
MODUN RESOURCES LIMITED**ACN 066 139 991****NOTICE OF GENERAL MEETING**

TIME: 10am (WST)

DATE: 21 October 2014

PLACE: Suite 6, 245 Churchill Avenue
SUBIACO WA 6008

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9217 3300.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10am (WST) on 21 October 2014 at:

Suite 6, 245 Churchill Avenue
SUBIACO WA 6008

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5:00pm WST on 19 October 2014.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – PARTICIPATION OF DIRECTORS IN PLACEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 152,500,000 Shares to Messrs Hill, Gray, Kapp, Warner and Hackett (or their nominees) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Messrs Hill, Gray, Kapp, Warner and Hackett (or their nominees) and any of their associates. However, the Company need not disregard a vote if it 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, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – ISSUE OF 150,000,000 OPTIONS TO MIKE HILL

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

"That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 150,000,000 Options to Mike Hill (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mike Hill (or his nominee) and any of his associates. However, the Company need not disregard a vote if it 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, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

3. RESOLUTION 3 – ISSUE OF 75,000,000 OPTIONS TO ANDREW GRAY

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 75,000,000 Options to Andrew Gray (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Andrew Gray (or his nominee) and any of his associates. However, the Company need not disregard a vote if it 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, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – ISSUE OF 40,000,000 OPTIONS TO PHILIP KAPP

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 40,000,000 Options to Philip Kapp (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Philip Kapp (or his nominee) and any of his associates. However, the Company need not disregard a vote if it 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, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

5. RESOLUTION 5 – ISSUE OF 85,000,000 OPTIONS TO HUGH WARNER

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

“That, for the purposes of section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 85,000,000 Options to Hugh Warner (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Hugh Warner (or his nominee) and any of his associates. However, the Company need not disregard a vote if it 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, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

6. RESOLUTION 6 – ELECTION OF DIRECTOR – MIKE HILL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mike Hill, a Director who was appointed as an additional director on 1 September 2014, retires, and being eligible, is elected as a Director.”

7. RESOLUTION 7 – ELECTION OF DIRECTOR – ANDREW GRAY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Andrew Gray, a Director who was appointed as an additional director on 1 September 2014, retires, and being eligible, is elected as a Director."

8. RESOLUTION 8 – ELECTION OF DIRECTOR – PHILIP KAPP

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 13.4 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Philip Kapp, a Director who was appointed as an additional director on 1 September 2014, retires, and being eligible, is elected as a Director."

9. RESOLUTION 9 – ADDITIONAL PLACEMENT OF 500,000,000 SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 500,000,000 Shares at an issue price of no less than \$0.004 per Share on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it 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, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 17 September 2014

By order of the Board

Neil Hackett
Company Secretary

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – ISSUE OF SHARES TO RELATED PARTIES

1.1 General

On 1 September 2014, the Company announced that it had received commitments from investors to subscribe for \$1,000,000 in new equity through the issue of 500,000,000 Shares at an issue price of \$0.002 per Share (**Placement**).

On 20 August 2014, the Company received Shareholder approval to issue up to 750,000,000 Shares at \$0.2 or greater and on 19 September 2014, the Company issued 347,500,000 Shares (out of that approved amount) at an issue price of \$0.002 per Share under the Placement, raising funds of \$695,000 (**Tranche 1 Placement**).

Pursuant to Resolution 1 the Company is seeking Shareholder approval for the issue of the remaining Shares under the Placement, being up to 152,500,000 Shares at an issue price of \$0.002 per Share, to raise up to \$305,000 (**Tranche 2 Placement**).

As set out in the announcement on 1 September 2014, the Directors (or entities associated with Directors) propose to participate in the Placement, subject to the receipt of Shareholder approval. Resolution 1 seeks Shareholder approval for the issue of up to 152,500,000 Shares to the Directors (or their nominees) arising from the participation by each Director in the Tranche 2 Placement (**Participation**). As the proposed issue of these Shares is to related parties of the Company, the Company is required to seek shareholder approval rather than issue the Shares under the Tranche 2 Placement under the approval obtained on 20 August 2014.

