of more than 25% against its adoption at the Company's last annual general meeting held on 27 November 2013. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the Remuneration Report, it will not result in the Company putting a Spill Resolution to Shareholders. However, a Spill Resolution will be required if the Remuneration Report at the 2015 Annual General Meeting receives a vote of more than 25% against its adoption.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and sets out the details of any equity based compensation.

As a result of the Company's "first strike" at the 2012 AGM, the Board has increased its engagement with key shareholders to understand their concerns, and undertaken a review of the company's remuneration arrangements for its Key Management Personnel. In determining the Company's remuneration structure for 2013/2014, the Board took into account shareholder feedback, current economic conditions, and the remuneration structures of peer ASX listed companies. In particular, the Board would like to point out:

- salary reductions of 10% for all Key Management Personnel were negotiated in June 2013;
- no share based payments were granted to directors during the reporting period;
- Mr Morgan stepped down from an executive director role to a non-executive director role effective 1 September 2013 in recognition of the operational requirements of the Company.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Annual General Meeting. In particular, the directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

2. RESOLUTION 2 – RE-ELECTION OF PETER LANGWORTHY AS A DIRECTOR

Clause 13.2 of the Constitution provides that at each AGM of the Company, 1/3 of the Directors (other than alternate Directors and the Managing Director) for the time being, or, if their number is not a multiple of 3, then such number as is appropriate to ensure that no Director other than alternate Directors and the Managing Director holds office for more than 3 years, shall retire from office. The Directors to retire are those who have been in office the longest since their last election. A retiring Director is eligible for re-election.

Pursuant to clause 13.2 of the Constitution, Peter Langworthy, being a Director, retires by rotation and, being eligible, offers himself for re-election as a Director.

Mr Langworthy was appointed a Director and Non-executive Chairman of Syndicated in March 2012. He is a geologist with a career spanning 28 years in mineral exploration and project development in Australia and Indonesia. He has specific expertise in building successful teams that have been responsible for significant mineral discoveries and in integrating technically sound exploration and resource development strategies into corporate planning. His industry experience includes 12 years in senior management roles with WMC Resources, four years with PacMin Mining as Exploration Manager, five years with Jubilee Mines where he built the team responsible for numerous discoveries at the Cosmos Nickel Mine and the Sinclair nickel project, and three years with Talisman Mining Limited as Technical Director. At Jubilee he was part of the corporate team responsible for the growth of the company until it was taken over by Xstrata. He has also held non-executive directorships with other ASX-listed companies namely Northern Star Resources Limited, Falcon Minerals Limited and Pioneer Resources Limited.

3. RESOLUTION 3 – RATIFICATION OF ISSUE OF 2,000,000 SHARES AND 5,000,000 OPTIONS

As announced to the market on 9 January 2014, the Company issued 2,000,000 Shares to Pershing Australia Nominees Pty Ltd <Blue Ocean Equities A/C> as nominee for Blue Ocean Equities Pty Ltd at a deemed issue price of 3.2 cents per Share and 5,000,000 Options at a value of 2 cents per Option in settlement of fees owed for corporate advisory services provided to the Company. No additional cash consideration was payable.

The Options are unlisted, vested immediately, are exercisable at 6.4 cents each and expire on 9 January 2017. The Options were valued by the Company's advisers using the Black Scholes option pricing model. The value of an Option calculated using the Black Scholes model is a function of a number of variables. The valuation was prepared using the following assumptions:

- The underlying share price used for the valuation of the Options was that as at the valuation date being 4 cents.
- The exercise price is 6.4 cents.
- A volatility of 95% was applied calculated by Hoadley's volatility calculator for 1, 2 and 3 year periods, using data extracted from Bloomberg.
- A risk free interest rate of 3.129% (using the Australian Government 3-year bond rate as at the valuation date of 11 December 2013).
- Time (years to expiry) 4 years.

The valuation per Option was calculated as 2 cents (\$100,000 in total).

The 2,000,000 Shares issued were issued at a deemed issue price of 3.2 cents per Share in line with the capital raising undertaken by the Company in December 2013. The total value of Shares issued was therefore \$64,000.

The Shares and Options were issued under the Company's 15% placement capacity under Listing Rule 7.1.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may issue (or agree to issue) Equity Securities up to 15% of its issued share capital in any 12 month period without shareholder approval. Shareholder approval is required for a company to issue (or agree to issue) Equity Securities if the issue is in excess of its 15% capacity under Listing Rule 7.1.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior Shareholder approval, provided the issue did not breach the 15% threshold pursuant to Listing Rule 7.1. The effect of such ratification is to restore the Company's maximum discretionary power to issue further securities up to 15% of the issued capital of the Company without requiring Shareholder approval.

Accordingly, Resolution 3 seeks Shareholder ratification of the issue of 2,000,000 Shares and 5,000,000 Options on 9 January 2014 for the purposes of Listing Rule 7.4 in order to refresh the Company's 15% placement capacity under Listing Rule 7.1. The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 2,000,000 Shares and 5,000,000 unlisted Options were issued;
- (b) the Shares and Options were issued for no cash consideration. The Shares were issued at a deemed issue price of 3.2 cents per Share and the Options were issued at a value of 2 cents each;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue. The Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Shares and Options were issued to Pershing Australia Nominees Pty Ltd <Blue Ocean Equities A/C> as nominee for Blue Ocean Equities Pty Ltd;
- (e) no funds were raised by the issue of the Shares and Options. The Shares and Options were issued in settlement of fees owed for services as set out above; and
- (f) a voting exclusion statement has been included for Resolution 3.