1.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and the Directors are related parties of the Company by virtue of being Directors.

Because each Director has a material personal interest in the proposed Participation, the Board has been unable to form quorum to determine whether one the exceptions to section 208 of the Corporations Act applies. The Directors

accordingly exercise their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve.

1.3 ASX Listing Rule 10.11

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Tranche 2 Placement involves the issue of Shares to related parties of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

1.4 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed Participation:

- (a) the related parties are Messrs Hill, Kapp, Gray, Warner and Hackett and they are related parties by virtue of being Directors;
- (b) the maximum number of Shares (being the nature of the financial benefit being provided) to be issued to the Directors is set out in the table below:

Director	Total number of Shares held by each Director as at the date of this Notice	Maximum number of Shares to be issued to each Director pursuant to Resolution 1	Total number of Shares and % voting power ¹ if Shareholder approval for Resolution 1 obtained
Mike Hill	Nil	25,000,000	25,000,000 (1.4%)
Philip Kapp	Nil	10,000,000	10,000,000 (0.5%)
Andrew Gray	Nil	50,000,000	50,000,000 (2.8%)
Hugh Warner	170,205,528 ²	60,000,000	230,205,528 (12.97%)
Neil Hackett	8,750,000 ³	7,500,000	16,250,000 (0.91%)
TOTAL	178,955,528	152,500,000	331,455,528 (18.6%)

Notes:

¹ Assuming a total of 1,774,139,534 Shares on issue (including the 500,000,000 Shares issued under the Placement).

² Held by Elliott Holdings Pty Ltd <CBM Family Trust> a trust in respect of which Mr Warner is a beneficiary and HD & DM Warner <CBM Superfund> a fund in respect of which Mr Warner is a trustee and a beneficiary.

³ 3,750,000 of which are held by Corporate Starboard Pty Ltd, an entity in which Mr Hackett has an interest, and 5,000,000 of which are held by Corporate Starboard Pty Ltd <Hackett Family Account>, a trust in respect of which Mr Hackett has an interest.

- (c) the Shares will be issued to the Directors under the Tranche 2 Placement no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Shares will be issued on one date;
- (d) the Shares will be issued at a price of \$0.002 per Share, being the same as all other Shares issued under the Tranche 1 Placement and the market price of the Company's securities immediately preceding the announcement;
- (e) the funds raised will be used for general working capital, including the strategic review of the Company's 100% owned Nuurst thermal coal project;
- (f) the Shares issued under the Tranche 2 Placement will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the relevant interests of the Directors in securities of the Company as at the date of this Notice are set out below:

Director	Shares and % voting power ¹	Options
Mike Hill ²	Nil (0%)	Nil
Andrew Gray ³	Nil (0%)	Nil
Philip Kapp ⁴	Nil (0%)	Nil
Hugh Warner	170,205,528 ⁵ (10.49%)	12,000,000 ⁶
Neil Hackett	8,750,000 ⁷ (0.5%)	12,000,000 ⁸

¹ Assuming a total of 1,621,639,534 Shares on issue, including the 347,500,000 Shares already issued pursuant to the Tranche 1 Placement.

² Mr Hill was appointed as a Director on 1 September 2014.

³ Mr Gray was appointed as a Director on 1 September 2014.

⁴ Mr Kapp was appointed as a Director on 1 September 2014.

⁵ Held by Elliott Holdings Pty Ltd <CBM Family Trust> a trust in respect of which Mr Warner is a beneficiary and HD & DM Warner <CBM Superfund> a fund in respect of which Mr Warner is a trustee and a beneficiary.

⁶ 4,000,000 of which are exercisable at \$0.04 each on or before 31 December 2015, 4,000,000 of which are exercisable at \$0.06 each on or before 31 December 2015 and 4,000,000 of which are exercisable at \$0.10 each on or before 31 December 2015.

⁷ 3,750,000 of which are held by Corporate Starboard Pty Ltd, an entity in which Mr Hackett has an interest, and 5,000,000 of which are held by Corporate Starboard Pty Ltd <Hackett Family Account>, a trust in respect of which Mr Hackett has an interest.

⁸ 4,000,000 of which are exercisable at \$0.04 each on or before 31 December 2015, 4,000,000 of which are exercisable at \$0.06 each on or before 31 December 2015 and 4,000,000 of which are exercisable at \$0.10 each on or before 31 December 2015.

- (h) the remuneration and emoluments from the Company to the Directors for the previous financial year and the proposed remuneration and

emoluments for the current financial year are set out below. **Each of Messrs Hill, Gray, Kapp and Warner have agreed to receive only 50% of their salaries until such time as the Board determines that the Company has sufficient funds for the contracted salaries of Messrs Hill, Gray, Kapp and Warner to be paid:**

Director	Current Financial Year (FY14/15)	Previous Financial Year (FY13/14)
Mike Hill ¹	\$250,000	Nil
Andrew Gray ²	\$50,000	Nil
Philip Kapp ³	\$50,000	Nil
Hugh Warner	\$250,000	\$39,250
Neil Hackett	\$36,000	\$15,000 ⁴

¹ Mr Hill was appointed as a Director on 1 September 2014.

² Mr Gray was appointed as a Director on 1 September 2014.

³ Mr Kapp was appointed as a Director on 1 September 2014.

⁴ Mr Hackett was appointed as a Director on 31 January 2014. In addition, Mr Hackett has received in his capacity as company secretary, in respect of which Mr Hackett has received \$21,000 for FY13/14.

- (i) if the maximum number of Shares under the tranche 2 Placement are issued to the Directors, a total of 152,500,000 Shares would be issued. This will increase the number of Shares on issue from 1,621,639,534 to 1,774,139,534 (including the Shares issued pursuant to the Tranche 1 Placement and assuming that no Options are exercised and no other Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 8.5% comprising 1.3% for Mike Hill, 0.5% for Philip Kapp, 2.7% for Andrew Gray, 3.3% for Hugh Warner and 0.4% for Neil Hackett;
- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	0.008 cents	14 & 29 October 2013 2, 4, 5 & 16 – 27 September 2013
Lowest	0.001 cents	21 May 2014 24, 27 & 30 June 2014 1, 2 & 4 July 2014 6 & 12 August 2014
Last	0.004 cents	15 September 2014
Preceding Announcement	0.002 cents	1 September 2014

- (k) Based on the Share price as at the date of this Notice of \$0.004, the value of the Shares being issued under the Tranche 2 Placement to each Director is:

Director	Number of Shares	Value of Shares
Mike Hill	25,000,000	\$100,000
Andrew Gray	10,000,000	\$40,000
Philip Kapp	50,000,000	\$200,000
Hugh Warner	60,000,000	\$240,000
Neil Hackett	7,500,000	\$30,000
TOTAL	152,500,000	\$610,000

- (l) the primary purpose of the grant of Participation of the Directors in the Tranche 2 Placement is to indicate the ongoing support of the Company by the Directors and to ensure that the Company can raise the balance of the \$1,000,000 proposed under the Placement;
- (m) each Director declines to make a recommendation to Shareholders in relation to Resolution 1 due to their material personal interest in the outcome of the Resolution on the basis that each Director is to be issued Shares pursuant to the Tranche 2 Placement should Resolution 1 be passed; and
- (n) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Directors (or their nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

2. RESOLUTIONS 2 TO 5 – ISSUE OF OPTIONS TO CERTAIN DIRECTORS

2.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 350,000,000 Options to Messrs Hill, Gray, Kapp and Warner (**Related Parties**). Mr Hackett, a current Director, is not participating in the offer of Options.