4. RESOLUTION 4 – RATIFICATION OF ISSUE OF 490,000 SHARES

As announced to the market on 10 February 2014, the Company issued 490,000 Shares to CopperChem Limited on 10 February 2014 at an issue price of 3.7 cents per Share, raising \$18,130. The Shares were issued pursuant to the anti-dilution right granted to CopperChem under the Placement Agreement signed in September 2013 between the Company and CopperChem. The anti-dilution right was triggered by the issue of shares to Blue Ocean Equities Pty Ltd as detailed in Resolution 3.

The Shares were issued under the Company's existing 15% placement capacity under Listing Rule 7.1.

Funds raised from the issue of the Shares will be used for working capital requirements.

Listing Rule 7.1 broadly provides, subject to certain exceptions, that a company may issue (or agree to issue) Equity Securities up to 15% of its issued share capital in any 12 month period without shareholder approval. Shareholder approval is required for a company to issue (or agree to issue) Equity Securities if the issue is in excess of its 15% capacity under Listing Rule 7.1.

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold pursuant to Listing Rule 7.1. The effect of such ratification is to restore the Company's maximum discretionary power to issue further securities up to 15% of the issued capital of the Company without requiring shareholder approval.

Accordingly, Resolution 4 seeks Shareholder ratification of the issue of 490,000 Shares on 10 February 2014 for the purposes of Listing Rule 7.4 in order to refresh the Company's 15% placement capacity under Listing Rule 7.1. The following information is provided to Shareholders for the purposes of Listing Rule 7.5:

- (a) 490,000 Shares were issued;
- (b) the Shares were issued at a price of 3.7 cents per Share;
- (c) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (d) the Shares were issued to CopperChem Limited;
- (e) the funds raised will be used for working capital requirements; and
- (f) a voting exclusion statement has been included for Resolution 4.

5. RESOLUTION 5 – APPROVAL OF PERFORMANCE RIGHTS PLAN

In 2012 the Directors considered it desirable to establish an employee incentive scheme pursuant to which employees and Directors may be offered the opportunity to be granted performance rights in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and directors. Accordingly, the Directors adopted a performance rights plan (**Performance Rights Plan**). The Plan was approved by shareholders at a General Meeting of shareholders held on 24 May 2012.

The Performance Rights Plan is designed to provide incentives to the employees and Directors of the Company and to recognise their contribution to the Company's success. Under the Company's current circumstances, the Directors consider that the issue of performance rights to employees and Directors are a cost effective and efficient means for the Company to provide incentive to employees and directors as opposed to alternative forms of incentives such as cash bonuses or increased remuneration.

Performance Rights are rights to acquire Shares subject to satisfaction of specified vesting conditions (**Vesting Conditions**) in a specified performance period (**Performance Period**).

Shareholder approval is required if the issue of Performance Rights pursuant to the Performance Rights Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within 3 years of the date of issue. While the Performance Rights Plan was last approved by Shareholders less than 3 years ago (on 24 May 2012), in order to bring the timing of the approval in line with the Company's AGMs, approval is being sought at this Meeting.

Prior Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan. The proposed participation of Mr Munckton in the Performance Rights Plan is the subject of Resolution 6 of this Notice of Meeting.

In accordance with the requirements of Listing Rule 7.2 exception 9(b), the following information is provided:

- (a) a summary of the Performance Rights Plan is provided below;
- (b) the Performance Rights Plan was previously approved by Shareholders on 24 May 2012 and the following table sets out the number of Performance Rights issued under the Performance Rights Plan since that date:

Number of Performance Rights	Expiry Date	Vesting Conditions
2,750,000	29 May 2016	10 day VWAP exceeds \$0.30
5,000,000	29 May 2016	10 day VWAP exceeds \$0.45
5,000,000	29 May 2016	10 day VWAP exceeds \$0.60
150,000	19 February 2017	10 day VWAP exceeds \$0.30
150,000	19 February 2017	10 day VWAP exceeds \$0.45
150,000	19 February 2017	10 day VWAP exceeds \$0.60

- (c) a voting exclusion statement has been included for the purposes of Resolution 5.

Summary of the Performance Rights Plan

- (a) **Eligibility:** The Board may provide an invitation to an employee or director of the Company (or subsidiary of the Company) to participate in the Performance Rights Plan. Where such person accepts the invitation, he or she will become a participant under the Performance Rights Plan (**Participant**).

- (b) Invitation: The Board may make an invitation at any time. The invitation will include the following information:
 - (i) the person to whom the invitation is being made to;
 - (ii) the number of Performance Rights being offered;
 - (iii) the Vesting Conditions attaching to the Performance Rights; and
 - (iv) the Performance Period of the Performance Rights.
- (c) Grant Price: Performance Rights granted under the Performance Rights Plan will be granted free of charge.
- (d) Transferability: Performance Rights may not be assigned or transferred except on the death of the Participant and with the written approval of the Board.
- (e) Vesting: A Performance Right will vest when the Vesting Conditions attaching to the Performance Right are met, or immediately upon:
 - (i) a takeover bid (as defined in the Corporations Act) becomes or is declared unconditional;
 - (ii) a person, or a group of associated persons, becoming entitled to sufficient Shares to give that person or persons the ability to replace all or a majority of the Board; or
 - (iii) approval of a merger by way of scheme of arrangement by the Court (under the Corporations Act).
- (f) Lapse of Performance Right: A Performance Right will not vest and will lapse if:
 - (i) the Vesting Conditions attaching to the Performance Right have not been satisfied at the expiry of the Performance Period; or
 - (ii) the person ceases to be employed by the Company or ceases to hold office in the Company, subject to certain exceptions.