2.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Options constitutes giving a financial benefit and each Related Party is a related party of the Company by virtue of being Directors.

2.3 ASX Listing Rule 10.11

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Options to the Directors.

2.4 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Options:

- (a) the related parties are Messrs Hill, Gray, Kapp and Warner and they are related parties by virtue of being Directors;
- (b) the maximum number of Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
 - (i) 150,000,000 Options to Mike Hill;
 - (ii) 75,000,000 Options to Andrew Gray;
 - (iii) 40,000,000 Options to Philip Kapp; and
 - (iv) 85,000,000 Options to Hugh Warner;

Pursuant to the employment contract of each Related Party, these Options will not vest until the Company's Shares have traded at \$0.005 on a 20 day VWAP basis. If a Related Party's employment ceases prior to this occurring, the Related Party must exercise the Options within 3 months of the employment ceasing, otherwise the Options will lapse.

- (c) the Options will be granted to the Related Parties no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- (d) the Options will be granted for nil cash consideration, accordingly no funds will be raised. However, if all of the Options proposed to be issued to the Related Parties are exercised, the Company will receive an additional \$700,000;
- (e) the terms and conditions of the Options are set out in Schedule 1;
- (f) the value of the Options and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Director	Shares	Options
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Mike Hill ¹	Nil	Nil
Andrew Gray ²	Nil	Nil
Philip Kapp ³	Nil	Nil
Hugh Warner	170,205,528 ⁴	12,000,000 ⁵

¹ Mr Hill was appointed as a Director on 1 September 2014.

² Mr Gray was appointed as a Director on 1 September 2014.

³ Mr Kapp was appointed as a Director on 1 September 2014.

⁴ Held by Elliott Holdings Pty Ltd <CBM Family Trust> a trust in respect of which Mr Warner is a beneficiary and HD & DM Warner <CBM Superfund> a fund in respect of which Mr Warner is a trustee and a beneficiary.

⁵ 4,000,000 of which are exercisable at \$0.04 each on or before 31 December 2015, 4,000,000 of which are exercisable at \$0.06 each on or before 31 December 2015 and 4,000,000 of which are exercisable at \$0.10 each on or before 31 December 2015.

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below. **Each of Messrs Hill, Gray, Kapp and Warner have agreed to receive only 50% of their salaries until such time as the Board determines that the Company has sufficient funds for the contracted salaries of Messrs Hill, Gray, Kapp and Warner to be paid:**

Director	Current Financial Year (FY14/15)	Previous Financial Year (FY13/14)
Mike Hill ¹	\$250,000	Nil
Andrew Gray ²	\$50,000	Nil
Philip Kapp ³	\$50,000	Nil
Hugh Warner	\$250,000	\$39,250

¹ Mr Hill was appointed as a Director on 1 September 2014.

² Mr Gray was appointed as a Director on 1 September 2014.

³ Mr Kapp was appointed as a Director on 1 September 2014.

- (i) if the Options granted to the Related Parties are exercised, a total of 350,000,000 Shares would be issued. This will increase the number of Shares on issue from 1,774,139,534 (including the 500,000,000 Shares issued or proposed to be issued under the Placement) to 2,124,139,534 (assuming that no other Options are exercised and no Shares other than those contemplated by the Resolutions of this Notice are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 16.5%, comprising 7.6% by Mike Hill, 3.5% by Andrew Gray, 1.9% by Philip Kapp and 4.0% by Hugh Warner.

The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company.