Upon the death, permanent disability or retirement of a Participant, the Performance Rights held by the Participant shall vest if the Vesting Conditions have been met within 6 months or such longer period as the Board determines, not being longer than the applicable Performance Period.

- (g) Issue of Shares on vesting of Performance Rights: Upon determination that the Performance Right has vested, the vested Performance Right may be exercised (with no exercise price payable) and the Company will, subject to the terms of the Company's Policy for Trading in Company Securities, issue Shares to that Participant or their nominee and apply for official quotation or listing of those Shares on the ASX. Unless and until the Performance Rights have been exercised and the relevant Shares issued to that Participant as a result of that exercise, a Participant has no interest in those Shares.
- (h) Ranking of Shares: Shares issued upon exercise of the Performance Right will rank pari passu in all respects with existing Shares.

- (i) Transfer restrictions: Any new Shares issued, on the vesting of a Performance Right may not be transferred to a third party, disposed of or otherwise dealt with by the Participant unless:
 - (i) the Participant ceases to be an Eligible Person (as defined in the Performance Rights Plan); or
 - (ii) the Participant requests the restriction on transfer to be lifted and the Board agrees to lift the restriction on transfer.
- (j) Adjustment of Performance Rights: If, prior to the vesting of a Performance Right, there is a reorganisation of the issued share capital of the Company (including a consolidation, sub-division or reduction of capital or return of capital to shareholders), the number of Shares the subject of the Performance Rights will be adjusted in a manner required by the ASX Listing Rules.
- (k) Breach, fraud or dishonesty: If in the opinion of the Board a Participant acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company or any of its subsidiaries, then the Board may determine that all the Participant's Performance Rights lapse, and all Shares held by a Participant or their nominee as a result of the exercise of Performance Rights will be subject to transfer restrictions and subject to a selective capital reduction and cancellation (subject to the necessary shareholder approval).
- (l) Amendments to the Performance Rights Plan: The Performance Rights Plan may be amended by the Board, but amendments may not be made which:
 - (i) gives an advantage to the Participants without the prior approval of the Company in general meeting; or
 - (ii) prejudices the rights then accrued to the Participants without the prior written consent of the majority of the Participants affected by the amendment.

6. RESOLUTION 6 – APPROVAL FOR ISSUE OF PERFORMANCE RIGHTS TO ANDREW MUNCKTON

The Company proposes to issue \$85,265 worth of Performance Rights to Andrew Munckton or his nominee.

RELATED PARTY TRANSACTIONS

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

1. the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
2. shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, Mr Munckton is a related party of the Company.

Resolution 6 provides for the grant of Performance Rights to Mr Munckton which is a financial benefit which requires shareholder approval for the purposes of the Corporations Act.

Information requirements

For the purposes of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed resolution would permit the financial benefit to be given and the nature of the financial benefit

Subject to shareholder approval, Performance Rights will be issued to Mr Munckton, or his respective nominee(s) as set out in the table below:

<u>Tranche</u>	<u>Number of Performance Rights</u>	<u>Vesting Conditions</u>	<u>Performance Period</u>
Tranche A	\$42,632 worth of Performance Rights*	50% of the Performance Rights will vest when the Company's VWAP per Share for 10 Trading Days exceeds 1.5 times the price equal to the VWAP per Share for the 10 Trading Days before the Meeting.	4 years
Tranche B	\$42,633 worth of Performance Rights*	50% of the Performance Rights will vest when the Company's VWAP per Share for 10 Trading Days exceeds 2.5 times the price equal to the VWAP per Share for the 10 Trading Days before the Meeting.	4 years

*The exact number of Performance Rights to be issued will be determined by dividing the dollar amount (\$42,632 or \$42,633 as appropriate) by the value (determined in accordance with the Hybrid Employee Share Option Model as described in Schedule 2) of a Performance Right determined by reference to the VWAP of a Share for the 10 Trading Days before the Meeting. The number of Performance Rights that may be issued to Mr Munckton pursuant to Resolution 6 will be announced to ASX by the Company on the morning of the Meeting.

If any of the Performance Rights have not vested and been exercised by the date that is 4 years after the date the Performance Rights are granted, the Performance Rights will lapse.

The proposed financial benefit to be given is the grant of Performance Rights for no consideration to Mr Munckton as noted above.

The details of the financial benefit including reasons for giving the type and quantity of the benefit

The Performance Rights proposed to be issued to Mr Munckton will be issued subject to the Performance Rights Plan (summarised in section 5 of this Explanatory Memorandum). The specific vesting conditions outlined in the table above will apply to Mr Munckton which will determine the conversion or otherwise of the Performance Rights to ordinary Shares.

The Directors believe (in the absence of Mr Munckton) that the grant of Performance Rights will encourage Mr Munckton to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through share ownership. Under the Company's current circumstances the Directors consider (in the absence of Mr Munckton) that the incentives intended for Mr Munckton represented by the grant of these Performance Rights is a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

The value of Performance Rights proposed to be granted to Mr Munckton has been determined based upon a consideration of:

- the remuneration of Mr Munckton;
- the Directors' wish to ensure that the remuneration offered is competitive with market standards;
- the Directors understanding that the proposed value of Performance Rights to be granted will ensure that Mr Munckton's overall remuneration is in line with market standards; and
- incentives to ensure the continuity of service of Mr Munckton.

The value and the terms and conditions, including the vesting conditions, of the Performance Rights to be granted to Mr Munckton have been approved by the Board. The vesting conditions of the two tranches, being 1.5 times and 2.5 times the price equal to the VWAP for the 10 Trading Days before the Meeting were considered appropriate premiums to the Company's Share price by the Board to be a suitable premium to achieve the objectives of the proposed grant of Performance Rights to Andrew Munckton as outlined above. In making this determination, the Board considered the current market practices with respect to director remuneration. The primary purpose of the grant of the Performance Rights to Mr Munckton is to provide a performance linked incentive component in his remuneration package, to motivate and reward his performance in his role.

Current Holdings

Mr Munckton currently holds an interest in 6,306,306 Shares, 2,364,864 unlisted options and 5,000,000 Performance Rights of the Company.

Dilution effect of grant of Performance Rights on existing members' interests

Resolution 6 would have the effect of giving power to the Directors to grant a total of \$85,265 worth of Performance Rights. As at the date of this Notice, the number of Performance Rights that may be granted cannot be determined.

The Company currently has 274,445,673 Shares, 20,318,468 listed Options (exercisable at \$0.20 each with an expiry date of 4 December 2014) and the following unlisted Options and Performance Rights on issue:

Number of Unlisted Options	Exercise Price	Expiry Date
1,000,000	30 cents	9 September 2014
1,600,000	25 cents	30 November 2014
1,000,000	30 cents	30 November 2014
3,800,000	35 cents	30 November 2014
2,800,000	45 cents	30 November 2014
2,800,000	55 cents	30 November 2014
2,252,250	16.4 cents	29 May 2016
2,252,250	20.5 cents	29 May 2016
2,252,257	24.6 cents	29 May 2016
5,000,000	6.4 cents	9 January 2017

Number of Performance Rights	Vesting Conditions	Expiry Date
2,750,000	When 10 day VWAP exceeds 30 cents	29 May 2016
5,000,000	When 10 day VWAP exceeds 45 cents	29 May 2016
5,000,000	When 10 day VWAP exceeds 60 cents	29 May 2016
150,000	When 10 day VWAP exceeds 30 cents	19 February 2017
150,000	When 10 day VWAP exceeds 45 cents	19 February 2017
150,000	When 10 day VWAP exceeds 60 cents	19 February 2017

If the Performance Rights are issued under Resolution 6, and the Performance Rights vest and are exercised, the effect of the issue of the Performance Rights would be to dilute the shareholding of existing shareholders. As the number of Performance Rights that may be issued under Resolution 6 is not known as at the date of this Notice, the dilution percentage cannot be calculated. However, as an example, using the assumptions set out in Schedule 2, 2,192,047 Performance Rights would be issued to Mr Munckton, with the effect of diluting the shareholding of existing shareholders by 0.79% (assuming all the existing listed and unlisted Options on issue have not been exercised, which are all “out of the money” as at the date of this Notice, and all the existing Performance Rights on issue, which all have vesting conditions that have not been satisfied as at the date of this Notice, have not been exercised).

Total remuneration package

Mr Munckton’s fees per annum (including superannuation) and the total financial benefit to be received by him in this current period as a result of the grant of the Performance Rights the subject of Resolution 6 is as follows:

Director	Fees p.a. (\$)	Value of Performance Rights (\$)	Total Financial Benefit (\$)
Andrew Munckton	284,218	85,265	369,483

Valuation of Performance Rights

The Company’s advisers will value the Performance Rights to be granted to Andrew Munckton using the Hybrid Employee Share Option Model. An indicative valuation of the Performance Rights and the pricing methodology is set out in Schedule 2. Any change in the variables applied in the Hybrid Employee Share Option Model between the date of the indicative valuation and the date the Performance Rights are granted to Andrew Munckton will have an impact on the number of Performance Rights that will be granted to Andrew Munckton. However, the total value of Performance Rights that may be granted to Andrew Munckton is fixed at \$85,265.

Company’s historical Share price

The following table gives details of the highest, lowest and latest closing prices of the Company’s Shares trading on ASX over the past 12 months ending on 12 August 2014:

Highest Price (cents) / Date	Lowest Price (cents) / Date	Latest Price / Date
7.0 cents on 26 June 2014	1.5 cents on 13 August 2013	5.1 cents on 12 August 2014

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 6.

Directors' recommendation

All of the Directors were available to make a recommendation. For the reasons noted above:

Mr Peter Langworthy, Mr David Morgan and Mr Brendan James (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6. Mr Andrew Munckton declines to make a recommendation about Resolution 6 as he has a material personal interest in the outcome of Resolution 6 as it relates to the proposed grant of Performance Rights to him or his nominee(s).

ASX LISTING RULE 10.14

Under Listing Rule 10.14, an entity must not permit a director or an associate of a director to acquire securities under an employee incentive scheme without first obtaining member approval. As Mr Munckton is a director of the Company, Shareholder approval is required for Mr Munckton to be issued Performance Rights under the Performance Rights Plan.