As at the date of this Notice the Shares are trading on ASX at a price greater than the exercise price of the Options but have not trade above the vesting price of \$0.005 as set out in Section 2.4(b) above. The

Board resolved to issue the Options, subject to Shareholder approval, on the terms and conditions set out in this Notice at a time when the Shares were trading on ASX at a price lower than the exercise price of the Options, but Shareholder approval has not been able to be obtained until this Meeting. The Board resolved, subject to Shareholder approval, to issue those Options being issued to:

- (i) Mr Hill on 31 August 2014 when the previous closing price of Shares on ASX was 0.002 cents;
 - (ii) Mr Gray on 31 August 2014 when the previous closing price of Shares on ASX was 0.002 cents;
 - (iii) Mr Kapp on 31 August 2014 when the previous closing price of Shares on ASX was 0.002 cents; and
 - (iv) Mr Warner on 31 August 2014 when the previous closing price of Shares on ASX was 0.002 cents.
- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	0.008 cents	14 & 29 October 2013 2, 4, 5 & 16 – 27 September 2013
Lowest	0.001 cents	21 May 2014 24, 27 & 30 June 2014 1, 2 & 4 July 2014 6 & 12 August 2014
Last	0.004 cents	15 September 2014
Preceding Announcement	0.002 cents	1 September 2014

- (k) the Board acknowledges the grant of Options to Messrs Gray, Kapp and Warner is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Options to Messrs Gray, Kapp and Warner reasonable in the circumstances for the reason set out in paragraph (l);
- (l) the primary purpose of the grant of the Options to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Directors to motivate and reward the performance of the Directors in their respective roles as Directors;
- (m) Mike Hill declines to make a recommendation to Shareholders in relation to Resolution 2 due to Mike Hill's material personal interest in the outcome of the Resolution on the basis that Mike Hill is to be granted Options in the Company should Resolution 2 be passed. However, in respect of Resolutions 3 to 5, Mike Hill recommends that Shareholders vote in favour of those Resolutions for the following reasons:

- (i) the grant of Options to the Directors will align the interests of the Directors with those of Shareholders;
 - (ii) the grant of the Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Directors; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Options upon the terms proposed;
- (n) Andrew Gray declines to make a recommendation to Shareholders in relation to Resolution 3 due to Andrew Gray's material personal interest in the outcome of the Resolution on the basis that Andrew Gray is to be granted Options in the Company should Resolution 3 be passed. However, in respect of Resolutions 2, 4 and 5, Andrew Gray recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (o) Philip Kapp declines to make a recommendation to Shareholders in relation to Resolution 4 due to Philip Kapp's material personal interest in the outcome of the Resolution on the basis that Philip Kapp is to be granted Options in the Company should Resolution 4 be passed. However, in respect of Resolutions 2, 3 and 5, Philip Kapp recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (p) Hugh Warner declines to make a recommendation to Shareholders in relation to Resolution 5 due to Hugh Warner's material personal interest in the outcome of the Resolution on the basis that Hugh Warner is to be granted Options in the Company should Resolution 5 be passed. However, in respect of Resolutions 2 to 4, Hugh Warner recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (q) Mr Hackett, who does not have a material personal interest in the outcome of Resolutions 2 to 5 recommends that Shareholders vote in favour of Resolutions 2 to 4 for the reasons set out in paragraph (m) above, however Mr Hackett declines to make a recommendation in relation to Resolution 5 pursuant to ASIC Regulatory Guide 76, so as to avoid a recommendation regarding an existing Director's remuneration;
- (r) in forming their recommendations, each Director considered the experience of each other Director, the current market price of Shares, the current market practices when determining the number of Options to be granted as well as the exercise price and expiry date of those Options; and
- (s) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 2 to 5.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to the Directors as approval is being obtained under ASX Listing Rule

10.11. Accordingly, the issue of Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

3. RESOLUTION 6 – ELECTION OF DIRECTOR – MIKE HILL

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mike Hill, having been appointed on 1 September 2014 will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Mike Hill will join Modun's board immediately as Executive Chairman. Mr Hill, a former partner of Ernst & Young M&A in Sydney, has been a senior member of the investment team at Ironbridge since 2004 and a Partner of the firm since 2009. Ironbridge is a leading domestic private equity firm with \$1.5bn of funds under management.