Additional Information

Listing Rule 10.15 sets out the information which must be provided in a notice of meeting for the purposes of obtaining the approval of shareholders to an acquisition of Performance Rights to which Listing Rule 10.14 applies.

The following information in relation to the Performance Rights to be issued pursuant to Resolution 6 is provided to shareholders for the purposes of Listing Rule 10.15:

- (a) If the person is not a director, a statement of the relationship between the person and the director that requires approval to be obtained: Mr Munckton is a director of the Company. The Performance Rights will be issued to Mr Munckton or his nominee(s).
- (b) The maximum number of securities that may be acquired by all persons for whom approval is required: \$85,265 worth of Performance Rights will be issued. The number of Performance Rights will be calculated by dividing \$85,265 by the value (determined in accordance with the Hybrid Employee Share Option Model as described in Schedule 2) of a Performance Right determined by reference to the VWAP of a Share for the 10 Trading Days before the Meeting. The number of Performance Rights that may be issued to Mr Munckton pursuant to Resolution 6 will be announced to ASX by the Company on the morning of the Meeting.
- (c) The price (including a statement whether the price will be, or be based on, the volume weighted average price or closing market price), or the formula for calculating the price, for each security to be acquired under the scheme: The Performance Rights will be granted for nil consideration.
- (d) The names of all persons referred to in Listing Rule 10.14 who received securities under the scheme since the last approval, the number of securities received and the acquisition price for each security:

Director	Number of Performance Rights	Acquisition Price
Andrew Munckton	5,000,000	Nil
David Morgan	5,000,000	Nil
Peter Langworthy	2,000,000	Nil

The above issues were approved by Shareholders at the General Meeting held on 24 May 2012. As at the date of this Notice, the Performance Rights have not vested as the vesting conditions are yet to be satisfied.

- (e) The names of all persons referred to in Listing Rule 10.14 entitled to participate in the scheme: Any employee or director of the Company and their permitted nominees are entitled to participate in the Performance Rights Plan, but for the purposes of Resolution 6, at this time, the Company is only seeking to grant Performance Rights to Andrew Munckton.
- (f) A voting exclusion statement: A voting exclusion statement has been included for Resolution 6.
- (g) The terms of any loan in relation to the acquisition: Not applicable.
- (h) The date by which the entity will issue the securities: The Company will issue the Performance Rights to Mr Munckton on a date, being no later than 12 months after the date of this Meeting.

If approval is given for the Performance Rights Plan under Listing Rule 7.2 exception 9(b), approval is not required under Listing Rule 7.1.

Voting

Note that a voting exclusion applies to Resolution 6 in the terms set out in the Notice of Meeting. In particular, the director and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on these Resolutions.

7. RESOLUTION 7 – ADDITIONAL 10% PLACEMENT CAPACITY

Background

Listing Rule 7.1A enables eligible entities to seek shareholder approval at an AGM to issue Equity Securities of up to 10% of their issued share capital through placements over the 12 month period following the AGM (**10% Placement Capacity**). The 10% Placement Capacity is in addition to a company's 15% placement capacity under Listing Rule 7.1. A resolution seeking approval for the 10% Placement Capacity must be a **special resolution** of shareholders passed by at least 75% of the votes cast by shareholders entitled to vote.

To be eligible for the 10% Placement Capacity, a company must, at the time of their AGM:

- have a market capitalisation of \$300 million or less; and
- not be included in the S&P/ASX 300 Index.

The Company is eligible to seek Shareholder approval for the 10% Placement Capacity. Resolution 7 is a special resolution seeking Shareholders' approval to issue Equity Securities under the 10% Placement Capacity over the 12 months following the AGM. The approval of the 10% Placement Capacity provides greater flexibility for the Board to conduct capital raisings through placements in the 12 month period following the Meeting.

Capital markets have recently been in a state of fluctuation and the Directors acknowledge that they may need to act quickly to raise funds when favourable markets emerge. The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a materially adverse effect on the Company's activities.

It is anticipated that funds raised from the 10% Placement Capacity would be applied towards exploration works associated with the Barbara Copper Project, exploration programs over the Company's Queensland copper-gold projects, general working capital and administrative expenses and the expenses of the offer.

Listing Rule 7.1A

The effect of Resolution 7 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice, the Company has quoted Shares and quoted Options (exercisable at 20 cents and expiring on 4 December 2014) on issue.

The capacity to issue Equity Securities under the 10% Placement Capacity is in addition to the Company's capacity to issue Equity Securities under Listing Rule 7.1. The number of Equity Securities which the Company may issue or agree to issue under the 10% Placement Capacity is calculated in accordance with the formula set out in Listing Rule 7.1A.2 which is set out below:

$(A \times D) - E$

where,

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

- plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- plus the number of partly paid shares that became fully paid in the 12 months;
- 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;
- less the number of fully paid shares cancelled in the 12 months,

("Variable A").

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.

Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the 10% Placement Capacity is a moving calculation and will be based on the formula set out in Listing Rule 7.1A at the time of issue of the Equity Securities. Shareholders will be kept fully informed of any issue of Equity Securities under the 10% Placement Capacity as the Company will disclose to the market at the time of issue the specific information required by Listing Rule 3.10.5A (such as details of dilution of existing Shareholders) in addition to information required by Listing Rule 7.1A.4, Appendix 3B and any other applicable listing rules. The table below demonstrates various examples as to the number of Equity Securities that may be issued under the 10% Placement Capacity.

For the reasons set out above, the Directors of the Company unanimously recommend that Shareholders vote to approve Resolution 7.

Additional Information

The following information in relation to the 10% Placement Capacity is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at a price not less than 75% of the volume weighted average price of the relevant Equity Securities on the ASX on 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. the issue date if the Equity Securities are not issued within 5 Trading Days of the date on which the issue price is agreed.

(b) If Resolution 7 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Capacity, Shareholders who do not participate (either because they are not invited to participate or because they elect not to participate) in any such placement of Equity Securities will have their existing interest and voting power in the Company diluted. This means that each Share will represent a lower proportion of the ownership and voting power in the Company. In addition, Shareholders should note that there is a risk that:

- i. the market price for Equity Securities may be significantly lower on the issue date of the Equity Securities under the 10% Placement Capacity than on the date of the Meeting;
 - ii. the Equity Securities issued under the 10% Placement Capacity may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date; and
 - iii. the Equity Securities issued under the 10% Placement Capacity may be issued for non-cash consideration,
- which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders of the issue of the maximum number of Shares under the 10% Placement Capacity using different variables for the number of ordinary securities for Variable A and the market price of Shares. The table shows:

- (i) examples of where Variable A is 274,445,673 Shares (which is the value of Variable A as at the date of this Notice), and where Variable A has increased by 50% and 100%;
- (ii) examples of where the issue price of Shares is the current market price as at close of trade on 12 August 2014 (**current market price**) and where the issue price is halved and where it is doubled; and
- (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the 10% Placement Capacity are issued.

Variable A	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0255 Issue Price at half the current market price	\$0.051 Issue Price at current market price	\$0.102 Issue Price at double the current market price
Current Variable A 274,445,673 Shares	Shares issued	27,444,567	27,444,567	27,444,567
	Funds raised	\$699,836	\$1,399,672	\$2,799,345
	Dilution effect	10%	10%	10%
50% increase in current Variable A 411,668,509 Shares	Shares issued	41,166,850	41,166,850	41,166,850
	Funds raised	\$1,049,754	\$2,099,509	\$4,199,018
	Dilution effect	10%	10%	10%
100% increase in current Variable A 548,891,346 Shares	Shares issued	54,889,134	54,889,134	54,889,134
	Funds raised	\$1,399,672	\$2,799,345	\$5,598,691
	Dilution effect	10%	10%	10%

Note this table assumes:

- (i) No other Shares are issued before the date of the issue of the Equity Securities (including any Shares which may be issued under Resolution 7). If further Shares are issued and Shareholders do not participate in the issue, their ownership and voting power in the Company will be further diluted;
- (ii) No Options or Performance Rights are exercised before the date of the issue of the Equity Securities;

- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued Share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
 - (iv) The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares.
- (c) Approval of the 10% Placement Capacity will be valid during the period (**Additional Placement Period**) from the date of the Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Meeting; and
 - (ii) the date of the approval of 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 the main undertaking);
- (d) The Company may issue Equity Securities under the 10% Placement Capacity for cash consideration or non-cash consideration (such as assets or investments). If the Company issues Equity Securities for cash consideration, funds raised will be used for exploration works associated with the Barbara Copper Project, exploration programs over the Company's Queensland copper-gold projects, general working capital and administrative expenses and the expenses of the offer. If the Company issues Equity Securities for non-cash consideration, it will release to the market a valuation of the non-cash consideration prepared by an independent expert, or by the directors if they determine that they have appropriate expertise to carry out such a valuation. The Company will comply with the disclosure obligations under Listing Rules 7.1A.3 and 3.10.A upon issue of any Equity Securities.
- (e) The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case-by-case basis. As at the date of this Notice, no decision has been made by the Directors in respect of determining the identity of the persons to whom Shares will be issued under the 10% Placement Capacity, save that they will not include related parties (or their Associates) of the Company.

The Company's allocation policy will be significantly influenced by the market conditions at the time of any proposed issue of Equity Securities as well as the Company's situation. The Directors may have regard to factors including but not limited to the following:

- i. what methods of raising funds are available to the Company, including other capital-raising alternatives;
 - ii. the financial situation and solvency of the Company, including the reasons for raising the funds;
 - iii. the effect on control or the acquisition of a substantial interest;
 - iv. market factors leading up to the issue and those reasonably likely to occur during the issue;
 - v. advice from financial advisers;
 - vi. the structure of the issue including the size, price, discount to market and timing; and
 - vii. the Shareholder register, including the spread and the representation of institutional, sophisticated and retail investors, as well as other considerations such as the geographical representation of Shareholders.
- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2013 Annual General Meeting. In the 12 months preceding the date of the Meeting, the Company has issued 75,478,918 Equity Securities, which represents 37% of the total number of Equity Securities on issue at the commencement of that 12 month period. Set out in Schedule 3 is information in relation to each issue of Equity Securities in the 12 months preceding the date of the Meeting.
- (g) A voting exclusion applies to Resolution 7 in accordance with the statement set out in the Notice of Annual General Meeting. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an identifiable class of existing security holders to participate in an offer under the 10% Placement Capacity, and therefore no Shareholder will be excluded from voting on Resolution 7.

GLOSSARY

10% Placement Capacity has the meaning set out on page 21.

Additional Placement Period has the meaning set out on page 24.