Mr Hill has significant deal experience as an adviser, a principal and a director with the necessary origination and strategy skills to transform Modun to a focused high growth enterprise. He has worked across numerous industries including retail, healthcare, media, waste services, tourism and hospitality. Mr Hill is the Chairman of Base Backpackers, Rhye Limited, INT Corporation Limited, HJB Corporation Limited and a proposed non-executive Director of African Chrome Fields Ltd (to be renamed JustKapital). He is a member of the Institute of Chartered Accountants Australia.

4. RESOLUTION 7 – ELECTION OF DIRECTOR – ANDREW GRAY

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Andrew Gray, having been appointed on 1 September 2014 will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Andrew Gray will join the board immediately as a non-executive Director. Mr. Gray is currently the managing director of Value Capital Partners (VCP), an investment firm with investment interests spanning software, technology, healthcare, HCIT and growth businesses globally.

Prior to founding VCP, Mr. Gray was the managing director of Archer Capital, an Australian based private equity firm with in excess of \$3Billion in capital under

management. At Archer Capital, Mr Gray led that firm's largest investment into software company business MYOB and also realised Archer Capital's largest ever return to investors in the subsequent sale of MYOB to Bain Capital.

Prior to joining Archer Capital, Mr Gray was a partner with Francisco Partners (FP), a private equity firm with US\$5 Billion in capital under management specialising in technology related buyouts. There, he headed FP's efforts in Europe and led numerous transactions including the acquisition of Australian software firm Mincom Ltd, as well as investments into other software and technology businesses such as Aderant, CMAC, and Ex Libris. From 1999 to 2002, Mr Gray co-founded and was COO of Abilizer Solutions Inc., a software firm specialising in J2EE platform infrastructure technologies based in San Francisco. Prior to Abilizer, Mr Gray spent several years as a private equity investor focused on generalist mid-market buyouts at Genstar Capital. During his career at Genstar, Mr Gray executed numerous successful transactions including NEN Life Sciences.

Earlier in his career, Mr Gray was an investment banker with James D. Wolfensohn Inc. and a consultant to McKinsey & Co. Mr Gray currently serves on the board of directors of TIG and holds a B.Eng (aeronautical) degree from The University of Sydney, with First Class Honours and a Masters of Business Administration from the Harvard Business School.

5. RESOLUTION 8 – ELECTION OF DIRECTOR – PHILIP KAPP

Clause 13.4 of the Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to clause 13.4 of the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Philip Kapp, having been appointed on 1 September 2014 will retire in accordance with clause 13.4 of the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

Philip Kapp will join the board immediately as a non-executive Director. Mr Kapp is a senior partner of Corrs Chambers Westgarth Lawyers. He has over 25 years' experience in M&A, capital restructuring and private equity. He is widely regarded as one of Australia's leading corporate lawyers. He also sits on the board of Rhye Limited, African Chrome Fields Limited (to be renamed JustKapital) and Energy Developments Limited ("EDL") as a non-executive director. EDL is a clean energy company listed on the ASX.

6. RESOLUTION 9 – ADDITIONAL PLACEMENT OF 500,000,000 SHARES

6.1 General

Resolution 9 seeks Shareholder approval for the issue of up to 500,000,000 Shares at an issue price of no less than \$0.004 per Share to raise up to \$2,000,000 (assuming all Shares are issued) (**Additional Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month

period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 9 will be to allow the Company to issue the Shares pursuant to the Additional Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

6.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Additional Placement:

- (a) the maximum number of Shares to be issued is 500,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the issue price is not yet known, but will be not less than \$0.004 per Share;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Additional Placement towards general working capital.

GLOSSARY

\$ means Australian dollars.