AGM means annual general meeting.

Annual Report means the annual report of the Company for the year ended 30 June 2014.

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

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

Board means the board of Directors of the Company.

Child Entity has the same meaning given to it in the Listing Rules.

Closely Related Party has the meaning given in the Corporations Act.

Company means Syndicated Metals Limited ABN 61 115 768 986.

Constitution means the constitution of the Company.

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

Director means a director of the Company.

Equity Securities has the meaning given to it in the Listing Rules.

Explanatory Memorandum means this explanatory memorandum.

Glossary means the Glossary set out in the Explanatory Memorandum.

Key Management Personnel has the meaning given in the accounting standards.

Listing Rules means the Listing Rules of the ASX.

Meeting means the annual general meeting the subject of the Notice.

Notice means the notice of annual general meeting which accompanies this Explanatory Memorandum.

Option means an option to acquire a Share.

Performance Right means a conditional right to acquire a Share.

Performance Rights Plan has the meaning set out on page 11.

Resolution means a resolution proposed pursuant to the Notice.

Restricted Voter means the Key Management Personnel and their Closely Related Parties.

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

Shareholder means the holder of Shares.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

VWAP means in relation to a particular period, the volume weighted average price of trading in Shares on ASX over that period.

SCHEDULE 1

- (a) Each Option entitles the holder to subscribe for one ordinary share in Syndicated Metals Limited ACN 115 768 986 (**Company**) upon payment of \$0.064.
- (b) The Options will lapse at 5pm Western Standard Time on 9 January 2017 (**Expiry Date**).
- (c) The Company will not apply to the ASX for official quotation of the Options.
- (d) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the options.
- (e) Optionholders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the currency of the Options.
- (f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (g) The Options shall be exercisable at any time on or before the Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the optionholder to exercise all or a specified number of Options held by them accompanied by an Option Certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the optionholders to the balance of Options held by him or her.
- (h) The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holder's identification number within 5 business days of exercise of the Options.
- (i) The Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- (j) There is no right to change the exercise price of the Options nor the number of underlying fully paid ordinary shares over which the Options can be exercised, if the Company completes any bonus or pro rata issue.
- (k) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- (l) The Options are not transferable.

SCHEDULE 2

Performance Rights Valuation

Resolution 6 seeks Shareholder approval to issue \$85,265 worth of Performance Rights to Mr Andrew Munckton. The number of Performance Rights that may be issued to Mr Munckton under Resolution 6 will be determined and announced to ASX on the morning of the Meeting.

The Performance Rights have been valued as at 8 August 2014 on behalf of the Company using the Hybrid Employee Share Option model to provide an indicative example of the number of Performance Rights that may be granted to Mr Munckton under Resolution 6. This valuation method simulates the Company's share price at the test date. For those Performance Rights that pass the performance test (barrier), the share price at the test date is used to calculate the price of the Performance Rights for the remainder of the time to expiry. The price of the Performance Right is discounted back to the present value at the risk free rate. For the Performance Rights that do not pass the performance test a zero value is recorded. This process is repeated for over 50,000 iterations. The average Performance Right value for these iterations where the Company satisfies the performance test represents the implied value of the Performance Rights. The hybrid model incorporates a trinomial option valuation and a Monte Carlo simulation.

This valuation is based on the following assumptions:

- (a) the exercise of a right does not affect the value of the underlying asset;
- (b) share price of \$0.049 (being the VWAP per Share for the 10 Trading Days before the valuation date of 8 August 2014);
- (c) a nil conversion price;
- (d) an issue date of 8 August 2014;
- (e) a performance period of 4 years after the grant date for the vesting conditions to be met;
- (f) an estimated volatility factor of 100% (determined using Hoadley's volatility calculator for 2, 3, and 4 year periods, using data extracted from Bloomberg);
- (g) a risk free rate of 2.80% (based on the Australian Government 5-year bond rate);
- (h) a nil dividend yield; and
- (i) the Performance Rights will be converted to Shares and issued to Mr Munckton subject to the following vesting conditions:

Tranche	Number of Performance Rights	Vesting Conditions
Tranche A	\$42,632 in Performance Rights*	50% of the Performance Rights will vest when the Company's VWAP per Share for 10 Trading Days exceeds 1.5 times the price equal to the VWAP per Share for the 10 Trading Days before the Meeting.
Tranche B	\$42,633 in Performance Rights*	50% of the Performance Rights will vest when the Company's VWAP per Share for 10 Trading Days exceeds 2.5 times the price equal to the VWAP per Share for the 10 Trading Days before the Meeting.

*The exact number of Performance Rights to be issued will be determined by dividing the total dollar amount (\$42,632 or \$42,633 as appropriate) by the value (determined in accordance with the Hybrid Employee Share Option Model) of a Performance Right determined by reference to the VWAP of a Share for the 10 Trading Days before the Meeting.

Based on the above assumptions, independent accountants BDO Corporate Finance (WA) Pty Ltd have determined that:

- (j) the average value of each Performance Right with respect to each tranche (as referred to above) is as follows:
 - (i) Tranche A: \$0.041; and
 - (ii) Tranche B: \$0.037.
- (k) The total value of the Performance Rights issued under the 2 tranches is \$85,265.

Accordingly, based on the indicative valuation, Mr Munckton would be issued 1,039,804 Tranche A Performance Rights and 1,152,243 Tranche B Performance Rights.