Additional Placement means the proposed placement of up to 500,000,000 Shares in respect of which approval is sought pursuant to Resolution 9.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Bad Leaver means the circumstances where the employment or engagement of a participant under the Option Rules with the Company or a related body corporate is terminated by the Company or the related body corporate because the participant has engaged in gross misconduct; or because the participant is convicted of any major criminal offence which brings the Company or any of its related bodies corporate into lasting disrepute; or because the participant discloses, communicates or uses price sensitive information without the prior written consent of the Board except to the extent that the executive is required by law to disclose, communicate or use that information.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Change of Control Event means where:

- (a) a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (b) any person becomes bound or entitled to acquire shares in the Company under:
 - (i) section 411 of the Corporations Act (upon a scheme of arrangement being approved); or
 - (ii) Chapter 6A of the Corporations Act (compulsory acquisition following a Takeover Bid);
- (c) a takeover bid or other offer is made to acquire more than 50% of the voting shares of the Company and has become unconditional;
- (d) the Company passes a resolution for voluntary winding up;
- (e) an order is made for the compulsory winding up of the Company; or
- (f) a person or a group of associated persons obtains a relevant interest in sufficient Shares to give it or them the ability, in a general meeting, to replace all or a majority of the Board.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Modun Resources Limited (ACN 066 139 991).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Option Rules means the option rules adopted by the Company.

Optionholder means a holder of an Option.

Placement means the placement of 500,000,000 Shares through the Tranche 1 Placement and the Tranche 2 Placement.

Proxy Form means the proxy form accompanying the Notice.

Related Parties means Messrs Hill, Kapp, Gray and Warner.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a registered holder of a Share.

Tranche 1 Placement means the placement of 347,500,000 Shares to investors.

Tranche 2 Placement means the placement of 152,500,000 Shares to investors, in respect of which Shareholder approval is sought pursuant to Resolution 1.

VWAP means volume weighted average price.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS OF OPTIONS

The Options entitle the Optionholder to subscribe for Shares in the Company on the following terms and conditions:

- (a) Grant of the Options is subject to approval by ordinary resolution of Shareholders.
- (b) Each Option gives the Optionholder the right to subscribe for 1 Share upon:
 - (i) exercise of the Option in accordance with these terms; and
 - (ii) payment of the Exercise Price.
- (c) The Options will expire at 5.00pm (AEST) on the date 3 years after the Optionholder was issued the Options in writing (**Expiry Date**).
- (d) Subject to item (w) below, Options may not be exercised until the share price of the Company has traded at \$0.005 cents or above for an average of 20 business days (using the 20 day volume weighted average price).
- (e) Subject to item (d) above and item (x) below, Optionholders may exercise Options at any time prior to the Expiry Date.
- (f) Any Option not exercised before the Expiry Date will automatically lapse at 5.00pm (AEST) on the Expiry Date.
- (g) Each Option is exercisable at \$0.002 (**Exercise Price**), payable in full on exercise of that Option.
- (h) An Optionholder may exercise all or some of the Options held by that Optionholder. If an Optionholder exercises only part of the Options held by that Optionholder, multiples of 100,000 Options must be exercised on each occasion.
- (i) If an Optionholder exercises fewer than all of the Options held by that Optionholder, the Company will cancel the Optionholder's holding statement and issue or cause to be issued a new holding statement for the balance of the Options held by that Optionholder.
- (j) The exercise of only some Options will not affect the rights of that Optionholder in respect of the balance of the Options held by that Optionholder.
- (k) Options may only be exercised by an Optionholder lodging with the Company:
 - (i) a signed written notice of exercise of Options specifying the number of Options being exercised;
 - (ii) the holding statement for the Options; and
 - (iii) a cheque or electronic funds transfer notice for the Exercise Price for the number of Options being exercised,

(Exercise Notice).
- (l) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

- (m) Within 10 business days of receipt of the Exercise Notice and the full amount of the Exercise Price in cleared funds, the Company will allot the number of Shares to the Optionholder required under the Option Rules adopted by the Company in respect of the number of Options specified in the Exercise Notice.
- (n) Subject to item (d) above, the Corporations Act and the ASX Listing Rules, the Options are freely transferable.
- (o) All Shares allotted upon the exercise of the Options will, upon issuance, rank pari passu in all respects with other Shares.
- (p) The Company will not apply for quotation of the Options on ASX.
- (q) The Company will apply for quotation of all Shares allotted pursuant to the exercise of the Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (r) If at any time the issued capital of the Company is reconstructed, all rights of the Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (s) There are no participating rights or entitlements inherent in the Options and the Optionholder will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the Optionholder the opportunity to exercise the Options prior to the date for determining entitlements to participate in any such issue.
- (t) In the event the Company proceeds with a pro rata issue (other than a bonus issue) of securities to shareholders after the date of issue of the Options, the Exercise Price will be reduced in the manner permitted by the ASX Listing Rules applying at the time of the pro rata issue.
- (u) In the event the Company proceeds with a bonus issue of securities to shareholders after the date of issue of the Options, the number of securities over which an Option is exercisable may be increased in the manner permitted by the ASX Listing Rules applying at the time of the bonus issue.
- (v) The Company is entitled to treat the registered holder of Options as the absolute holder of that Option and is not bound to recognise any equitable or other claim to, or interest in, that Option on the part of any person other than the registered holder, except as ordered by a court of competent jurisdiction or as required by statute.
- (w) If a Change of Control Event occurs, all unvested Options will automatically vest and be free of the condition set out in item (d) above and may be exercised at any time on or before the relevant Expiry Date and in any number.
- (x) If an Optionholder's employment or engagement with the Company or a Related Body Corporate is terminated in circumstances where they are a Bad Leaver then any Options not exercised by the Optionholder before the date of the termination will automatically lapse.

SCHEDULE 2 – VALUATION OF OPTIONS

The Options to be issued to the Related Parties pursuant to Resolutions 2 to 5 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Options were ascribed the following value:

Assumptions:	
Valuation date	5 September 2014
Market price of Shares	0.3 cents
Exercise price	0.2 cents
Expiry date (length of time from issue)	3 years
Risk free interest rate	2.8%
Volatility (discount)	236%
Indicative value per Related Party Option	0.22 cents
Total Value of Related Party Options	\$770,000
Mike Hill	\$330,000
Andrew Gray	\$165,000
Philip Kapp	\$88,000
Hugh Warner	\$187,000

Note: The valuation noted above is not necessarily the market price that the Options to be granted to Related Parties could be traded at and is not automatically the market price for taxation purposes.

Modun Resources Limited

ABN 95 066 139 991

Lodge your vote:



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 850 505
(outside Australia) +61 3 9415 4000

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

Proxy Form

For your vote to be effective it must be received by 10am (WST) Sunday, 19 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

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.

Turn over to complete the form →



View your securityholding, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding



Update your securityholding

Your secure access information is:

SRN/HIN: I9999999999



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

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 Modun Resources 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 General Meeting of Modun Resources Limited to be held at Suite 6, 245 Churchill Avenue, Subiaco, Western Australia on Tuesday, 21 October 2014 at 10am (WST) 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 2, 3, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 2, 3, 4 and 5 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 2, 3, 4 and 5 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.

		For	Against	Abstain
Resolution 1	Participation of Directors in Placement	☐	☐	☐
Resolution 2	Issue of 150,000,000 Options to Mike Hill	☐	☐	☐
Resolution 3	Issue of 75,000,000 Options to Andrew Gray	☐	☐	☐
Resolution 4	Issue of 40,000,000 Options to Philip Kapp	☐	☐	☐
Resolution 5	Issue of 85,000,000 Options to Hugh Warner	☐	☐	☐
Resolution 6	Election of Director - Mike Hill	☐	☐	☐
Resolution 7	Election of Director - Andrew Gray	☐	☐	☐
Resolution 8	Election of Director - Philip Kapp	☐	☐	☐
Resolution 9	Additional Placement of 500,000,000 Shares	☐	☐	☐

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

Securityholder 2

Securityholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

/

/