Cautionary Notes

The directors recognise and acknowledge the importance of shareholders making their decision on the basis of the best possible information. However, once this material for the Notice of Meeting and Explanatory Memorandum is prepared and despatched to shareholders, the Company has no legal obligation to continuously update the content of this material nor is it practical and logistically possible to do that and inform each shareholder individually.

By its nature, the exploration industry is subject to numerous risks and the Company's share price is affected by a range of factors. From the time of preparing this material to the date of the Meeting, the Company's share price may go up or down. The Company will continue to comply with its continuous disclosure obligations and make appropriate announcements to the ASX.

Shareholders are strongly encouraged to keep track of any announcements that the Company may make and of the Company's share price up to the date of the Annual General Meeting as that information may have an effect on the calculations and the data that is provided in this Notice and the Explanatory Memorandum. If you do not understand the effect of such information, you should consult your professional advisor.

SCHEDULE 3

EQUITY SECURITIES ISSUED BY THE COMPANY DURING THE 12 MONTHS PRECEDING THE ANNUAL GENERAL MEETING

Date	Type of Equity Securities	Number issued	Summary of Terms	Allottees	Issue Price and discount to market price (if any)	Consideration
12/12/2013	Fully paid ordinary Shares	20,441,357	Entitlement Offer	All shareholders as at record date were eligible to participate	<p>\$0.032.</p> <p>The issue price represented a 10.8% discount to the 10 day VWAP on the date of announcement of the entitlement offer, and a 28% discount to the market price on the date of issue.</p>	<p>\$654,123</p> <p>\$50,000 of the funds raised have been spent on general working capital and administrative expenses and exploration works associated with Barbara Copper Project. The remaining \$604,123 will be used for:</p> <ul style="list-style-type: none"> • exploration works associated with the Barbara Copper Project; • exploration programs over the Company's Queensland copper-gold projects; and • general working capital and administrative expenses.

24/12/2013	Fully paid ordinary Shares	47,547,561	Shortfall facility under Entitlement Offer	All shareholders as at record date were eligible to participate	\$0.032. The issue price represented a 10.8% discount to the 10 day VWAP on the date of announcement of the entitlement offer, and a 0% discount to the market price on the date of issue.	\$1,521,522 The funds raised will be used for: <ul style="list-style-type: none"> • exploration works associated with the Barbara Copper Project; • exploration programs over the Company's Queensland copper-gold projects; and • general working capital and administrative expenses.
09/01/2014	Fully paid ordinary Shares	2,000,000	Issued in settlement of fees owed to Blue Ocean Equities Pty Ltd for corporate advisory services provided to the Company.	Pershing Australia Nominees Pty Ltd <Blue Ocean Equities A/C>	\$0.032 (deemed issue price)	Nil. The Shares were issued in settlement of fees owed to Blue Ocean Equities Pty Ltd for corporate advisory services provided to the Company over the second half of 2013. The current value of each Share is represented by the latest market price of Shares on ASX on 12 August 2014 which is \$0.051 (total value of 2,000,000 Shares is \$102,000).

09/01/2014	Unlisted Options exercisable at \$0.064 each with an expiry date of 9 January 2017	5,000,000	Issued in settlement of fees owed to Blue Ocean Equities Pty Ltd for corporate advisory services provided to the Company.	Pershing Australia Nominees Pty Ltd <Blue Ocean Equities A/C>	\$0.02 (deemed issue price)	Nil. The Options were issued in settlement of fees owed to Blue Ocean Equities Pty Ltd for corporate advisory services provided to the Company over the second half of 2013. The current value of each Option based on a Black & Scholes valuation conducted on 12 August 2014 is \$0.0274 per Option (total value of 5,000,000 Options is \$136,850)
10/02/2014	Fully paid ordinary Shares	490,000	The Shares were issued pursuant to the anti-dilution right granted to CopperChem Limited under the Placement Agreement signed in September 2013 between the Company and CopperChem Limited. The anti-dilution right was triggered by the issue of shares to Pershing Australia Nominees Pty Ltd <Blue Ocean Equities A/C> as nominee for Blue Ocean Equities Pty Ltd as referred to above.	CopperChem Limited	\$0.037 (no discount to the market price on the date of issue).	\$18,130 Funds raised from the issue will be used for working capital.

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

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

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

For all enquiries call:
(within Australia) 1300 763 574
(outside Australia) +61 3 9415 4862

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

Proxy Form



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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

 **For your vote to be effective it must be received by 10:00am (Perth Time) Monday 6 October 2014**

How to Vote on Items of Business

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

Appointment of Proxy

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

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

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

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

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

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

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

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

Attending the Meeting

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

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

**GO ONLINE TO VOTE,
or turn over to complete the form** →

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

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



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Syndicated Metals Limited hereby appoint

the Chairman of the Meeting **OR**

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Syndicated Metals Limited to be held at The Park Business Centre, 45 Ventnor Avenue, West Perth, Western Australia on Wednesday, 8 October 2014 at 10:00am (Perth time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 5 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 5 and 6 by marking the appropriate box in step 2 below.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary resolutions

	For	Against	Abstain
Resolution 1 Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director – Peter Langworthy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of issue of 2,000,000 Shares and 5,000,000 Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of issue of 490,000 Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval for issue of Performance Rights to Andrew Munckton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special resolution

Resolution 7 Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--	--------------------------	--------------------------	--------------------------

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

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

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____